

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

IN RE:

*

**DAYTON OAKS, LLC,
Debtor.**

*

**Case No.: 10-22702-NVA
(Chapter 11)**

*

* * * * *

**PLAN OF REORGANIZATION SUBMITTED BY DEBTOR AND COMPASS
HOMES, LLC AS CO-PLAN PROPONENTS**

Dayton Oaks, LLC (the “Debtor”), Debtor and Debtor-in-Possession, filed a voluntary Chapter 11 petition on June 6, 2010, and designated itself as a single asset real estate entity within the meaning of United States Bankruptcy Code (the “Bankruptcy Code”) § 101(51)(B).

Pursuant to the provisions of Chapter 11 of Title 11 of the Bankruptcy Code §1125(f)(1), and Bankruptcy Rule 3007-1, the Debtor and Compass Homes, LLC (“Compass”), as co-proponents, file this Plan of Reorganization (the “Plan”).

**Article 1
Defined Terms**

For purposes of this Plan and in addition to terms defined elsewhere herein, the following terms have the meanings set forth below:

1.1 “Administrative Bar Date” means forty-five (45) days after the Effective Date and is the date by which applications for allowance of Administrative Claims incurred through the Confirmation Date must be filed with the Court or be forever barred and discharged. Notice of confirmation of the Plan shall be deemed sufficient and adequate notice of the Administrative Bar Date.

1.2 “Administrative Claim” means any cost or expense of administration of the case allowed under §503(b) of the Bankruptcy Code.

1.3 “Allowed Claim” means a claim (as defined in §101(5) of the Bankruptcy Code):

1.3.1 in respect of which a proof of claim has been filed with the Court within the applicable period of limitations fixed by Bankruptcy Rule 3003;

1.3.2 which is listed in Schedules D, E or F filed by the Debtor with the Court, including any amendments thereto, and is not listed as disputed, contingent, or unliquidated as to amount; or

1.3.3 for which an application has been filed pursuant to §§329 and 330 of the Bankruptcy Code;

1.3.4 and further, as to any such claim, either no objection to the allowance thereof has been filed, or if an objection to the allowance thereof has been filed, the court has overruled such objection or fixed the amount of such claim by a Final Order.

1.4 “Avoidable Transfer(s)” means a transfer by the Debtor that may be avoided under any provision of the Bankruptcy Code including, but not limited to, §§544, 547, 548 or 549.

1.5 “Avoidance Action(s)” means all rights, remedies, claims or causes of action arising under §§544, 545, 546, 547, 548, 549, 550, 553, or 558 of the Bankruptcy Code.

1.6 “Bankruptcy Code” means Title 11 of the United States Code (“U.S.C.”) as now in effect or as hereafter amended.

1.7 “Bankruptcy Rules” means (a) the Federal Rules of Bankruptcy Procedure, and (b) the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Maryland, both as now in effect or hereafter amended.

1.8 “Claim” means a claim against the Debtor as defined in §101(5) of the Bankruptcy Code, including, but not limited to, all claims arising from the rejection of unexpired leases and/or executory contracts.

1.9 “Confirmation Date” means the date on which the Court enters the Order of Confirmation.

1.10 “Court” means the United States Bankruptcy Court for the District of Maryland.

1.11 “Debtor” means Dayton Oaks, LLC, as debtor and debtor-in-possession.

1.12 “Disputed Claim” means (a) a Claim as to which an objection has been filed in accordance with Rule 3007 of the Bankruptcy Rules, which has not been resolved by a Final Order; and (b) a claim listed in the Schedules as disputed, contingent or unliquidated and as to which no Proof of Claim has been filed.

1.13 “Effective Date” means the later of (a) the forty-fifth (45th) day after an Order of Confirmation becomes final by expiration of the time for appeal therefrom, and (b) if an appeal is taken, the forty-fifth (45th) day after an order on appeal in favor of confirmation (and all orders on appeal relating to said order) becomes unappealable.

1.14 “Estate” means the bankruptcy estate created pursuant to § 541 of the Bankruptcy Code upon filing of the Chapter 11 petition by the Debtor.

1.15 “Final Order” means a Court order that, not having been reversed, modified or amended, and not having been stayed, and as to which the time to seek review or rehearing of has expired, has become final and is in full force and effect.

1.16 “Insider” has the meaning set forth in §101(31) of the Bankruptcy Code.

1.17 “Member” means DTB Holdings, LLC, the sole holder of the equity interest in the Debtor.

1.18 “Model Home” means Lot No. 1 at the Preserve at Clarksville, together with the improvements thereon, and commonly known as 6206 Heather Glen Way, Clarksville, Maryland.

