

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
*Miami Division***

In re:

**COASTAL CONDOS, LLC,**

**CASE NO. 13-20729 AJC**

Debtor.

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Chapter 11

**DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION DATED  
DECEMBER 3, 2013**

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## **PLAN OF REORGANIZATION**

Coastal Condos, LLC, the Debtor in Possession ("Debtor" or "Coastal"), in the above-referenced Chapter 11 Case, proposes the following Plan of Reorganization (the "Plan") under Chapter 11 of the Bankruptcy Code.

### **ARTICLE 1** **DEFINITIONS AND INTERPRETATION**

#### **1.1 Definitions**

The capitalized terms used herein shall have the respective meanings set forth in Exhibit "A" attached hereto and incorporated herein by reference. Other capitalized terms not defined herein shall have the same meaning as set forth in the Bankruptcy Code. Other capitalized terms not defined herein or in the Bankruptcy Code shall have the same meaning as set forth in the Disclosure Statement.

#### **1.2 Interpretation**

Unless otherwise specified, all section, article and exhibit references in the Plan are to the respective section in, article of or exhibit to the Plan, as the same may be amended, waived or modified from time to time. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender. All exhibits and schedules attached to the Plan are incorporated herein by such attachment.

#### **1.3 Reorganized Debtor**

The Plan shall be liberally construed for the benefit of the Debtor and Reorganized Debtor regarding the interchangeableness of the term "**Debtor**" with the term "**Reorganized Debtor**" and other instances of the use "Reorganized", which means post-confirmation Debtor for reorganization purposes.

#### **1.4 Application of Definitions and Rules of Construction Contained in the Bankruptcy Code**

Words and terms defined in §101 of the Bankruptcy Code shall have the same meaning when used in the Plan, unless a different definition is given in the Plan. The rules of construction contained in §102 of the Bankruptcy Code shall apply to the construction of the Plan.

#### **1.5 Other Terms**

The words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the

Plan. A term used herein that is not defined herein shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

**ARTICLE 2**  
**CLASSIFICATION OF CLAIMS**

**2.1 Claims Classified**

For purposes of organization, voting and all confirmation matters, except as otherwise provided herein, all Claims (except for Administrative Claims and Priority Tax Claims) shall be classified as set forth in this Article 2 of the Plan.

**2.2 Administrative Claims and Priority Tax Claims**

As provided in §1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtor shall not be classified for purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately as unclassified Claims on the terms set forth in Article 4 of the Plan.

**2.3 Classification of Claims**

The Plan classifies the Claims against the Debtor as follows:

- |          |  |
|----------|--|
| Class 1: | Secured Claims / Ad Valorem Taxing Authorities / Miami-Dade County               |
| Class 2: | Priority Unsecured Claims  |
| Class 3: | Paid Unsecured Claims  |
| Class 4: | General Unsecured Claims   |
| Class 5: | First Equitable Realty III, Ltd.   |
| Class 6: | Subordinated Claims, Penalty Claims, Securities Law Claims and Disallowed Claims |
| Class 7: | Equity Holders   |

**ARTICLE 3**  
**PROVISIONS FOR TREATMENT OF CLAIMS UNDER THE PLAN**

**3.1 Unimpaired Classes of Claims**

All classes of Claims except Class 2 are impaired under the Plan.

### **3.2 Treatment of Claims**

Class 1 consists of the Miami-Dade County Tax Collector's secured claim for ad valorem taxes for 2013 and prior years in the estimated amount of \$376,196.42, plus applicable statutory interest. The claimant holds first priority statutory liens on the Debtor's interest in its real and personal property and will retain such liens after the Effective Date of the Plan until the claim is paid in full. The Tax Collector's Claim is an Allowed Secured Claim and shall be paid in full by means of: (1) payment of the ad valorem taxes owed for tax year 2012 to be made within sixty (60) days after the date on which the order entered by this Court confirming the Plan has become final and non-appealable (the "Final Confirmation Order");(2) payment of the ad valorem taxes owed for tax year 2013 to be made no later than March 1, 2014 or fourteen (14) days after the Final Confirmation Order; and(3) payment of ad valorem taxes owed for tax years 2014 and future taxes, plus applicable statutory interest, to be paid in the ordinary course pursuant to Florida law, upon Debtor's establishment of a designated ad valorem tax account commencing in July 2014, in which the Debtor shall deposit approximately \$13,700 per month for the payment of future Miami-Dade County ad valorem taxes. The Tax Collector's Claim is Impaired and shall be entitled to vote to accept or reject the Plan. The 2012 taxes were first payable in November of 2012. In the event there is an administrative challenge to the Miami-Dade County Property Appraiser's assessment of the Debtor's real property for the 2012 or 2013 tax year, the Debtor's tax liability for the 2012 or 2013 tax year would be subject to revision upon final determination of the administrative challenges. The determination of any challenge will not be considered final until such time as the Property Appraiser determines that any administrative reductions will not be further challenged by his office or, if such reductions are challenged, the litigation has been concluded, including any appeals there from. Until such time as final determinations are made with respect to any such assessment challenges, the claim of the Tax Collector, and any further payments made with respect thereto, will be based upon the tax amounts owed with respect to the original assessments, and any refunds resulting from administrative reductions will be held by the Tax Collector until final disposition is determined. Should refunds be determined to be owed, they will be sent to the party making the original tax payment. Any increases in assessments shall be subject to applicable statutory interest. Notwithstanding any language to the contrary in the Debtor's plan of reorganization, the Tax Collector will not be required to petition for the payment of ad valorem taxes for the 2014 tax year and subsequent years.

#### **(a) CLASS 2 – PRIORITY UNSECURED CLAIMS.**

This class does not include the Office of the United States Trustee. Payments to the U.S. Trustee are paid pursuant to Section 12.6 of the Plan.

The Debtor is not aware of any priority unsecured claims other than the Internal Revenue Service which has filed a claim in the amount of \$4,575.35. Generally, Allowed Priority Tax Claims are paid pursuant to Section 4.2 of the Plan which provides as follows:

In accordance with §1129(9)(c) of the Bankruptcy Code, each holder of an Allowed Priority Tax Claim (being Internal Revenue Service and/or the

State Taxing Authorities) shall receive in satisfaction of such holder's Allowed Priority Tax Claim one of the following treatments, as selected by the Debtor in its discretion; (1) the amount of such holder's Allowed Claim, with interest accruing after the Effective Date at the Interest Rate, in equal annual Cash payments on each anniversary of the Distribution Date until the sixth such anniversary of the date of assessment of such Claim; (2) a lesser amount in one Cash payment as may be agreed upon in writing; or (3) such other treatment as may be agreed upon in writing. The Debtor may prepay all or any part of an Allowed Priority Tax Claim. These tax claims shall be paid in full prior to any payments being made to general unsecured claims (Class 4), First Equitable Realty III, Ltd. (Class 5) subordinated claims, etc. (Class 6) or Equity Holders (Class 7).

