

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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:

In re : Chapter 11

:

Fairfield Residential LLC, *et al.*,¹ : Case No. 09-14378 (BLS)

:

Debtors. : (Jointly Administered)

:

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**FIRST AMENDED DISCLOSURE STATEMENT FOR
DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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¹ The Debtors are the following 15 entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Fairfield Residential LLC, a Delaware limited liability company (8277), Fairview Homes, Inc., a Delaware corporation (9930), FF Development L.P., a Delaware limited partnership (2310), FF Properties L.P., a Delaware limited partnership (5355), Fairview Residential LLC, a Delaware limited liability company (5416), FF Realty LLC, a Delaware limited liability company (5941), Fairfield Financial A LLC, a Delaware limited liability company (7014), FF Investments LLC, a Delaware limited liability company (7066), Fairview Investments LLC, a Delaware limited liability company (9605), Fairfield Affordable Housing LLC, a Delaware limited liability company (7111), FF Development, Inc., a Delaware corporation (2308), FF Properties, Inc., a Delaware corporation (5354), Fairview Residential L.P., a Delaware limited partnership (9788), Fairview Residential WA LLC, a Delaware limited liability company (9703) and Fairview Residential CA L.P., a Delaware limited partnership (9972). The mailing address of each of the Debtors is 5510 Morehouse Drive, Suite 200, San Diego, California 92121.



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SUMMARY

The following is a summary of the Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated as of ~~February~~, March 3, 2010 (as the same may be amended or modified, the "Plan"), of Fairfield Residential LLC ("Fairfield"), one of the above-captioned debtors and debtors in possession, along with certain of its subsidiaries (collectively with Fairfield, the "Debtors"),¹ the debtors and debtors in possession in these chapter 11 cases. This Disclosure Statement describes the Plan and the distributions contemplated thereunder for each of the Debtors and their creditors. Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement have the meanings ascribed to them in the Plan. Unless the context requires otherwise, reference to "we," "our," and "us" are to Fairfield and all of its Debtor and non-Debtor subsidiaries (collectively, the "Company").

The Company is a real estate operating company providing focused and disciplined investment opportunities to institutional and select private investors. The Company specializes in identifying and developing diversified multifamily investment opportunities in major strategic national markets by conducting business through wholly owned subsidiaries that serve as general partner or managing member of partnerships or LLCs to invest in one or more projects, as well as co-investing on a promoted basis. Fairfield also provides property management, asset management and construction services on a fee basis to affiliated investment entities.

Operating in 40 diverse markets across the United States, the Company's national presence minimizes its reliance on any single geographic market, and mitigates risk, while providing diverse sources of knowledge to facilitate effective market analyses. The Company's philosophy over its 20+ year operating history focuses on producing superior risk adjusted returns for its capital partners through its keen strategic planning and strict attention to profitability, while maintaining the highest degree of competency, integrity and entrepreneurial spirit.

Over the past two years, the significant decline in the housing markets exacerbated by the collapse of the financial markets has significantly impacted the Company's business operations. The Debtors commenced their chapter 11 cases, in a large part, as a result of this unprecedented collapse in the real estate and capital markets. Although their core businesses have continued to

¹ The Debtors are the following 15 entities (the last four digits of their respective taxpayer identification numbers follow in parentheses): Fairfield Residential LLC, a Delaware limited liability company (8277), Fairview Homes, Inc., a Delaware corporation (9930), FF Development L.P., a Delaware limited partnership (2310), FF Properties L.P., a Delaware limited partnership (5355), Fairview Residential LLC, a Delaware limited liability company (5416), FF Realty LLC, a Delaware limited liability company (5941), Fairfield Financial A LLC, a Delaware limited liability company (7014), FF Investments LLC, a Delaware limited liability company (7066), Fairview Investments LLC, a Delaware limited liability company (9605), Fairfield Affordable Housing LLC, a Delaware limited liability company (7111), FF Development, Inc., a Delaware corporation (2308), FF Properties, Inc., a Delaware corporation (5354), Fairview Residential L.P., a Delaware limited partnership (9788), Fairview Residential WA LLC, a Delaware limited liability company (9703) and Fairview Residential CA L.P., a Delaware limited partnership (9972). The mailing address of each of the Debtors is 5510 Morehouse Drive, Suite 200, San Diego, California 92121.

perform well due to a strong demand for multi-family units, the collapse of the financial markets has made it difficult, if not impossible, for the Debtors to continue with their normal operations.