1.19 “Order of Confirmation” means the order entered by the Court confirming the Plan.

1.20 “Parcel A” means the approximately 7.4 acre undeveloped, buildable parcel of land, designated as Preservation Parcel A in the Preserve at Clarksville on the plats recorded in the Land Records of Howard County, Maryland at at MDR 19214-19218 and MDR 19646.

1.21 “Parcel H” means the approximately 1.9 acre bulk, non-buildable parcel of land designated as Parcel H on the Plat of the Preserve at Clarksville recorded in the Land Records of Howard County, Maryland at MDR 19214-19218. Parcel H is eligible for further subdivision into two buildable and platable lots.

1.22 “Petition Date” means June 6, 2010, the date on which the Debtor filed its petition for relief under Chapter 11 of the Bankruptcy Code.

1.23 “Plan” means the Plan of Reorganization in its present form, or as it may hereafter be further amended or modified.

1.24 “Preserve at Clarksville” means the subdivision located in Clarksville, Maryland as shown on the plats recorded in the Land Records of Howard County, Maryland at MDR 19214-19218 and MDR 19646. The various lots and parcels in the subdivision are described on attached **Schedule 1**.

1.25 “Professional Person(s)” means an attorney, accountant, appraiser, consultant or other professional retained or to be compensated pursuant to an order of the Court entered under §§ 327, 328, 330, 503(b), or 1103 of the Bankruptcy Code.

1.26 “Proof of Claim” means a proof of claim filed pursuant to § 501 of the Bankruptcy Code and Part III of the Bankruptcy Rules.

1.27 “Saleable One Acre Platted Lots” means, collectively, the thirty two (32) approximately one acre undeveloped, buildable, platted lots which have not sold and settled as of the Petition Date, as shown on the plat recorded in the Land Records of Howard County, Maryland at MDR 19214-19218 and described under Item B on attached **Schedule 1**.

1.28 “Schedules” means the schedules of assets and liabilities and statement of financial affairs filed by the Debtor with the Bankruptcy Court in accordance with §521(1) of the Bankruptcy Code and Rule 1007 of the Bankruptcy Rules, and any amendments thereto.

1.29 “Sold Lots” means, collectively, the ten (10) approximately one acre platted lots that have been sold and settled as of the Petition Date, as shown on the plat recorded in the Land Records of Howard County, Maryland at MDR 19214-19218 and described under Item A on attached **Schedule 1**.

Article 2

Classification of Claims

Claims against the Estate shall be classified and treated as follows:

2.1 **Class 1 Claims**. Class 1 claims consist of (i) Allowed Claims for costs and expenses of administration of the Debtor's Estate, as described in §§ 503(b) and 507(a)(2) of the Bankruptcy Code, including fees of Professional Persons approved by the Court,

and (ii) any and all fees payable to the Trustee by the Debtor under 28 U.S.C. § 1930(a)(6).

2.2 Class 2 Claims. Class 2 claims consist of all Allowed Claims against the Debtor that are entitled to priority under § 507 of the Bankruptcy Code, with the exception of 11 U.S.C. § 507(a)(2) administrative claims and § 507(a)(8) unsecured tax claims. The Debtor believes there are no Class 2 claims.

2.3 Class 3 Claims. Class 3 is comprised of all Allowed Claims for unsecured taxes of governmental units entitled to priority under § 507(a)(8) of the Bankruptcy Code. The Debtor believes there are no Class 3 claims.

2.4 Class 4 Claims. Class 4 is comprised of all Allowed Claims against the Debtor by other parties to executory contracts entered into between the Debtor and such other parties *prior* to the Petition Date, and which have not been expressly rejected by the Debtor prior to the Confirmation Date pursuant to Bankruptcy Code §365. The Debtor believes there are no Class 4 Claims in that the sole executory contract listed and described on the Debtor's Schedule F as a land agreement dated May 13, 2010 between the Debtor and Mark and Angela Paliotta for the sale of Lot 23 of The Preserve at Clarksville, has been cancelled and terminated.

2.5 Class 5 Claims. Class 5 is comprised of the secured claims of Sandy Spring Bank. Sandy Spring Bank asserts that it is the holder of two claims against the Debtor and other obligors, which are secured by first priority deed of trust liens and a judgment lien on land and improvements located at The Preserve at Clarksville. To the extent that the Class 5 claim is allowed, it shall include all interest accrued at the non-default contract rate prior to the Petition Date.