In this case, the Debtor is in the process of obtaining records from First Equitable Realty III, Ltd. ("FER") to determine if amended tax returns for 2008, 2009 and 2010 are necessary. Further the Debtor will have to prepare and file returns for 2011 and 2012. It is the Debtor's intent to have all returns from 2008 to date correctly and properly filed and to prepare and file the 2011 and 2012 returns prior to the hearing on confirmation of this Plan. The tax liability - if any - that is generated shall be paid in cash payment from the designated creditors' account that is being established pursuant to the terms of the Plan. The Allowed Priority Tax Claims shall be paid in full prior to any payments being made to General Unsecured Claims (Class 4), FER (Class 5), Subordinated Claims (Class 6) or Equity Holders (Class 7).

This is not a voting class. The Debtor establishes the Class only as a convenience to acknowledge the priority of distribution.

(b) CLASS 3 – PAID UNSECURED CLAIMS.

This class consists of creditors that hold pre-petition claims that appear to have been paid post-petition without Court authority and without the Debtor's consent or knowledge during the Chapter 11 filed in Mississippi. The Debtor asserts that the payments would have been subject to avoidance as unauthorized post-petition transfers pursuant to 11 U.S.C. §549. To the best of the Debtor's information and knowledge at this time, these payments consist of the following:

<u>Creditor</u>	<u>Amount</u>
American Bathtub & Tile Refinishing	unknown
Application Processing Service	\$20.00
AT&T	\$403.33
Don Bailey Flooring Today	unknown
Dpaul Plumbing, Inc.	\$525.10
Grandview Palace Condo Assoc.	\$37,424.19
HD Supply Facilities Maintenance	unknown
Manny Garcia	\$235.00

Pitney Bowes, Inc.	\$91.52
Silver Paint & Hardware Supply	unknown

The Debtor does not presently intend to pursue reimbursement of payments from these listed creditors. However, the creditors shall not be allowed any other pre-petition claims against the estate and will be paid nothing under the terms of the Plan for pre-petition claims. It is noted that this Class 3 does not include any payments that may have been made to any party listed in Section 6.4 of this Plan. This class is deemed impaired.

(c) CLASS 4 – GENERAL UNSECURED CLAIMS.

Class 4 includes each holder of an Allowed General Unsecured Claim which is not otherwise classified and shall receive payment in full without interest. The payments to Class 4 will not be made until Class 1, Part 1 (Miami Dade County Taxes) and Class 2 (Internal Revenue Service) have been paid in full. The payments shall be made from the designated creditors' account being established. The Debtor shall deposit \$30,000 per month to the designated creditors account. However, the transfer of funds to the designated creditors account shall not be made if the transfer reduces the operating account balance below \$150,000. In that event, the transfer shall be made for funds in excess of \$150,000 up to \$30,000. The Debtor shall make a distribution to creditors at least at the end of each quarter after confirmation. The payments to creditors in this Class 4 shall be paid on a pro rata basis until paid in full. This class is deemed impaired.

(d) CLASS 5 – FIRST EQUITABLE REALTY III, LTD.

This Class 5 consists of the disputed unliquidated and contingent claim of FER. The Debtor proposes that the FER claim, if any, be subordinated to all other claims **except** claims in Class 6 and 7. FER has a claim in the amount of \$17,615,322.00. The Debtor will file an Objection to the Claim.

In the Mississippi bankruptcy case, the Debtor filed two (2) adversary proceedings against FER. On June 11, 2012, Coastal filed its Complaint against FER (Adversary Proceeding No. 12-00065). This adversary proceeding included claims for turnover of funds, books and records, and an accounting (collectively "AP 12-65 Claims"). On August 24, 2012, Coastal filed its Complaint against FER (Adversary Proceeding No. 12-00090). This adversary proceeding included claims for a determination of insider, a determination of fiduciary relationship, unauthorized transfer of funds, application of instrumentality rule, determination of FER's liability of Coastal's debts and subordination (collectively "AP 12-90 Claims"). Further, the Debtor objected to the amount of FER's claim and demanded a strict accounting of records and balances from May 2008 forward including but not limited to the closing of bank accounts, collection of rents, payment of expenses and application of the Debtor's funds to FER debt. Based upon the AP 12-65 Claims, the AP 12-90 Claims, and other objections, the Debtor



asserts that it is not indebted to FER. The Debtor will file an adversary proceeding in this Court. The amount of the indebtedness that the Debtor is determined to owe to FER (if any) should be reduced accordingly to the correct amount taking into account the Debtor's claims against FER including but not limited to the AP 12-65 Claims, the AP 12-90 Claims, setoffs, and the claims included in the adversary proceeding to be filed.

The Debtor is specifically reserving all claims listed here and including the claims reserved under Section 6.4 of this Plan.

The Plan is to pay all Allowed Claims of Class 1, Parts 1 and 2, Class 2, Class 3 and Class 4 (which are all claims other than FER) 100% before payments are to be made to FER. Once the process of paying other creditors is complete and depending on the outcome of the litigation and disputes with FER, there should be an established subordinated Allowed Claim of FER. The Debtor shall pay the FER subordinated Allowed Claim, if any, from the designated creditors' account. The Debtor shall make a monthly distribution until the FER claim is paid in full without interest. The payments to FER shall be graduated payments as follows:

<u>Year</u>	<u>Monthly</u>	<u>5 Year Totals</u>
1-5	\$30,000 x 60 months	\$1,800,000
6-10	\$35,000 x 60 months	\$2,100,000
11-15	\$37,500 x 60 months	\$2,250,000
15-20	\$40,000 x 60 months	\$2,400,000
20-25	\$42,500 x 60 months	\$2,550,000
	<b>Total:</b>	<b>\$11,100,000</b>

At the end of twenty-five (25) years, if there is any balance owed, the amount shall balloon and be due and payable in full.

Further, after all payments are made to all claimants other than FER, and a FER Allowed Claim is established by the Court, the Debtor may, in its discretion, transfer condo units to FER as credit against the FER claim and in lieu of the FER claim and in full satisfaction of the FER claim.

Also, pursuant to the terms of this Plan, FER may elect prior to confirmation to agree (i) to an Allowed Unsecured Claim in the amount of \$7,560,000, (ii) that claim is subordinated to the claims of Classes 1, 2, 3 and 4, and (iii) that the FER Allowed Claim shall be paid according to the terms of this Plan. If FER makes such an election, it must be done in writing and filed with the Court. In that event, the Debtor shall dismiss any Adversary Proceeding that has been filed by Coastal. This election allows the lawsuits and disputes to be resolved without further litigation and expense.

This class shall be deemed impaired.

(e) CLASS 6 – SUBORDINATED CLAIMS, PENALTY CLAIMS, SECURITIES LAW CLAIMS, DISALLOWED CLAIMS.