Faced with the prospect of impending debt maturities, the Debtors commenced the Chapter 11 Cases on December 13, 2009. The Plan, which is attached hereto as Exhibit A, reflects the framework of the consensual agreement. The Plan effects the substantive consolidation of the First Tier Subsidiaries and Fairfield and constitutes a separate chapter 11 plan of liquidation or reorganization for each of the following categories of Debtors: (i) Fairfield and the First Tier Subsidiaries; (ii) Homes; (iii) Fairview L.P.; (iv) Fairview WA; and (v) Fairview CA. The Plan further provides for the formation of Newco, which will hold, directly or indirectly, all of the equity interests of Reorganized FF Properties and retain the Reorganized Fairfield Assets. Newco will acquire a New Money Investment of \$119.5 million, subject to certain terms and conditions, broken down into (i) an \$19.5 million initial investment in Newco; (ii) a subsequent \$50 million investment in Newco; and (iii) a commitment to co-invest \$50 million in multi-family acquisitions by Newco, as well as further investment from members of Newco's management. In addition, the Plan contemplates and is predicated upon transfer of the Liquidating Assets and the remaining liabilities of the Debtors, including Claims, into the Fairfield Trust.

THE DEBTORS AND THE COMMITTEE BELIEVE THAT THE PLAN WILL ENABLE THEM TO ACCOMPLISH A SUBSTANTIVE REORGANIZATION SUCCESSFULLY AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CREDITORS. THE DEBTORS AND THE COMMITTEE URGE ALL CREDITORS ENTITLED TO VOTE ON THE PLAN TO ACCEPT THE PLAN.

ARTICLE I.

INTRODUCTION

The Debtors submit this Disclosure Statement pursuant to section 1125 of ~~title 11 of the United States Code (the "Bankruptcy Code")~~ to holders of equity interests in and Claims against the Debtors in connection with (i) the solicitation of acceptances of the Plan filed by the Debtors with the ~~United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court")~~ and (ii) the ~~hearing to consider confirmation of the Plan (the "Confirmation Hearing")~~ scheduled for April 22, 2010 at 9:00 a.m. (prevailing Eastern Time).

Annexed as Exhibit A to this Disclosure Statement is a copy of the Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code.

A ballot ("Ballot") for the acceptance or rejection of the Plan is enclosed with this Disclosure Statement mailed to the holders of Claims that the Debtors believe may be entitled to vote to accept or reject the Plan.

On March 9, 2010, after notice and a hearing, the Bankruptcy Court signed the Disclosure Statement Order, approving this Disclosure Statement as containing adequate

information of a kind and in sufficient detail to enable a hypothetical investor of the relevant classes to make an informed judgment whether to accept or reject the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

The Disclosure Statement Order, a copy of which is annexed hereto as Exhibit B, sets forth in detail, among other things, the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the Disclosure Statement Order and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

A. HOLDERS OF CLAIMS ENTITLED TO VOTE

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are not deemed to have rejected the proposed plan are entitled to vote to accept or reject a proposed plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. For a detailed description of the treatment of Claims and Interests under the Plan, see Article VI.B of this Disclosure Statement.