2.6 Class 6 Claims. Class 6 is comprised of the secured claim of Regal Bankcorp (“Regal Bank”). Regal Bank holds a claim against the Debtor and other obligors that is secured by a second priority deed of trust lien on land and improvements located at The Preserve at Clarksville.

2.7 Class 7 Claims. Class 7 is comprised of the secured claim of Keyser Thompson LLC. Keyser Thompson LLC holds a claim against the Debtor that is secured by a third priority deed of trust lien and judgment lien on land and improvements located at The Preserve at Clarksville.

2.8 Class 8 Claims. Class 8 is comprised of the secured claim of Willoughby Plumbing Services, Inc. Willoughby Plumbing Services, Inc. holds a claim against the Debtor that is secured by a mechanics lien on the Model Home.

2.9 Class 9 Claims. Class 9 is comprised of the secured claim of Charles A Klein & Sons, Inc. Charles A. Klein & Sons, Inc. holds a mechanics lien on the Model Home.

2.10 Class 10 Claims. Class 10 is comprised of all general unsecured claims, excluding Insider claims.

2.11 Class 11 Claims. Class 11 is comprised of all Insider claims.

2.12 Class 12 Claims. Class 12 is comprised of all equity interests in the Debtor.

Article 3 **Treatment of Claims**

3.1 Class 1. Allowed Class 1 Claims shall be paid in full, in cash, on the latest of (a) the Effective Date, or (b) within thirty (30) days after such claim has become an Allowed Claim, or (c) a date agreed upon by the parties. Notwithstanding the foregoing,

property taxes shall be paid from the proceeds of sale attributable to the specific parcel of land and/or improvements being sold. Class 1 is not a class of claims impaired under the Plan.

3.2 Class 2. The holders of Allowed Class 2 Claims shall receive deferred cash payments of a value, as of the Effective Date of the Plan, equal to the allowed amount of their claims. Class 2 is not a class of claims impaired under the Plan.

3.3 Class 3. The holders of Allowed Class 3 Claims shall receive deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of their claims, over a period not exceeding five years, plus interest from the Effective Date at the federal rate. Class 3 is not a class of claims impaired under the Plan.

3.4 Class 4. The Debtor shall assume all executory contracts and shall cure any pre-petition arrears evidenced by Class 4 Allowed Claims on or before the Effective Date of the Plan, or as otherwise agreed by the parties. Class 4 is not an impaired class under the Plan.¹

3.5 Class 5. In full and final satisfaction of its claims against the Debtor's estate and all other obligors of the indebtedness owed to Sandy Spring Bank, the holder of the Class 5 Claim shall receive payments on a conditional basis equal to the present value of the collateral securing the Class 5 Claim subject to the Debtor's rights as set forth below. The conditional payments to the holder of the Class 5 Claim shall equal the following predetermined release fees:

¹ As set forth in Section 2.4 above, the Debtor believes there are no executory contracts to be assumed or rejected.

(a) From the sale of Lot 30, which is subject to a pending motion to sell, the lesser of (i) ninety percent (90%) of the net sale price received by the Debtor, or (ii) \$400,000.

(b) From the sale of each of the Saleable One Acre Platted Lots (excluding Lot No. 1 with the Model Home), the lesser of (i) ninety percent (90%) of the net sale price received by the Debtor, or (ii) \$350,000 for each Saleable One Acre Platted Lot sold;

(c) From the sale of Lot No. 1 and the Model Home, the lesser of (i) ninety percent (90%) of the net sales price received by the Debtor, or (ii) \$1,700,000;

(d) From the sale of Parcel A, the lesser of (i) ninety percent (90%) of the net sale price received by the Debtor, or (ii) \$350,000; and

(e) From the sale of Parcel H, the net sales price received by the Debtor after payment of development costs and expenses.

The Debtor shall pay to the Class 5 Claim holder the predetermined release fees as set forth above until the Class 5 Claim is paid in full, with interest at the non-default contract rate. The conditional payments shall be made within three (3) business days after the closing on any such sale, and all payments on account of the Class 5 Allowed Claim shall be made over a period not to exceed five (5) years after the Effective Date. Sandy Spring Bank shall retain its lien on the Saleable One Acre Platted Lots (including Lot No. 1 and the Model Home), Parcel A, and Parcel H (whether as a single or multiple lots), until such parcel of land and/or improvements is sold to a third party, at which time the lien of the holder of the Class 5 Claim shall be extinguished and released with respect to the specific parcel of land and/or improvements being sold upon

the payment of the predetermined release fee set forth above. In addition, upon full payment of the Class 5 Claim (as finally allowed) in accordance with this Section, all liens in favor of the holder of the Class 5 Claim shall be fully and finally extinguished and released, and all claims against the Debtor and all other obligors of the indebtedness owed to Sandy Spring Bank shall be deemed fully and finally discharged and satisfied.