The holders of Disallowed Claims, Subordinated Claims, and Penalty Claims shall receive no distributions under the Plan on account of such claims. The Plan shall constitute an action seeking subordination of all claims in Class 6 to all other Claims and Interest pursuant to the Bankruptcy Code §510 and any other relevant provisions of the Bankruptcy Code, Rules and applicable state or federal law.

This Class 6 does not include the FER Allowed Subordinated Claim in Class 5. This class shall be deemed impaired.

(f) CLASS 7 – ANY ALLOWED EQUITYHOLDERS INTEREST.

Each holder of an Allowed Equity Holder Interest (shareholder/member) in the Debtor shall receive the same share of ownership in the Reorganized Debtor as currently held by the holders in the Debtor. Only if every Allowed Claim is paid in full will an Equity Holder receive any distributions. The Allowed Equity Holder may transfer his ownership interest to another entity in the future. Such a transfer shall have no effect on the Debtor's obligations under the Plan.

**ARTICLE 4**  
**PROVISIONS FOR TREATMENT OF UNCLASSIFIED CLAIMS UNDER THE PLAN**

**4.1 Treatment of Administrative Claims**

All Administrative Claims against the Debtor shall be treated as follows:

(a) *Post-Petition Payables.* All allowed Administrative Claims that are incurred by the Debtor in the ordinary course of business shall be paid on (i) the Effective Date, (ii) when due, or (iii) the date on which there exists a Final Order requiring payment.

(b) *Time for Filing Administrative Claims.* The holder of an Administrative Claim, other than (1) a Fee Claim, and (2) a liability incurred and paid in the ordinary course of business by the Debtor after the Petition Date, must file with the Bankruptcy Court and serve on the Debtor and its counsel notice of such Administrative Claim within 45 days after the Confirmation Date. Such notice must include at a minimum: (1) the name of the holder of the Claim; (2) the amount of the Claim; and (3) the basis of the Claim. Failure to file and serve this notice timely and properly shall result in the Administrative Claim being forever barred and discharged.

(c) *Filing Fee Claims.* Each Professional Person or other entity that holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice, a Fee Application. Professionals shall not be required to seek or obtain any approval of fees or expenses incurred from and after the Effective Date.

(d) *Allowance of Administrative Claims.* An Administrative Claim with respect to which notice has been properly filed pursuant to Section 4.1(a) of the Plan shall become an Allowed Administrative Claim if no objection is filed within 21 days after the filing and service of notice of such Administrative Claim. If an objection is filed within such twenty-one day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order. An Administrative Claim that is a Fee Claim, and with respect to which a Fee Application has been properly filed pursuant to Section 4.1(b) of the Plan, shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

(e) *Payment of Allowed Administrative Claims.* Each holder of an Allowed Administrative Claim against the Estate shall receive (1) the amount of such holder's Allowed Claim in one Cash payment or (2) such other treatment as may be agreed upon in writing by the Debtor and such holder; provided, however, that an Administrative Claim representing a liability incurred in the ordinary course of business of the Debtor may be paid in the ordinary course of business by the Debtor.

#### **4.2 Treatment of Priority Tax Claims**

In accordance with §1129(9)(c) of the Bankruptcy Code, each holder of an Allowed Priority Tax Claim (being Internal Revenue Service and/or the State Taxing Authorities) shall receive in satisfaction of such holder's Allowed Priority Tax Claim one of the following treatments, as selected by the Debtor in its discretion; (1) in full, in one cash payment, within 60 days of a final order allowing such claim or upon agreement of the parties as to the amount of such claim; (2) a lesser amount in one Cash payment as may be agreed upon in writing; or (3) such other treatment as may be agreed upon in writing. The Debtor may prepay all or any part of an Allowed Priority Tax Claim. These tax claims shall be paid in full prior to any payments being made to general unsecured claims (Class 4), First Equitable Realty III, Ltd. (Class 5) subordinated claims, etc. (Class 6) or Equity Holders (Class 7). For the avoidance of doubt, this paragraph does not affect the treatment of the ad valorem tax claim of Miami-Dade County Class 1.

### **ARTICLE 5**

#### **ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIM**

##### **5.1 Classes Entitled to Vote**

Each impaired class of Claims shall be entitled to vote separately to accept or reject the Plan. Any unimpaired class of Claims shall be deemed to have accepted the Plan. Any class of Claims that will not receive or retain any property on account of such Claims shall be deemed to have rejected the Plan.

## **5.2 Class Acceptance Requirement**

A class of Claims shall have accepted the Plan if it is accepted by at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such class that have voted on the Plan.

## **5.3 Cramdown**

If any class of Claims shall fail to accept the Plan in accordance with §1126(c) of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan in accordance with §1129(b) of the Bankruptcy Code. In the event that confirmation is requested under §1129(b) of the Bankruptcy Code, the Debtor reserves the right to amend or otherwise modify the Plan to eliminate distributions to holders of any Claims junior to any class of Claims that is impaired under and has not accepted the Plan in accordance with §1129(b)(2) of the Bankruptcy Code.

## **ARTICLE 6** **MEANS FOR IMPLEMENTATION OF THE PLAN**

### **6.1 Debtor's Implementation**

The Confirmation Order shall authorize the Reorganized Debtor for the purposes of reorganization to take such actions as may be necessary to fully consummate the Plan.

### **6.2 Officers of the Reorganized Debtor**

The respective corporate officers of the Debtor shall continue to serve as the officers of the Reorganized Debtor on the Effective Date. After confirmation of the Plan, Coastal shall remain in control of the bankruptcy estate until complete distributions to creditors.

### **6.3 Charter and Bylaws**

The charter and bylaws of the Reorganized Debtor may be amended as soon as practicable after the Effective Date to contain such provisions as are necessary to satisfy the provisions of the Plan and 11 U.S.C. § 1123(a)(6) and may contain indemnification and limitation of liability provisions applicable to professionals and employees of the Reorganized Debtor for the purposes of reorganization and such other Persons as may, in the discretion of the Debtor be appropriate. In addition, the Debtor's Articles of Incorporation and Bylaws may be amended and all necessary corporate action may be taken as soon as practicable after the Effective Date.

### **6.4 Vesting of Assets**

On the Effective Date, the property of the estate of the Debtor, including but not limited to any rights or causes of action, whether under the Bankruptcy Code or other applicable law and including, without limitation, preference claims, fraudulent transfer claims and any other claims under chapter 5 of the Bankruptcy Code, shall vest in the Reorganized Debtor for the

purposes of liquidation, subject to the following sentence. The Debtor shall have the exclusive right to prosecute and settle any actions under chapter 5 of the Bankruptcy Code as it deems to be in the best interests of the estate. The Debtor reserves the right to file settlement motions it deems necessary. Upon any subsequent conversion to a case under chapter 7, all assets vesting in the Reorganized Debtor shall pass to the chapter 7 trustee as property of the chapter 7 estate; provided, however, such property and other assets shall remain subject to those Claims, Liens, and encumbrances as Allowed and restructured in this Plan and as specified herein.