Claims in Classes 2.A (Capmark Claims), 2.B, 2.C, 2.D, 2.E and 2.F (General Unsecured Claims) and Class 3 (Wachovia Claims) of the Plan are impaired and, to the extent Claims in such Classes are Allowed, the holders of such Claims will receive distributions under the Plan. As a result, holders of Claims in those Classes are entitled to vote to accept or reject the Plan. If and to the extent any other Class identified as being unimpaired is impaired (whether as a result of the terms of the Plan or any modification or amendment thereto), upon such determination, such Class shall then be entitled to vote to accept or reject the Plan.

Claims in Classes 1.A, 1.B, 1.C, 1.D and 1.E (Priority Claims) and Classes 4.A, 4.B, 4.C, 4.D and 4.E (Convenience Class Claims) are unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, Classes 1.A, 1.B, 1.C, 1.D and 1.E and Classes 4.A, 4.B, 4.C, 4.D and 4.E are therefore conclusively presumed to have accepted the Plan and the votes of Holders of Claims in Classes 1.A, 1.B, 1.C, 1.D, and 1.E and Classes 4.A, 4.B, 4.C, 4.D and 4.E will therefore not be solicited.

The Bankruptcy Code defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. For a more detailed description of the requirements for confirmation of the Plan, see Article XIII of this Disclosure Statement.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors reserve the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization notwithstanding the rejection of a plan by one or more impaired classes of claims or equity interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each rejecting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, see Article XIII.B.2 of this Disclosure Statement.

Holders of Intercompany Claims (Classes 5.A, 5.B, 5.C, 5.D and 5.E), Subordinated Intercompany Claims (Classes 6.A, 6.B, 6.C, 6.D and 6.E) and Interest and Interest Related Claims (Classes 7.A, 7.B, 7.C, 7.D and 7.E) will not receive any distribution under the Plan and are therefore deemed to have rejected the Plan. With respect to these Classes of Claims that are deemed to have rejected the Plan, *i.e.*, Classes 5.A, 5.B, 5.C, 5.D, 5.E, 6.A, 6.B, 6.C, 6.D, 6.E, 7.A, 7.B, 7.C, 7.D and 7.E the Debtors intend to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

THE DEBTORS AND THE COMMITTEE RECOMMEND THAT HOLDERS OF CLAIMS IN CLASSES 2.A, 2.B, 2.C, 2.D, 2.E, 2.F AND 3 VOTE TO ACCEPT THE PLAN.

The Debtors’ legal advisors are Paul, Hastings, Janofsky & Walker LLP and Richards, Layton & Finger, P.A. Their financial advisors and investment bankers are Imperial Capital, LLC (“~~Imperial Capital~~”) and MJC Associates LLC (“~~MJC~~”). Their critical management services provider is FTI Consulting, Inc. (“FTI”). They can be contacted at:

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Critical Management Services Provider for
the Debtors and Debtors in Possession

B. VOTING PROCEDURES

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. If you hold Claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate Ballots, which must be used for each separate Class of Claims. The Debtors, with the approval of the Bankruptcy Court, have engaged Kurtzman Carson Consultants LLC to serve as the voting agent with respect to Claims in Classes that are entitled to vote on the Plan. The voting agent will assist in the solicitation process by, among other things, answering questions, providing additional copies of all solicitation materials, and generally overseeing the solicitation process for Claims. The voting agent will also process and tabulate ballots for each of the respective Classes that are entitled to vote to accept or reject the Plan and will file a voting report as soon as practicable before the Confirmation Hearing.

Ballots and master ballots (“Master Ballots”) should be returned to:

Fairfield Residential Ballot Processing
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

If the return envelope provided with your Ballot was addressed to your bank or brokerage firm, please allow sufficient time for that firm to process your vote on Master Ballot before the Voting Deadline (4 p.m. prevailing Eastern Time, April 14, 2010).

Do not return your notes, securities, or any other documents with your Ballot.