Notwithstanding the foregoing, the payments to be made to the holder of the Class 5 Claim shall be subject to the Debtor's claims, rights and remedies under state and federal law, all of which are hereby expressly reserved, to dispute the Class 5 Claim, to equitably subordinate the Class 5 Claim, to offset, recoup or set off against the Claim 5 Claim, or otherwise assert and prosecute affirmative claims against Sandy Spring Bank. Until a final determination is made of the Debtor's claims, rights and remedies with respect to Sandy Spring Bank, then allowance of the Class 5 Claim as well as all payments to Sandy Spring Bank from the sale proceeds of the Platted Lots, the Model Home, and Parcel H shall be conditional and subject to adjustment. Any amounts distributed on account of the Class 5 Claim shall be repaid to the Debtor by Sandy Spring Bank in the event the payments to the holder of the Class 5 Claim exceed the final allowed amount of the Class 5 Claim. If, and to the extent that Class 5 Claim is equitably subordinated, the Class 5 Claim holder shall not receive and/or retain any payments on account of its claim until all Class 10 claims are paid in full. Class 5 is a class of claims impaired under the Plan.

3.6 Class 6. In full and complete satisfaction of the Class 6 Allowed Claim, the Class 6 Allowed Claim holder shall receive payments equal to the present value of its interest in the collateral securing the Class 6 Allowed Claim. After the holder of the

Class 5 Claim receives the final allowed amount of the Class 5 Claim from property sales, then payments shall be made to the holder of the Class 6 Allowed Claim from property sales according to the predetermined release fee formula set forth in Section 3.5 above. Payments to the holder of the Class 6 Allowed Claim shall be made within three (3) business days after the closing of a Property sale; provided, however, no payments will be made to the holder of the Class 6 Allowed Claim until the Class 5 Claim, as finally allowed, is paid in full or otherwise satisfied as provided in Section 3.5 above. All payments on account of the Class 6 Allowed Claim shall be made over a period not to exceed five years after the Effective Date, with interest at the rate of 3.25% per annum. To the extent that the Class 6 Allowed Claim is not paid in full, the unpaid balance of the Class 6 Allowed Claim shall be treated as an allowed Class 10 Claim. The Class 6 Allowed Claim holder shall retain its lien on the Saleable One Acre Platted Lots (including Lot No. 1 and the Model Home), Parcel A and Parcel H until such parcel of land and/or improvements is sold to a third party, at which time the Class 6 Allowed Claim holder's lien shall be extinguished and released with respect to the specific parcel of land and/or improvements being sold. In addition, upon full payment of the Class 6 Allowed Claim in accordance with this Section, all liens in favor of the holder of the Class 6 Claim shall be fully and finally extinguished and released, and all claims against the Debtor and all other obligors of the indebtedness owed to Regal Bank shall be deemed fully and finally discharged and satisfied. Class 6 is a class of claims impaired under the Plan.

3.7 Class 7. To the extent the sale of the Platted Lots, the Model Home, and Parcel H generates sufficient net proceeds to pay all allowed claims in Classes 1 through

6, the Class 7 Allowed Claim shall be paid any such remaining proceeds until the claim is paid in full, without interest. Payments to the Class 7 Claim holder shall be made within five (5) business days after the closing of the sale that generates funds available for such a distribution. The Debtor anticipates that the Class 7 Claim will not be paid. To the extent that the Class 7 Allowed Claim is not paid in full, the unpaid balance of the Class 7 Allowed Claim shall be treated as an allowed Class 10 Claim. Class 7 is a class of claims impaired under the Plan.

3.8 Class 8. To the extent the sale of Lot No. 1 and the Model Home generates sufficient net proceeds to pay all allowed claims in Classes 1 through 7, the Class 8 Allowed Claim shall be paid any such remaining proceeds until the claim is paid in full, without interest. Payments to the Class 8 Claim holder shall be made within five (5) business days after the closing of the sale of the Model Home that generates funds available for such a distribution. The Debtor anticipates that the Class 8 Claim will not be paid. To the extent that the Class 8 Allowed Claim is not paid in full, the unpaid balance of the Class 8 Allowed Claim shall be treated as an allowed Class 10 Claim. Class 8 is a class of claims impaired under the Plan.