In addition to this provision and the Debtor's Disclosure Statement provisions under Articles 5 and 9 and the Plan provisions under Article 10, the Debtor specifically preserves its rights to make a claim against Patsy Stecco, Mortgage Processors of South Florida, Zorilla & Associates, Vanessa Del V. Castillo, Jesus Hernandez, First Equitable Realty III, Ltd., First Equitable Realty III, Inc., Charles C. Edwards, James Edwards, unknown affiliated companies, and other John Does related to any claim or interest belonging to the Debtor or to the estate under any and all tort claims and/or contract claims including, but not limited to, claims in Adversary Proceeding No. 12-00065, claims Adversary Proceeding No. 12-00090, turnover of funds, books and records, accounting, determination of insider, a determination of fiduciary relationship, unauthorized transfer of funds, application of instrumentality rule, determination of liability, subordination, breach of contract, breach of the covenant of good faith and fair dealing, fraud, breach of fiduciary duty, aiding and abetting any wrongful act including breach of fiduciary duty, assisting and encouraging any wrongful act including breach of fiduciary duty, negligence per se, conspiracy, deepening insolvency, fraudulent inducement, fraudulent concealment, intentional misconduct, negligence, gross negligence, negligent misrepresentation, conversion, violation of state or federal statutes or rules, conspiracy, unjust enrichment, constructive trust, tortious interference with a contractual or business relationship, fraudulent conveyance or transfer, or any other claim or causes of action of any kind or nature in law or in equity recognized by federal law or the laws of any state or foreign country, which may apply to Coastal's dealings or relationships with FER, Charles Edwards or and of their affiliates or subsidiaries, including all rights to recover actual or punitive damages, penalties, attorney's fees, interest, restitution, or any other remedy available to Coastal.

The Plan of Reorganization hereby expressly provides for the retention and enforcement by the Debtor post-confirmation as it pertains to the claims against the above named persons. It is the intent of the Debtor to describe causes of action to ensure that such causes of action are preserved post-confirmation.

## **6.5 Corporate Authority**

(a) All actions and transactions contemplated under the Plan shall be authorized upon Confirmation of the Plan without the need of further resolutions, approval, notice or meetings, other than the notice provided by serving this Plan on all known creditors and parties in interest of the Debtor, and all current directors of the Debtor. The Confirmation Order shall include provisions dispensing with the need of further resolutions, approval, notice or meetings and authorizing and directing the Officers of the Debtor to execute such documents as may be

necessary to effectuate the Plan, which documents shall be binding on the Debtor and the Debtor's creditors and equity holders.

(b) The Debtor shall also have authority, after Confirmation of the Plan, to sell, lease, license or otherwise dispose of its assets. After confirmation of the Plan, the Debtor may sell, lease, license or otherwise dispose of its assets in a manner not inconsistent with his obligations under the Plan.

#### **6.6 Assumption of Liabilities**

The liability for and obligations under the Plan shall be assumed by and become obligations of the Reorganized Debtor.

#### **6.7 Claims on File; No Allowance of Untimely Claims**

The Debtor is relying on the formal proofs of Claims on file as of the Voting Deadline and the Debtor's Schedules currently on file in seeking confirmation of the Plan. No informal proof of Claim shall be deemed to have been filed in this Chapter 11 Case; no informal amendment, modification, or supplementation shall be deemed filed in this Chapter 11 Case. No proof of Claim may be filed, amended, modified, or supplemented after the claims bar date established by order of this Court without the consent of the Debtor or approval of the Court. Any filing prohibited by this paragraph shall be void.

#### **6.8 Integration Clause**

This Plan is a complete, whole, and integrated statement of the binding agreement between the Debtor, creditors, and the parties-in-interest upon the matters herein. Parol evidence, including previously proposed but unconfirmed plans or drafts thereof, shall not be admissible in an action regarding this Plan or any of its provisions.

### **ARTICLE 7** **PROVISIONS GOVERNING DISTRIBUTIONS**

#### **7.1 Date of Distributions**

Any distributions and deliveries to be made under the Plan shall be made on the Distribution Dates, as otherwise provided for herein, or as the Bankruptcy Court may order.

#### **7.2 Reorganized Debtor as Reorganized Debtor**

Coastal on behalf of the Reorganized Debtor for purpose of reorganization shall make all distributions required under the Plan.

#### **7.3 Means of Cash Payment**

Cash payments made pursuant to the Plan shall be in U.S. funds, by check drawn on a domestic bank, or, at Debtor's option, by wire transfer from a domestic bank, except that

payments made to foreign creditors holding Allowed Claims may at the Debtor's election, be in such funds and paid by such means as are customary or as may be necessary in a particular foreign jurisdiction.

#### **7.4 Delivery of Distributions**

Subject to Bankruptcy Rule 9010, distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the proofs of Claim filed by such holders (or at the last known address of such a holder if no proof of Claim is filed or if the Debtor has been notified in writing of a change of address). If any holder's distribution is returned as undeliverable and after good faith inquiry of the Debtor to obtain a correct address, no further distributions to such holder shall be made unless and until the Debtor is notified in writing of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. Amounts in respect of undeliverable distributions made through the Reorganized Debtor shall be returned to the Reorganized Debtor until such distributions are claimed. All unclaimed property shall be paid to the registry of the Court and the claim of any holder with respect to such property shall be discharged and forever barred as to the Reorganized Debtor.

#### **7.5 Time Bar to Cash Payments**

Checks issued by Debtor in respect of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Debtor by the holder of the Allowed Claim with respect to which such check originally was issued.

### **ARTICLE 8** **PROCEDURES FOR RESOLVING AND TREATING** **CONTESTED AND DISPUTED CLAIMS UNDER THE PLAN**

#### **8.1 Objection Deadline**

As soon as practicable, unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made.

#### **8.2 Prosecution of Objections**

On and after the Effective Date, except as the Bankruptcy Court may otherwise order, the filing, litigation, settlement or withdrawal of all objections may be made by the Debtor. The Bankruptcy Court shall determine the amount and legality of all claims.

### **8.3 No Distributions Pending Allowance**

Notwithstanding any other provision of the Plan, no payment or distribution shall be made with respect to any Claim to the extent it is a Contested Claim unless and until such Contested Claim becomes an Allowed Claim.

### **8.4 Distributions after Allowance**

Payments and distributions to each holder of a Contested Claim, to the extent that such Claim ultimately becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan governing the class of Claims to which the respective holder belongs.

## **ARTICLE 9** **PROVISIONS GOVERNING EXECUTORY CONTRACTS AND** **UNEXPIRED LEASES UNDER THE PLAN**

### **9.1 Rejection of Certain Contracts and Leases**

The Plan constitutes and incorporates a motion by the Debtor to accept, as of the Confirmation Date, the Contracts listed in Exhibit "B" attached hereto, which list may be amended from time to time by the Debtor. No cure of such Contracts pursuant to Bankruptcy Code §365(b) (1) (A) is necessary other than the Cure Payments; and no Bankruptcy Code §365(b) (1) (B) compensation is owing or shall be owing upon the assumption of such Contracts. Confirmation of this Plan shall be deemed (i) adequate assurance of prompt cure of any default under such Contracts solely based upon the Debtor's obligations in the Plan to make the Cure Payments and (ii) adequate assurance of future performance under such Contracts.