MORE DETAILED INSTRUCTIONS REGARDING HOW TO VOTE ON THE PLAN ARE CONTAINED ON THE BALLOTS DISTRIBUTED TO HOLDERS OF CLAIMS THAT ARE ENTITLED TO VOTE ON THE PLAN. TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY NO LATER THAN 4:00 P.M. (PREVAILING EASTERN TIME) ON APRIL 14, 2010. ANY EXECUTED BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR A REJECTION OF THE PLAN SHALL NOT BE COUNTED.

Any Claim in an impaired Class as to which an objection or request for estimation is pending is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of voting on the Plan. Additionally, any Claim in an impaired Class that is listed on the Schedules as unliquidated, disputed or contingent is not entitled to vote unless the holder of such Claim has timely filed a proof of claim and no objection has been filed to such proof of claim or if an objection is filed with respect to such proof of claim (a) an order of the Bankruptcy Court is entered allowing such Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing; (b) an order of the Bankruptcy Court is entered temporarily allowing such claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing; (c) a stipulation or other agreement is executed between the holder of such Claim and the Debtors resolving the objection and allowing such claim in an agreed upon amount; (d) a stipulation or other agreement is executed between the holder of such claim and the Debtors temporarily allowing the holder of such claim to vote its claim in an agreed upon amount; or (e) the pending objection to such claim is voluntarily withdrawn by the Debtors (each, a “Resolution Event”); provided, however, that if the Debtors object to a claim on a reduced and allowed basis the claimant may, absent a Resolution Event, vote such claim at the amount asserted by the Debtors.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court set March 9, 2010 as the record date for holders of Claims entitled to vote on the Plan. Accordingly, only holders of record as of the applicable record date that otherwise are entitled to vote under the Plan will receive a Ballot and may vote on the Plan.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot or lost your Ballot or if you have any questions concerning this Disclosure Statement, the Plan or the procedures for voting on the Plan, please call Kurtzman Carson Consultants LLC at (888) 647-1715.

C. CONFIRMATION HEARING

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on April 22, 2010 at 9:00 a.m. (prevailing Eastern Time) before the Honorable Brendan L. Shannon, Room #1, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must be served and filed so that they are received on or before April 16, 2010 at 4:00 p.m. (prevailing Eastern Time) in the manner described below in Article XV.A of this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. HOLDERS OF CLAIMS SHOULD CAREFULLY READ THIS

DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING THE PLAN, PRIOR TO VOTING ON THE PLAN.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES.

ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN ARTICLE XII OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY, REFERENCE TO THE FULL TEXT OF THE APPLICABLE AGREEMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THEM TO ACHIEVE A SUBSTANTIVE REORGANIZATION SUCCESSFULLY AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR CREDITORS.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ARTICLE II.

OVERVIEW OF THE PLAN

The following table briefly summarizes the classification and treatment of Administrative Expense Claims, Claims and Interests under the Plan:

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount²</u>	<u>Approximate Percentage Recovery</u>
--	Administrative Expense Claims: Non-Professional Fee Claims	Paid in full, in Cash, without interest (a) as soon as practicable after the Effective Date, but no later than twenty (20) days after the Effective Date or (b) within thirty (30) days after such Administrative Expense Claim becomes an Allowed Claim.	\$0, plus any amounts incurred and payable in the ordinary course of business	100%
--	Administrative Expense Claims: Professional Compensation and Reimbursement Claims	Paid in full, in Cash, without interest in accordance with the order of the Bankruptcy Court allowing any such Claim.	Undetermined	100%
--	Priority Tax Claims	Paid in full, in Cash, without interest at the later of (a) as soon as practicable after the Effective Date or (b) within thirty (30) days after such Priority Tax Claim becomes an Allowed Claim.	Undetermined	100%
1.A	Fairfield/First Tier Subsidiary Priority Claims	Not impaired. Paid in full, in Cash, without interest on the later of (i) thirty (30) days after the Effective Date or (ii) five (5) business days after the date on which such Claim becomes an Allowed Claim.	\$0 (paid in normal course as allowed by First Day Order)	100%
1.B	Homes Priority Claims	Not impaired. Paid in full, in Cash, without interest on the later of (i) thirty (30) days after the Effective Date or (ii) five (5) business days after the date	\$0	100%