3.9 Class 9. To the extent the sale of Lot No. 1 and the Model Home generates sufficient net proceeds to pay all allowed claims in Classes 1 through 8, the Class 9 Allowed Claim shall be paid any such remaining proceeds until the claim is paid in full, without interest. Payments to the Class 9 Claim holder shall be made within five (5) business days of the closing of the sale of Lot No. 1 and the Model Home that generates funds available for such a distribution. The Debtor anticipates that the Class 9 Claim will not be paid. To the extent that the Class 9 Allowed Claim is not paid in full,

the unpaid balance of the Class 9 Allowed Claim shall be treated as an allowed Class 10 Claim. Class 9 is a class of claims impaired under the Plan.

3.10 Class 10. To the extent the sale of the Saleable One Acre Platted Lots, the Model Home, Parcel A, and Parcel H generates sufficient funds to pay all allowed claims in Classes 1 through 9, Class 10 Allowed Claims shall be paid on a pro rata basis, without interest. Payments of Class 10 Claims shall be made within ninety (90) days of the closing of the sale of any Lot that generates funds available for such a distribution. Class 10 is a class of claims impaired under the Plan.

3.11 Class 11. Class 11 Allowed Claims shall be subordinate to all other classes of Claims, and shall not be paid. Class 11 is a class of claims impaired under the Plan.

3.12 Class 12. All Class 12 Allowed Interests shall be extinguished as of the Effective Date. Class 12 is a class of interests impaired under the Plan.

Article 4 **Execution of Plan**

4.1 Funding. The funds necessary to implement the Plan shall be generated solely from the sale of the Saleable One Acre Platted Lots, Lot No. 1 and the Model Home, Parcel A, and Parcel H at The Preserve at Clarksville. The Debtor has reviewed all relevant transactions and has determined there are no potential Avoidance Actions from which it can recover additional funds. As set forth in Section 3.5 above, the Debtor has expressly reserved all claims, rights, and remedies as to Sandy Spring Bank. The Debtor has not completed its review and analysis of such claims, rights and remedies; however, if and to the extent the Debtor recovers funds from Sandy Spring Bank, such funds will be distributed to creditors based on the priorities set forth in Section 3, as

though they were additional proceeds from the sale of the Platted Lots, the Model Home, and Parcel H, except that no such funds will be distributed to the Class 5 claim holder.

The Debtor's net proceeds from the sales of the Platted Lots, the Model Home, and Parcel H will be paid to creditors in such portion as is necessary for the execution of the Plan.

4.2 Retained Rights and Powers. Upon confirmation of the Plan, the Debtor shall retain all of its rights and powers under the Bankruptcy Code, including, but not limited to, the right to prosecute all Avoidance Actions and other causes of actions and all other rights and powers under §§ 505, 506, 541, 542, 543, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code.

4.3 Equity Ownership. All membership interests in the Debtor as of the Effective Date shall be extinguished, and new membership interests in the reorganized and newly constituted Debtor shall be issued to Compass. In consideration of the newly acquired membership interests, Compass has advanced \$40,000 as a retainer for the Debtor's counsel and will, from time to time during the development of the Preserve at Clarksville, make materials and other services available to the Debtor for completion of the Preserve at Clarksville.

4.4 Professionals. Professional persons who perform services after the Confirmation Date shall not be subject to the Administrative Bar Date, and are not required to have their post-confirmation compensation approved by the Court, but shall be required to have their requests for compensation through the Confirmation Date approved by the Court.

4.5 Distributions. Distributions to holders of Allowed Claims shall be made: (a) to the address set forth on the respective Proof of Claim filed by each such holder; (b) to the address set forth in any subsequent written notice of change of address filed with the Court and served on the Debtor; or (c) to the address reflected in the Schedules if no Proof of Claim or notice of change of address is filed. A distribution payment that is made within thirty (30) days of any date specified in this plan shall be deemed timely.

4.6 Corporate Structure and Operating Procedures of Reorganized Debtor. Following the Effective Date, Compass, as the new member of the reorganized Debtor, may elect a managing member and directly or through the actions of such managing member adopt such bylaws and create other corporate documents, agreements and procedures as they deem necessary and appropriate in accordance with applicable non-bankruptcy law.

4.7 Management of Reorganized Debtor. The new member and the officers of the reorganized Debtor, in consultation with their professionals, shall be responsible for making all business decisions necessary and consistent with consummating the Plan. The duties of the Debtor shall include the following: (a) to review the Debtor's schedules and the proofs of claim filed in this Chapter 11 case and decide whether objections shall be filed to any claims; (b) to determine which causes of action should be prosecuted including, without limitation, potential Avoidance Actions and claims against Sandy Spring Bank; (c) to pay creditors in accordance with the Plan; (d) to distribute funds to holders of Allowed Claims consistent with the terms of the Plan; and (e) to file a final report and move to close the Debtor's Chapter 11 case.