### **9.2 Rejected if Not Assumed**

All pre-Petition Date Contracts to which the Debtor is a party are rejected, except for any Contract that has been assumed or rejected pursuant to order of the Bankruptcy Court prior to the Confirmation Date or which assumed pursuant to Section 9.1 hereof.

### **9.3 Bar to Rejection Damages**

If the rejection of a Contract by the Debtor results in damages to the other party or parties to such Contract, a Claim for such damages shall be filed within 30 days of the confirmation order become final, if not heretofore evidenced by a timely filed proof of Claim, failing which, such rejection claim shall be forever barred and shall not be enforceable against the Debtor, the Reorganized Debtor or its respective properties or its agents, successors or assigns.



#### **9.4 Insurance Policies**

Notwithstanding anything in the Plan or Sections 9.1 and 9.2 of the Plan, all insurance policies under which the Debtor is the insured party shall be deemed assumed as of the Confirmation Date. All payments upon such policies are current. No Cure Payments are necessary.

**ARTICLE 10**  
**DISCHARGE, RELEASE AND EXTINGUISHMENT**  
**OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES**

#### **10.1 Exculpation of Released Parties Professionals, and Officers and Directors.**

Except as otherwise specifically provided in the Plan, the Debtor, the professionals retained in the Debtor's chapter 11 case, and any of such parties' respective current or former members, shareholders, officers, directors, employees, advisors, attorneys, business consultants, representatives, financial advisors, investment bankers or agents and any of such parties' successors and assigns, shall not have or incur, and hereby release, any claim, cause of action, or other legal or equitable rights against one another, or any of the foregoing parties' respective agents, officers, directors, shareholders, members, employees, representatives, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Debtor's chapter 11 case, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan, except for their willful misconduct. In all such instances, the above-referenced parties shall be and have been entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities in connection with the Debtor's chapter 11 case and under the Plan.

Notwithstanding any other provision of this Plan, no Claim Holder, Interest Holder, or other party in interest, none of their respective agents, officers, directors, shareholders, members, employees, representatives, financial advisors, attorneys or Affiliates, and no successors or assigns of the foregoing, shall have any claim, cause of action, or other legal or equitable right against the Debtor, and any of the Debtor's successors and assigns, for any act or omission in connection with, relating to, or arising out of the chapter 11 case, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct. In all such instances, the Debtor shall be and have been entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities in connection with the Debtor's chapter 11 case and under the Plan.

Nothing contained in this Plan or in this Section is to be construed to be a release of the Debtor's insurance agents, insurers, or any other party related to the insurance policies.

Nothing contained in this Plan or in this Section is to be construed to be a release of Patsy Stecco, Mortgage Processors of South Florida, Zorrilla & Associates, Juan C. Zorrilla, W. Kent Ihrig, Shumaker, Loop & Kendrick, LLP, Vanessa Del V. Castillo, Jesus Hernandez, First Equitable Realty III, Ltd., First Equitable Realty III, Inc., Charles C. Edwards, James Edwards, unknown affiliated companies, and other John Does related to these named persons.

### ***10.2 Confirmation Injunctions***

Except as otherwise provided herein (and with respect to the Reorganized Debtor only), pursuant to §105 and §1141 of the Bankruptcy Code, all Persons, holders of all Claims, holders of equity interests, entities and parties-in-interest are permanently stayed, restrained, and enjoined from taking one or more of the following actions for the purpose of, directly or indirectly, collecting or receiving payment on or with respect to any Claim or equity interest or from seeking contribution, indemnity, or any recovery or remedy (whether relating to any Claim or equity interest or not) from or against the Reorganized Debtor or any property of the Reorganized Debtor, including without limitation, the following:

(i) the commencement or continuation in any manner, directly or indirectly, of any suit, action or other proceeding (including, without limitation, any and all proceedings in a judicial, arbitral, administrative, or other forum) against or affecting any of the above persons or entities;

(ii) the enforcement, levy, or attachment (including, without limitation, any pre-judgment attachment), collection or other recovery by any means or in any manner, whether directly or indirectly on any judgment, award, decree, or other order against any of the above persons or entities; and

(iii) the set-off, right to seek reimbursement, indemnification, contribution from or subrogation against or otherwise recouping in any manner, directly or indirectly, any amount against any of the above persons or entities.

### ***10.3 Injunction Against Certain Claims Against William D. Dickson***

FER and its related persons and entities shall be enjoined and forever barred from initiating or continuing any lawsuits or other proceedings against William D. Dickson, which are related, in any way, to the assets and liabilities of the Debtor including, without limitation, that certain lawsuit styled First Equitable Realty III, Ltd. v. William B. Dickson, Case No. 1:13-cv-20609, presently pending in the United States District Court for the Southern District of Florida (presently dismissed and on appeal).

**ARTICLE 11**  
**RETENTION OF JURISDICTION**

**11.1 Scope of Jurisdiction**

Pursuant to §1334 and §157 of title 28 of the United States Code, the Bankruptcy Court shall retain and have jurisdiction over all matters arising in, arising under and related to the Chapter 11 Case and the Plan pursuant to, and for the purposes of §105(a) and §1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption or rejection of Contracts and the allowance of Claims resulting therefrom;

(b) To hear and determine any and all adversary proceedings, applications and contested matters, including any remands of appeals;

(c) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(d) To hear and determine any timely objections to or applications concerning Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim;

(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;

(f) To enter and implement such orders as may be necessary or appropriate to execute, interpret, implement, consummate or enforce the Plan and the transactions contemplated thereunder;

(g) To consider any modification of the Plan pursuant to §1127 of the Bankruptcy Code, to cure any defect or omission or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(h) To hear and determine all Fee Applications and Fee Claims;

(i) To hear and determine disputes arising in connection with the execution, interpretation, implementation, consummation or enforcement of the Plan;

(j) To enter and implement orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with the consummation or implementation of the Plan, including, without limitation, to issue, administer and enforce injunctions provided for in the Plan and the Confirmation Order;

(k) To hear and determine motions seeking a compromise and settlement of any Contested Claim;

(l) To recover all assets of the Debtor and/or the Reorganized Debtor for purpose of liquidation and property of the estate, wherever located;

(m) To hear and determine matters concerning state, local and federal taxes in accordance with §346, §505 and §1146 of the Bankruptcy Code;

(n) To enforce the releases and injunctions described, set forth, and granted in Section 10.1 and 10.2 of this Plan;

(o) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan; and

(p) To enter a final decree closing the Chapter 11 Case.