² The amounts set forth herein are the Debtors' estimates based on the Debtors' books and records. The Debtors have requested a Bar Date of March 15, 2010. Actual amounts will depend upon the amounts of Claims timely filed before the Bar Date, final reconciliation and resolution of all Administrative Expense Claims and Claims, and the negotiation of cure amounts. Accordingly, the actual amounts may vary significantly from the amounts set forth herein.

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount²</u>	<u>Approximate Percentage Recovery</u>
		on which such Claim becomes an Allowed Claim.		
1.C	Fairview L.P. Priority Claims	Not impaired. Paid in full, in Cash, without interest on the later of (i) thirty (30) days after the Effective Date or (ii) five (5) business days after the date on which such Claim becomes an Allowed Claim.	\$0	100%
1.D	Fairview WA Priority Claims	Not impaired. Paid in full, in Cash, without interest on the later of (i) thirty (30) days after the Effective Date or (ii) five (5) business days after the date on which such Claim becomes an Allowed Claim.	\$0	100%
1.E	Fairview CA Priority Claims	Not impaired. Paid in full, in Cash, without interest on the later of (i) thirty (30) days after the Effective Date or (ii) five (5) business days after the date on which such Claim becomes an Allowed Claim.	\$0	100%
2.A	Capmark Claims	Impaired. In full and final satisfaction of these Claims, Holders of Class 2.A Claims shall be entitled to: (A) 60% of the Effective Date Distributions of all Cash on hand in excess of the Minimum Cash Balance; <u>(a) 50% of the Closing Payment relating to the \$10 million Cash payment that Newco shall make to FF Properties, Inc. and Fairfield (or any larger amount received as a closing payment relating to an Alternative Transaction); then (b) 60% of the Effective Date Distributions of all Distributable Cash</u> until an aggregate of \$38.2 million has been distributed pursuant to Article VII(BD) (2)(b)(i)(A)(b) and Article VII(BD) (2)(b)(ii)(A) collectively; then (B) thereafter, 40% of the Effective Date	\$79,510,000	100%

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount ²	Approximate Percentage Recovery
		<p>Distributions of all Cash on hand in excess of the Minimum Cash Balance until an aggregate of \$43.2 million has been distributed pursuant to Article VI(B)(2)(b)(i)(B) and Article VI(B)(2)(b)(ii)(B) collectively; then (C) thereafter, 60(b) of the Plan (excluding any amounts paid from the \$10 million cash Closing Payment described above); then (c) thereafter, 50% of the Effective Date Distributions of all Cash on hand in excess of the Minimum Cash Balance as of such Effective Date; and (D) 60% of Distributable Cash; and (B) Subsequent Distributions of Excess; (a) 60% of Subsequent Distributions of Distributable Cash by the Fairfield Trust until the Holders of Capmark Claims have received an aggregate of \$39.75 million; then (E) 55% of the Subsequent Distributions of Excess Distributable Cash by the Fairfield Trust thereafter until such time as the aggregate value of all Distributions made to Holders of Capmark Claims equals the allowed amount of such Claims. The timing and amount of the Distributions of Excess Cash will be determined by the Trust Oversight Committee. The aggregate value of all Distributions received by the Holders of Capmark Claims shall not exceed the Allowed Claims owed by the Debtors under the Capmark Facility; and (C) Once all Class 2.B Claims have been paid in full, 50% of all Distributable Cash.</p>		
2.B	Fairfield/First Tier	Impaired. In full and final	\$717, 815,000	9%