4.8 Recordation Taxes. Pursuant to § 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any notes or equity securities under the Plan, sales of the Debtor's assets, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the sale of the Saleable One Acre Platted Lots, the Model Home, Parcel A, and Parcel H at The Preserve at Clarksville, any contracts for the sale of a Lot entered into prior to plan confirmation, but which do not close until after confirmation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, recapture, mortgage recording or other similar tax.

Article 5

Executory Contracts and Unexpired Leases

5.1 Assumption. The pre-petition executory contract between the Debtor and Mark and Angela Paliotta for the sale of Lot 23 of The Preserve at Clarksville is rejected as of the Effective Date, to the extent it has not previously been cancelled and terminated. All other executory contracts and unexpired leases of the Debtor which, as set forth in Sections 2.4 and 3.4 above, the Debtors believe there are none, shall be deemed assumed by the Debtor on the Effective Date unless (a) rejected by Order of the Court prior to the Effective Date, (b) specifically rejected pursuant to the terms of the Plan, or (c) otherwise ordered by the Court.

5.2 Claims Arising From Rejection Prior to the Confirmation Date. Any Claim arising from the rejection of an unexpired lease or executory contract shall be filed

with the Court no later than thirty (30) days after the entry of a Final Order approving such rejection. The Debtor believes there are no such rejection claims. If not timely filed, such Claim shall be forever barred. Any Allowed Claim arising from the rejection of an executory contract or an unexpired lease shall be deemed a Class 10 Claim.

Article 6
Administrative Claims Bar Date

6.1 All requests for payment of previously unpaid Administrative Claims, including without limitation final applications of Professional Persons for compensation and expense reimbursement for services rendered or expenses incurred on or before the Confirmation Date, shall be filed with the Bankruptcy Court no later than 45 days after the Effective Date, failing which such unpaid Administrative Claim Claims shall be waived, discharged and forever barred. Any payment made or to be made by the Debtor for services or for costs and expenses in or in connection with this case through the Confirmation Date, or in connection with the Plan and incident to this case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

Article 7
Disputed Claims

7.1 No Distribution Unless Allowed. Notwithstanding any other provision of this Plan and except as provided in Section 3.5 above, no cash or property shall be distributed under this Plan on account of any Disputed Claim unless and until such claim becomes an Allowed Claim. The Debtor shall pay no pre-petition claims outside of the Plan.

7.2 Objections to Claims. After the Confirmation Date, unless otherwise ordered by the Court after notice and a hearing, the Debtor shall have the right to make

and file objections to Claims and shall serve a copy of each objection upon the holder of such Claim to which the objection is made. Objections to Claims shall be filed within 120 days after the Effective Date. The Debtor shall retain the discretion to litigate such objection to a final determination in the Court or to elect to compromise, settle, or otherwise resolve any such objection subject to approval thereof of the Court.

7.3 Estimation. The Debtor may, at any time, request that the Court estimate any Disputed Claim pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such claim, and the Court will retain jurisdiction to estimate any such claims at any time. On or after the Confirmation Date, any claims which have been estimated may subsequently be compromised, settled, withdrawn or otherwise resolved subject to approval by the Court.

7.4 Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim is allowed, the Debtor shall distribute to the holder of such Claim, within a reasonable time, the amount that such holder would have been entitled to receive under this Plan if such Claim had been an Allowed Claim on the Effective Date without interest or present value adjustment.

Article 8

Effect Of Confirmation

8.1 Binding Effect. On or after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or an interest in, the Debtor, whether or not such Claim or interest of such holder is impaired under this Plan and whether such holder has accepted this Plan.

8.2 Discharge. Except as otherwise provided in the Plan or in the Confirmation Order, confirmation of the Plan shall act as a discharge and dismissal

effective as of the Effective Date of all Claims against the Debtor that arose at any time before the Confirmation Date.

8.3 Claims Injunction. Except as otherwise provided in the Plan or in the Confirmation Order, confirmation of the Plan shall also constitute an injunction against any action by or on behalf of the holder of any Claim so discharged seeking to collect a Claim in any manner other than as specified in the Plan.

Article 9 **Default**

9.1 Creditors Shall Retain Rights Under 11 U.S.C. § 1112. In the event that the Debtor materially defaults under the Plan, the holder of a Claim may seek to exercise any and all rights under § 1112 of the Bankruptcy Code, including the right to request the Court to convert the Debtor's Chapter 11 bankruptcy case to a case under Chapter 7 of the Bankruptcy Code or to request dismissal of the case in its entirety.