### **11.2 Failure of the Bankruptcy Court to Exercise Jurisdiction**

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under or related to this Case, including the matters set forth in Section 11.1 of the Plan, this Article 11 shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

## **ARTICLE 12** **MISCELLANEOUS PROVISIONS**

### **12.1 Setoff and Recoupment Rights**

In the event that the Debtor has a claim of any nature whatsoever against the holder of a Claim, the Debtor may, but is not required to, setoff or recoup against the Claim (and any payments or other distributions to be made in respect of such Claim hereunder), subject to the provisions of §553 and/or other applicable or relevant sections of the Bankruptcy Code. Except as otherwise provided in the Plan, neither the failure to setoff or recoup nor the allowance of any Claim under the Plan by the Debtor or Reorganized Debtor shall constitute a waiver or release by the Debtor or Reorganized Debtor of any claim that the Debtor may have against the holder of a Claim.

### **12.2 Discharge**

Pursuant to 11 U.S.C. §1141, the confirmation of the Plan does discharge the Debtor.

### **12.3 Injunctions**

The Confirmation Order shall contain such injunctions as may be necessary and helpful to effectuate the Plan. Without limiting the generality of the foregoing, such injunction shall include an absolute prohibition from collecting Claims in any manner other than as provided for in the Plan. Nothing contained herein shall constitute a release of or injunction precluding

action against any entity or person who may be liable to creditors of Coastal or independent bases, including but not limited to as guarantor of indebtedness of Coastal.

#### **12.4 Responsible Party Injunction**

The Confirmation Order shall constitute and provide for an injunction by the Bankruptcy Court as of the Effective Date against any holder of a Priority Tax Claim from commencing or continuing any action or proceeding against any responsible Person or officer or director of any Debtor that otherwise would be liable to such holder for payment of a Priority Tax Claim so long as the Reorganized Debtor is not in default of the payment terms of such Priority Tax. All amounts paid by the Reorganized Debtor on account of any Allowed Claim held by a governmental entity shall be applied first to any "trust fund" amounts owing, then to any other balances due.

#### **12.5 Pre-Petition Date Lawsuits/Insurance**

On the Effective Date, all pre-Petition Date lawsuits, litigations, administrative actions or other proceedings, judicial or administrative, in connection with the assertion of a Claim shall be dismissed as to the Reorganized Debtor. Such dismissal shall be with prejudice to the assertion of such Claim in any manner other than as prescribed by the Plan. All parties to any such action shall be enjoined by the Bankruptcy Court in the Confirmation Order from taking any action to impede the immediate and unconditional dismissal of such actions. Confirmation and consummation of the Plan shall have no effect on insurance policies of the Debtor in which the Debtor is or was the insured party; the Reorganized Debtor shall become the insured party under any such policies. Each insurance company is prohibited from, and the Confirmation Order shall include an injunction against, denying, refusing, altering or delaying coverage on any basis regarding or related to the Debtor's bankruptcy, the Plan or any provision within the Plan.

#### **12.6 Payment of Statutory Fees**

All fees payable pursuant to §1930 of title 28 of the United States Code shall be paid through the entry of a final decree in the Chapter 11 Case.

The Debtor/Reorganized Debtor shall pay to the U.S. Trustee, the appropriate sum required by 28 U.S.C. §1930(a)(6) within ten (10) days of the entry of the Order Confirming the Plan of Liquidation. The Debtor/Reorganized Debtor shall timely pay to the U.S. Trustee, any and all post confirmation quarterly fees as required by 28 U.S.C. §1930(a)(6) until such time as this case is converted, dismissed or closed by the Court. Additionally, the Debtor/Reorganized Debtor shall submit to the U.S. Trustee post confirmation monthly operating reports in the format prescribed by the U.S. Trustee until such time as this case is converted, dismissed or closed by the Court.

### **12.7 Post-Effective Date Fees and Expenses of Professional Persons**

Except as provided in Section 4.1 of the Plan, after the Effective Date, the Reorganized Debtor shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of the Debtor and the Professional Persons employed by the Debtor or the Reorganized Debtor, related to the implementation and consummation of the Plan, provided, however, that no such fees and expenses shall be paid except upon receipt by Debtor of a written invoice.

### **12.8 Bankruptcy Restrictions**

Except as provided in the Plan, from and after the Effective Date, the Reorganized Debtor shall no longer be subject to the restrictions and controls provided by the Bankruptcy Code (e.g., §363 or §364). The Debtor may operate the business in such manner as is consistent with companies not in bankruptcy without the need of seeking Bankruptcy Court approval with regard to any aspect of the Reorganized Debtor's business and Plan. The Reorganized Debtor shall provide such financial reports as required by local rule until the entry of a final decree.

### **12.9 Disallowance and Subordination of Subordinated Claims and Penalty Claims**

As set forth in Classes 5 and 6, the filing of this Plan and its submission to the holders of Subordinated Claims and Penalty Claims shall constitute an action seeking to subordinate all Subordinated Claims and Penalty Claims pursuant to §510 of the Bankruptcy Code. The Confirmation Order, except as otherwise provided herein, shall constitute an order subordinating such Claims to all other Claims pursuant to §510 of the Bankruptcy Code.

### **12.10 Binding Effect**

The Plan shall be binding upon and inure to the benefit of the Debtor, the Reorganized Debtor, the holders of Claims and their respective successors and assigns; provided, however, that if the Plan is not confirmed, the Plan shall be deemed null and void and nothing contained herein shall be deemed (i) to constitute a waiver or release of any Claims by the Debtor, or any other Person, (ii) to prejudice in any manner the rights of the Debtor, or any other Person or (iii) to constitute any admission by the Debtor, or any other Person. Until confirmation, the Debtor is not bound hereby.

### **12.11 Governing Law**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the internal laws of the State of Florida shall govern the construction and implementation of the Plan and any agreements, documents and instruments executed in connection with the Plan or the Chapter 11 Case, except as may otherwise be provided in such agreements, documents and instruments.

### **12.12 Modification of Plan**

Modifications of the Plan may be proposed in writing by the Proponent at any time before the Confirmation Date, provided that (a) the Plan, as modified, meets the requirements of §1122 and §1123 of the Bankruptcy Code and (b) the Proponent shall have complied with §1125 of the Bankruptcy Code. The Plan may be modified at any time after the Confirmation Date and before substantial consummation by the Proponent, provided that (i) the Plan, as modified, meets the requirements of §1122 and §1123 of the Bankruptcy Code, (ii) the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under §1129 of the Bankruptcy Code and (iii) the circumstances warrant such modifications. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection. The Debtor may withdraw this Plan at any time prior to its Confirmation by the Bankruptcy Court.