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount ²	Approximate Percentage Recovery
	Subsidiary General Unsecured Claims	<p>satisfaction of these Claims, Holders of Class 2.B Claims (except for those who elect to receive payment under a Convenience Class) are entitled to receive a Pro Rata Distribution of Cash, based upon the amount of their Allowed Claim, of the following: (A) <u>Effective Date Distributions: (a) 50% of the Closing Payment relating to the \$10 million Cash payment that Newco shall make to FF Properties, Inc. and Fairfield (or any larger amount received as a closing payment relating to an Alternative Transaction); then (b) 40% of the Effective Date Distributions of all Distributable Cash-on hand in excess of the Minimum Cash Balance</u> until an aggregate of \$38.2 million has been distributed pursuant to Article VII(BD)(2)(b)(i)(A)(b) and Article VII(BD)(2)(b)(ii)(A) collectively; (B) thereafter, 60% of the Effective Date Distributions of all Cash on hand in excess of the Minimum Cash Balance until an aggregate of \$43.2 million has been distributed pursuant to Article VI(B)(2)(b)(i)(B) and Article VI(B)(2)(b)(ii)(B) collectively; (C) thereafter, 40% of the Effective Date Distributions of all Cash on hand in excess of the Minimum Cash Balance(b) of the Plan (excluding any amounts paid from the \$10 million cash Closing Payment described above); then (c) thereafter, 50% of the Effective Date Distributions of all Distributable Cash as of such</p>		

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount ²	Approximate Percentage Recovery
		<p>Effective Date; (D) <u>(B) Subsequent Distributions: (a)</u> 40% of Subsequent Distributions of Excess <u>Distributable</u> Cash by the Fairfield Trust until the Holders of Capmark Claims have received an aggregate of \$39.75 million; <u>then</u> (E) <u>(b)</u> 45% of all Subsequent Distributions of Excess <u>Distributable</u> Cash by the Fairfield Trust (provided, however, that such percentage shall increase to 100% when the aggregate value of all Distributions made to the Holders of Capmark Claims equals the allowed amount of the obligations owed to the Holders of Capmark Claims); Each Holder of an <u>Lenders</u> Allowed General Unsecured Prepetition Claim who is an owner of a joint venture project with a Debtor that has not been completed as of the Petition Date shall be treated in accordance with the Unfinished Projects Protocol <u>Claims; and (C) Once all Class 2.B Claims have been paid in full, 50% of all Distributable Cash.</u></p>		
2.C	Homes General Unsecured Claims	Impaired. In full and final satisfaction of these Claims, the Holders of Class 2.C Claims shall receive a Pro Rata Distribution in cash of the proceeds received from the liquidation of Homes in respect of their claims against Homes.	\$0	100%
2.D	Fairview L.P. General Unsecured Claims	Impaired. In full and final satisfaction of these Claims, the Holders of Class 2.D Claims shall receive a Pro Rata Distribution in cash of the proceeds received from the liquidation of Fairview L.P. in	\$0	100%

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount²</u>	<u>Approximate Percentage Recovery</u>
		respect of their claims against Fairview L.P.		
2.E	Fairview WA General Unsecured Claims	Impaired. In full and final satisfaction of these Claims, the Holders of Class 2.E Claims shall receive a Pro Rata Distribution in cash of the proceeds received from the liquidation of Fairview WA in respect of their claims against Fairview WA.	\$187,000	100%
2.F	Fairview CA General Unsecured Claims	Impaired. In full and final satisfaction of these Claims, the Holders of Class 2.F Claims will receive a Pro Rata Distribution in cash of the proceeds received from the liquidation of Fairview CA in respect of their claims against Fairview CA.	\$0	100%
3	Wachovia Claims	Impaired. In full and final satisfaction of these Claims, Wachovia shall be entitled to (A) a recovery on their Claim through, at their option, (i) a sale of the Wachovia Real Estate to a third-party or (ii) the retention of the Wachovia Real Estate; and (B) an Allowed General Unsecured Claim in Class 2.B in the amount of the difference between the outstanding balance under the Wachovia Facility on the Petition Date and the value (as determined by the Bankruptcy Court or as otherwise mutually agreed between the Debtors and Wachovia, as may be reasonably acceptable to the Committee and the Capmark Lenders) of the collateral securing the Wachovia Facility.	\$18,168,000	34%
4.A	Fairfield/First Tier Subsidiary Convenience Class Claims	Not impaired or impaired by agreement. The Liquidating Trustee will distribute to each Holder of such Claims an	\$47,000	100%