Article 10 **Modification Of Plan**

10.1 Pre-Confirmation Modification. The Debtor reserves the right, in accordance with the Bankruptcy Code, to amend or modify the Plan or the treatment of any Claim prior to the Confirmation Date.

10.2 Post-Confirmation Modification. After the Confirmation Date, the Debtor may amend or modify the Plan, or any portion thereof applicable to the Debtor-in-Possession, in accordance with § 1127(b) of the Bankruptcy Code, or remedy any defect or omission, or reconcile any inconsistency in the Plan, in such a manner as may be necessary to carry out the purpose and intent of the Plan.

Article 11 **Retention Of Jurisdiction**

11.1 Pre-Confirmation. Until the Effective Date, the Court shall retain jurisdiction over the Debtor and its assets.

11.2 Post-Confirmation. Notwithstanding the entry of an Order of Confirmation, the Court will retain jurisdiction until final closing of this case to ensure that the purposes and intent of the Plan are carried out. The Court's jurisdiction shall be over any and all disputes and litigation pending at the Confirmation Date, any controversies that may arise thereafter, and any controversies that may affect the Debtor's ability to effectuate the consummation of the Plan. By way of illustration of the jurisdiction retained by the Court, but not by way of limitation of the same, the Court shall retain jurisdiction in this case for, among other things, the following purposes:

11.2.1 The classification of the Claim of any creditor and the re-examination of Claims which have been allowed for purposes of voting, and the determination of such objections as may be filed to the Claims of creditors. The failure by the Debtor to object, or to examine any Claim for purposes of voting, shall not be deemed to be a waiver of the Debtor's right to object to or re-examine any Claim in whole or in part.

11.2.2 Except to the extent that the Debtor chooses to invoke the jurisdiction of another court, the determination of all causes of action, controversies, disputes and conflicts involving or relating to the Debtor or its assets, arising prior to or after the Confirmation Date, whether or not subject to an action pending as of the Confirmation Date, between the Debtor and any other party or parties.

11.2.3 The modification of the Plan after confirmation to correct any defect, to cure any omission, or to reconcile any inconsistency in the Plan or in the Order of Confirmation, as may be necessary or otherwise appropriate to carry out and/or clarify the intended purposes of the Plan or the Order of Confirmation.

11.2.4 The allowance of compensation for pre-confirmation services rendered to the Estate by Professional Persons, pursuant to §330(a) of the Bankruptcy Code, upon application for such compensation.

11.2.5 The enforcement and interpretation of the terms and conditions of the Plan, including any agreement for satisfaction of an Allowed Claim.

11.2.6 The determination of the existence of any liens, encumbrances, or interests of other parties in property of the Estate or the Debtor, and the extent and priority thereof.

11.2.7 The enforcement and continuation of the automatic stay and any similar equitable relief with respect to post-confirmation actions against the Debtor and/or property of the Estate.

11.2.8 To hear and determine all matters concerning local, state and federal taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code.

11.2.9 Entry of an order concluding and terminating the case.

Article 12

General Provisions

12.1 General Rules of Interpretation. For purposes of this Plan, the following rules of interpretation apply:

12.1.1 Construction of Terms. Except as otherwise provided herein, this Plan shall be construed in conformance with § 102 of the Bankruptcy Code. Whenever it is appropriate because of the form or the context, each term whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender. Any term used in capitalized form in the Plan that is not defined in the Plan but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

12.1.2 Referenced Documents. Any reference in the Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions. Any reference in the Plan to an existing document or exhibit filed, or to be filed, means such document or exhibit, as it may have been or may be amended, modified or supplemented.

12.1.3 Captions and Headings. Captions and headings in articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan. Unless otherwise specified, all references in the Plan to sections, articles or exhibits are references to sections, articles and exhibits of or to the Plan.

12.1.4 Exhibits. All exhibits attached hereto are incorporated into and are a part of the Plan as if fully set forth in the Plan.

12.1.5 Time Computation. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any period of time prescribed or allowed by the Plan may be enlarged or reduced by the Bankruptcy Court in accordance with the provisions of Bankruptcy Rule 9006(b) or (c).

12.2 Payment as Release. The tender of full payment to the holder of an Allowed Claim in any class as provided for under the Plan shall be deemed to effect a settlement, release, and discharge of the Debtor by such holder on behalf of itself and its successors and assigns.