### **12.13 Creditor Defaults**

Any act or omission by a creditor or claimant of any kind in contravention of a provision within this Plan shall be deemed an event of default under this Plan. Upon an event of default, the Debtor may seek to hold the defaulting party in contempt of the Confirmation Order. If such creditor is found to be in default under the Plan, such party shall pay the reasonable attorneys' fees and costs of the Reorganized Debtor in pursuing such matter. Furthermore, upon the finding of such a default by a creditor, the Bankruptcy Court may (a) designate a party to appear, sign and/or accept the documents required under the Plan on behalf of the defaulting party, in accordance with Federal Rule of Civil Procedure 70 or (b) make such other order as may be equitable which does not materially alter the terms of the Plan as confirmed. Upon the payment in full of an Allowed Secured Claim, the Claimant shall execute, deliver and file a release of all liens and security interests securing its Allowed Secured Claim within twenty (20) days of such payment and in the event it fails to do so, shall, as liquidated damages, pay to the Debtor a sum in cash equal to the greater of \$3,000 or the actual costs of enforcing this provision.

### **12.14 Headings and Table of Contents**

The Table of Contents and headings herein are for ease of reference only, and are not intended to modify in any way the provisions of this Plan. Moreover, the Table of Contents is included herein as a finding aid only and is not intended to limit the effectiveness of this Plan. Claimants must review each and all of the provisions of the entire Plan and are not entitled to rely upon the Table of Contents as summarizing the contents of the Plan.

### **12.15 Severability**

Should the Bankruptcy Court determine that any provision of the Plan is unenforceable either on its face or as applied to any Claim or transaction, the Proponent may modify the Plan in accordance with Section 12.12 of the Plan so that such provision shall not be applicable to the holder of any Claim. Such a determination of unenforceability shall not (1) limit or affect the

enforceability and operative effect of any other provision of the Plan or (2) require the re-solicitation of any acceptance or rejection of the Plan.

**12.16 Substantial Consummation/Closing the Case**

Upon the finalization of claims with respect to Classes 1, 2, 3 and 4, the Plan shall be deemed substantially consummated and, upon motion by the Debtor, this case may be closed and a final decree may be entered by the Court. Upon such motion of the Debtor, the Bankruptcy Court shall issue a final decree containing such provisions as may be equitable.



COASTAL CONDOS, LLC

BY:

  
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Manager/Member

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Counsel for Debtor

**SCHEDULE OF EXHIBITS**

Exhibit "A": Definitions

Exhibit "B": Executory Contracts and Unexpired Leases to be assumed

**EXHIBIT "A"**  
**DEFINITIONS OF CERTAIN TERMS**

**"Ad Valorem Taxing Authority"** shall mean any governmental entity entitled by law to assess taxes on property based upon the value of such property and to take a statutory Lien senior to Liens filed of record to secure the payment of such taxes and interest accruing thereon.

**"Administrative Claim"** shall mean a Claim entitled to priority under §503(b) and §507(a)(1) of the Bankruptcy Code in the Chapter 11 Case of the Debtor, including, without limitation, Fee Claims, Cure Payments, any actual and necessary expenses of preserving the Debtor's estate, any fees or charges assessed against the Debtor's estate under §1930, chapter 123 of title 28 of the United States Code and such other Claims as ordered by the Bankruptcy Court.

**"Affiliate"** shall have the meaning assigned to such term in §101(2) of the Bankruptcy Code.

**"Allowed Administrative Claim"** shall mean an Administrative Claim that has become "Allowed" pursuant to the procedures set forth in Article 4 of the Plan.

**"Allowed Equityholder Interest"** shall mean an ownership interest (as defined in the Bankruptcy Code) in the Debtor held by members of the Debtor.

**"Allowed,"** when used with respect to any Claim, except for a Claim that is an Administrative Claim, shall mean (1) such Claim to the extent it is not a Contested Claim; (2) such Claim to the extent it may be set forth pursuant to any stipulation or agreement that has been approved by Final Order; or (3) a Contested Claim, proof of which was filed timely with the Bankruptcy Court and (A) as to which no objection was filed unless such Claim is to be determined in a forum other than the Bankruptcy Court, in which case such Claim shall not become Allowed until determined by Final Order of such other forum and Allowed by Final Order of the Bankruptcy Court; or (B) as to which an objection was filed to the extent Allowed by Final Order.

**"Ballot"** shall mean the Ballot to be used by creditors to cast their votes to accept or reject the Plan.

**"Balloting Agent"** shall mean the Debtor.

**"Bankruptcy Code"** shall mean the Bankruptcy Reform Act of 1978, as amended, and codified at title 11 of the United States Code.

**"Bankruptcy Court"** shall mean the Bankruptcy Court unit of the United States District Court for the Southern District of Florida, Miami Division or such other court having jurisdiction over the Chapter 11 Case.

**"Bankruptcy Rules"** shall mean the Federal Rules of Bankruptcy Procedure, as prescribed by the United States Supreme Court pursuant to §2075 of title 28 of the United States Code.

**"Bar Date"** shall mean the final date for the filing of proofs of Claims set by the Bankruptcy Court which is at least the 60<sup>th</sup> day subsequent to the date first set for the meeting of creditors pursuant to §341 of the Bankruptcy Code as the final date for filing proofs of claim or interest, except for claims filed by governmental units which are governed by 11 U.S.C. §502(b)(9). Pursuant to 11 U.S.C. §502(b)(9), the claim of a governmental unit shall be timely filed if it is filed before 180 days after the date of the order for relief or such later time as the Federal Rules of Bankruptcy Procedure may provide.

**"Business Day"** shall mean any day on which commercial banks are open for business in Jackson, Mississippi.

**"Cash"** shall mean legal tender of the United States of America or Cash Equivalents, except in Section 4.1(b)(iii)(5) herein, where it shall solely mean legal tender of the United States of America.

**"Chapter 11 Case"** shall mean the case commenced under chapter 11 of the Bankruptcy Code by the Debtor on the Petition Date.

**"Claim"** shall mean (1) any right to payment from the Debtor, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (2) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; or (3) any right under §502(h) of the Bankruptcy Code.

**"Collateral"** shall mean any property of the Debtor subject to a valid, enforceable and non-avoidable Lien to secure the payment of a Claim.

**"Committee"** shall mean any Official Committee of Unsecured Creditors appointed in the Chapter 11 Case.

**"Confirmation Date"** shall mean the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

**"Confirmation Hearing"** shall mean the hearing held by the Bankruptcy Court pursuant to Bankruptcy Code §1128.

**"Confirmation Order"** shall mean the order of the Bankruptcy Court confirming the Plan.

**"Contested,"** when used with respect to a Claim, shall mean a Claim against the Debtor (1) that is listed in the Debtor's Schedules as disputed, contingent or unliquidated; (2) that is listed in the Debtor's Schedules as undisputed, liquidated and not contingent and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim amount exceeds the scheduled amount; (3) that is not listed in the Debtor's Schedules, but as to which a proof of Claim has been filed with the Bankruptcy Court; or (4) as to which an objection has been filed.

**"Contracts"** shall mean all executory contracts and unexpired leases as such terms are used within Bankruptcy Code §365 to which the Debtor was a party as of the Petition Date.