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount²</u>	<u>Approximate Percentage Recovery</u>
		amount equal to 100% of the Face Amount thereof up to a maximum of \$1,000 total payout in full and final satisfaction of such claim.		
4.B	Homes Convenience Class Claims	Not impaired or impaired by agreement. The Liquidating Trustee will distribute to each Holder of such Claims an amount equal to 100% of the Face Amount thereof up to a maximum of \$1,000 <u>100</u> total payout in full and final satisfaction of such claim.	\$0	100%
4.C	Fairview L.P. Convenience Class Claims	Not impaired or impaired by agreement. The Liquidating Trustee will distribute to each Holder of such Claims an amount equal to 100% of the Face Amount thereof up to a maximum of \$100 total payout in full and final satisfaction of such claim.	\$0	100%
4.D	Fairview WA Convenience Class Claims	Not impaired or impaired by agreement. The Liquidating Trustee will distribute to each Holder of such Claims an amount equal to 100% of the Face Amount thereof up to a maximum of \$100 total payout in full and final satisfaction of such claim.	\$30	100%
4.E	Fairview CA Convenience Class Claims	Not impaired or impaired by agreement. The Liquidating Trustee will distribute to each Holder of such Claims an amount equal to 100% of the Face Amount thereof up to a maximum of \$100 total payout in full and final satisfaction of such claim.	\$0	100%
5.A	Fairfield/First Tier Subsidiary Intercompany Claims	Impaired. Intercompany Claims in Class 5.A shall be settled and forever discharged.	\$252,000	0%
5.B	Homes Intercompany Claims	Impaired. Intercompany Claims in Class 5.B shall be settled and forever discharged.	\$0	0%

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount²</u>	<u>Approximate Percentage Recovery</u>
5.C	Fairview L.P. Intercompany Claims	Impaired. Intercompany Claims in Class 5.C shall be settled and forever discharged.	\$0	0%
5.D	Fairview WA Intercompany Claims	Impaired. Intercompany Claims in Class 5.D shall be settled and forever discharged.	\$30	0%
5.E	Fairview CA Intercompany Claims	Impaired. Intercompany Claims in Class 5.E shall be settled and forever discharged.	\$0	0%
6.A	Fairfield/First Tier Subsidiary Subordinated Intercompany Claims	Impaired. Subordinated Intercompany Claims in Class 6.A shall be settled and forever discharged.	NA	0%
6.B	Homes Subordinated Intercompany Claims	Impaired. Subordinated Intercompany Claims in Class 6.B shall be settled and forever discharged.	NA	0%
6.C	Fairview L.P. Subordinated Intercompany Claims	Impaired. Subordinated Intercompany Claims in Class 6.C shall be settled and forever discharged.	NA	0%
6.D	Fairview WA Subordinated Intercompany Claims	Impaired. Subordinated Intercompany Claims in Class 6.D shall be settled and forever discharged.	NA	0%
6.E	Fairview CA Subordinated Intercompany Claims	Impaired. Subordinated Intercompany Claims in Class 6.E shall be settled and forever discharged.	NA	0%
7.A	Fairfield/First Tier Subsidiary Interest Claims	Impaired. Interests and Interest Related Claims in Class 6.A shall be deemed canceled, null and void, and of no force and effect, and Holders of Class 6.A Claims shall receive no distribution with respect to such Claims.	NA	0%
7.B	Homes Interest Claims	Impaired. Interests and Interest Related Claims in Class 6.B shall be deemed canceled, null and void, and of no force and effect, and Holders of Class 6.B Claims shall receive no distribution with respect to such Claims.	NA	0%
7.C	Fairview L.P. Interest Claims	Impaired. Interests and Interest Related Claims in Class 6.C	NA	0%