12.3 Post-Confirmation Notices. Any notice required or permitted to be provided under the Plan shall be provided to the Office of the United States Trustee, to any party entitled to notice pursuant to Bankruptcy Rule 2002, and to any party directly affected by the action to be taken. Any notices or requests in connection to this Plan shall be served in writing and shall be served either by hand, first-class mail, postage prepaid, or electronically on:

Office of the U.S. Trustee
101 W. Lombard Street
Suite 2625
Baltimore, MD 21201

and

Alan M. Grochal, Esq.
Stephen M. Goldberg, Esq.
Catherine K. Hopkin, Esq.
Tydings & Rosenberg LLP
100 East Pratt Street, 26th Floor
Baltimore, MD 21202

12.4 Section 1129(b) Election. In order to confirm the Plan and to the extent necessary, the Debtor invokes §1129(b) of the Bankruptcy Code, such that the Plan may be confirmed by the Court as long as the Plan does not discriminate unfairly and is fair

and equitable with respect to any Class of Claims or interests that is impaired under and has not accepted the Plan.

12.5 Trustee Fees. All fees payable to the United States Trustee pursuant to 28 U.S.C. §1930 as determined by the Court on the Confirmation Date, shall be paid on the Effective Date. All statutory fees which become due after the Confirmation Date, if any, shall constitute Administrative Claims and be paid when due.

12.6 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without giving effect to the principles of conflicts of law of such jurisdiction.

12.7 Closing Case. When the Plan is fully administered as described in Bankruptcy Rule 3022 and Local Bankruptcy 3022-1, the Debtor may move the Court to close this case.

[SIGNATURES ON NEXT PAGE]

Dated: September 3, 2010

**CO-PLAN PROPONENT AND DEBTOR:
DAYTON OAKS, LLC**

By: DTB HOLDINGS, LLC, Sole Member
of Dayton Oaks, LLC

By: DALE THOMPSON BUILDERS, INC.,
Managing Member of DBT Holdings,
LLC

/s/ Dale H. Thompson

Dale H. Thompson

President, Dale Thompson Builders, Inc.

**CO-PLAN PROPONENT: COMPASS
HOMES, LLC**

By: /s/ E. Joseph Fitzpatrick, Jr.

Name: E. Joseph Fitzpatrick, Jr.

Title: President and Sole Member

/s/ Stephen M. Goldberg

Alan M. Grochal, Bar No. 01447

Stephen M. Goldberg, Bar No. 01156

Catherine K. Hopkin, Bar No. 28257

Tydings & Rosenberg LLP

100 East Pratt Street, 26th Floor

Baltimore, Maryland 21202

(410) 752-9700

agrochal@tydingslaw.com

sgoldberg@tydingslaw.com

chopkin@tydingslaw.com

Proposed Counsel for the Debtor

SCHEDULE 1
To Plan of Reorganization

The plat for the Preserve at Clarksville, recorded in the land records of Howard County at MDR 19214-19218, provides for the subdivision into the following lots and parcels:

A. **“Sold Lots”** (10 one acre lots):

Lots 7, 8, 9, 11, 12, 13, 19, 24, 25, and 26

B. **“Saleable One Acre Platted Lots”** (22 one acre lots)

1. Lot No. 1 (Model Home)
2. Lot No. 2
3. Lot No. 3
4. Lot No. 4
5. Lot No. 5
6. Lot No. 6
7. Lot No. 10
8. Lot No. 14 (to be sold with non buildable preservation parcel B)
9. Lot No. 15
10. Lot No. 16
11. Lot No. 17
12. Lot No. 18
13. Lot No. 20
14. Lot No. 21
15. Lot No. 22
16. Lot No. 23
17. Lot No. 27
18. Lot No. 28
19. Lot No. 29
20. Lot No. 30 (post petition contract of sale pending)
21. Lot No. 31
22. Lot No. 32

C. **Other Parcels**

Parcel A: Buildable preservation parcel.

Parcel B: Non-buildable preservation parcel to be sold in conjunction with the sale of Lot No. 14.

Parcel C: Non-buildable preservation parcel.

Parcel D: Dedicated to Howard County Department of Recreation and Parks.

Parcel E: Dedicated to Homeowners Association for storm water management pond.

Parcel F: Dedicated to Homeowners Association for storm water management pond.

Parcel G: Dedicated for storm water management pond.

Parcel H: Non-buildable bulk parcel eligible for subdivision into two buildable lots, to be designated as Lot Nos. 33 and 34.

Parcel I: Non-buildable preservation parcel dedicated to Howard County

Parcel J: Non-buildable preservation parcel dedicated to St. Louis Church for a playground.