**"Court"** shall mean the Bankruptcy Court.

**"Cure Payment"** shall mean the monetary payments required pursuant to Bankruptcy Code §365(b)(1)(A) to cure defaults under Contracts to which the Debtor is a party and which will be assumed pursuant to the Joint Plan. Such Cure Payment shall be conclusively determined and set for each such Contract in the amounts reflected in Exhibit "B" attached hereto.

**"Debtor"** shall mean Coastal Condos, LLC. In the case of actions and obligations required of or to be performed on or after the Effective Date, the term "Debtor" shall also include the Reorganized Debtor, unless otherwise required by context.

**"Deficiency Amount"** shall mean, with respect to a Secured Claim, the amount by which the Allowed Claim exceeds the sum of (1) any set-off rights of the holder of such Claim against the Debtor under §506 and §553 of the Bankruptcy Code and (2) the net proceeds realized from the disposition of the Collateral securing such Claim or, if such Collateral is not liquidated to Cash, the value of the interest of the holder of the Claim in the Debtor's interest in the Collateral securing such Claim, as determined by the Bankruptcy Court under §506 of the Bankruptcy Code; provided, however, that if the holder of such Claim makes the Election, there shall be no Deficiency Amount in respect of such Claim.

**"Disallowed,"** when used with respect to a Claim, shall mean a Claim that has been disallowed by Final Order, including untimely filed claims.

**"Disclosure Statement"** shall mean the Disclosure Statement that has been approved by order of the Bankruptcy Court in connection with this Plan pursuant to §1125 of the Bankruptcy Code.

**"Distribution Date"** shall mean, for any Claim that is an Allowed Claim, the date the Debtor makes distribution to Class 3 claims.

**“Effective Date”** shall mean the first Business Day after the Confirmation Order becomes a Final Order and is not stayed.

**“Election”** shall mean the election available to certain secured creditors, under certain circumstances, to have their Claims treated as fully secured, as provided in Bankruptcy Code §1111(b), but only if such Election is timely made pursuant to the Bankruptcy Rules.

**“Fee Application”** shall mean an application of a Professional Person under §330 or §503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Chapter 11 Case.

**“Fee Claim”** shall mean a Claim under §330 or §503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Chapter 11 Case.

**“Final Order”** shall mean (1) an order which has been entered and as to which the time to appeal, petition for certiorari or move for re-argument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for re-argument or rehearing shall then be pending or (2) in the event that an appeal, writ of certiorari, re-argument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or certiorari has been denied or from which re-argument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for re-argument or rehearing shall have expired; provided, however, that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure may be filed with respect to such order.

**“General Unsecured Claim”** shall mean an unsecured claim not entitled to priority under Bankruptcy Code §507, which is not otherwise classified in the Plan, and/or any Claim against the Debtor that is not an Owner Claim, Secured Claim, an Administrative Claim, a Priority Tax Claim, a Priority Non-tax Claim, or a Subordinated Claim.

**“Interest Rate”** shall mean simple interest at an annual rate of interest equal to the yield on treasury security notes with a maturity as close as possible to the term of the Note, as published in the Wall Street Journal on the Effective Date.

**“IRS”** shall mean the Department of the Treasury Internal Revenue Service and its successors and assigns.

**“Lien”** shall have the meaning set forth in §101(37) of the Bankruptcy Code.

**“Lienholder”** shall mean the holder of a Lien.

**“Loan Documents”** shall mean, with respect to the Debtor and any creditor of the Debtor, such documents as may evidence the claim made by the creditor, including,

without limitation, any promissory notes, loan agreements, deeds of trust, security agreements, financing statements, and other collateral documents.

**“Operating Expenses”** shall mean expenses incurred in the day-to-day operations or in the ordinary course of business of the Reorganized Debtor.

**“Penalty Claims”** shall mean Claims for penalties or punitive damages, including Claims denominated as “interest” which the Bankruptcy Court determines to be punitive in nature.

**“Person”** shall mean an individual, corporation, partnership, joint venture, trust, estate, unincorporated association, unincorporated organization, governmental entity or political subdivision thereof or any other entity.

**“Petition Date”** shall mean May 25, 2012, the date the Debtor filed its petition under Chapter 11 of the Bankruptcy Code.

**“Plan”** or **“Plan of Reorganization”** shall mean this Plan of Reorganization, either in its present form or as it may hereafter be altered, amended or modified from time to time.

**“Professional Person”** shall mean a person retained or to be compensated pursuant to §327, §328, §330, §503(b) or §1103 of the Bankruptcy Code.

**“Proponent”** or **“Plan Proponent”** shall mean the Debtor.

**“Pro-Rata Share”** shall mean a percentage equal to the Allowed Claim held by the holder of an Allowed Claim in a Class divided by the Allowed Claims held by all Allowed Claims in the Class.

**“Reorganization Expenses”** shall mean, collectively, all fees and expenses incurred by the Trustee in preparing for, commencing, continuing, litigating, consummating, and emerging from this Chapter 11 Case, including, without limitation, all counsel fees and expenses of the Debtor and estate, and all other professionals of the Debtor retained during the pendency of the Chapter 11 Case.

**“Reorganized Debtor”** shall mean the Debtor, as reorganized for the purpose of reorganization, on and after the Effective Date.

**“Schedules”** shall mean the Schedules of assets and liabilities and the statements of financial affairs filed by the Debtor as required by §521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such Schedules and statements have been or may be supplemented or amended.

**“Secured Claim”** shall mean a Claim secured by a Lien on property of the Debtor, which Lien is valid, perfected and enforceable under applicable law, is not

subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law and which is duly established in the Chapter 11 Case, but only to the extent of the value of the Collateral that secures payment of such Claim.

**"Secured Claims of Ad Valorem Taxing Authorities"** shall mean all Secured Claims held by an Ad Valorem Taxing Authority.

**"Subordinated Claim"** shall mean any Claim (1) subordinated by contract or by order of the Bankruptcy Court to the right of payment of General Unsecured Claims or (2) which would be paid pursuant to Bankruptcy Code §726 (a)(3), (a)(4) or (a)(5) if this Chapter 11 Case had originally been filed as a case under Chapter 7 of the Bankruptcy Code.

**"Tax Liens"** shall mean any statutory Liens securing any Allowed Secured Claims of any Taxing Authority, which, upon confirmation of the Plan, shall be junior in priority to Allowed Claims which would be paid pursuant to Bankruptcy Code §724(b)(1) and (b)(2) if the Chapter 11 Case converted to Chapter 7 on the day prior to the Confirmation Date.

**"Utilities"** shall have the same meaning as when such term is used in Bankruptcy Code §366.

**"Voting Deadline"** shall mean the date set by the Bankruptcy Court by which Ballots for accepting or rejecting the Plan must be received by the Balloting Agent.

**"Voting Record Date"** shall mean the date set by the Bankruptcy Court for determining the holders of the Claims and interests entitled to vote to accept or reject the Plan.



**EXHIBIT "B"**

**EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO BE ASSUMED**

[none]