<u>Class</u>	<u>Type of Claim or Equity Interest</u>	<u>Treatment</u>	<u>Approximate Allowed Amount²</u>	<u>Approximate Percentage Recovery</u>
		shall be deemed canceled, null and void, and of no force and effect, and Holders of Class 6.C Claims shall receive no distribution with respect to such Claims.		
7.D	Fairview WA Interest Claims	Impaired. Interests and Interest Related Claims in Class 6.D shall be deemed canceled, null and void, and of no force and effect, and Holders of Class 6.D Claims shall receive no distribution with respect to such Claims.	NA	0%
7.E	Fairview CA Interest Claims	Impaired. Interests and Interest Related Claims in Class 6.E shall be deemed canceled, null and void, and of no force and effect, and Holders of Class 6.E Claims shall receive no distribution with respect to such Claims.	NA	0%

ARTICLE III.

GENERAL INFORMATION

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its equity interest holders. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor’s assets. The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the Petition Date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the order approving confirmation of a plan discharges a debtor from any debt that arose prior to the

date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

Certain holders of claims against and interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare, and obtain bankruptcy court approval of, a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical investor of the relevant classes to make an informed judgment regarding the plan. The Debtors are submitting this Disclosure Statement to holders of Claims against and equity interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code.

B. OVERVIEW OF THE DEBTORS AND THEIR PRINCIPAL ASSETS

1. Introduction

The Company traces its roots to 1985, when its current Chief Executive Officer, Christopher Hashioka, and a partner formed the Fairfield Companies. In 1997, the Fairfield Companies and Morgan Stanley Real Estate Fund II formed Fairfield to better focus on the core strengths of developing, acquiring, building, redeveloping, financing and managing apartment home communities and for-sale attached homes nationwide in markets that offer investors profitable opportunities. Subsequently, CalSTRS (2005) and a wholly-owned subsidiary of Mitsubishi Corporation (2006) invested in and became part of Fairfield's ownership.

Since its founding a little more than a decade ago, the Company has become one of the largest and most successful multifamily developers and managers in the country. The Company is a fully integrated multifamily housing company that through its various subsidiaries provides a diverse mix of services to a wide range of investors, joint venture partners and clients. In addition, the Company either directly or indirectly, acts as a general partner or managing member of, and owns varying stakes in, a number of project level operating companies, none of which is a debtor in these chapter 11 cases. In total, the Debtors, along with wholly owned and certain non-wholly owned non-debtor subsidiaries have an interest in approximately 200 separate multifamily properties in stages varying from "raw land," to under construction and finally to fully operational new construction and redevelopment communities.

With approximately 2,000 employees, the Company currently operates in 40 diverse markets across the United States, including Boston, Massachusetts; Washington, D.C.; Charlotte, North Carolina; Atlanta, Georgia; Dallas, Texas; Denver, Colorado; Las Vegas, Nevada; Phoenix, Arizona; Los Angeles, California; San Francisco, California; and Seattle, Washington. For 2008, the Company had total revenues of \$952.9 million and \$107.5 million in net losses. As of December 31, 2008, the Company had approximately \$1.2 billion in total assets and approximately \$978 million in total liabilities, exclusive of approximately \$3 billion of contingent guaranty liabilities.

The Company was built around providing a core group of complementary services to its investors and customers, including:

- a. **Development and New Construction:** Relying upon a skilled team of professionals, the Company is one of the largest developers and builders

of market rate and affordable multifamily apartment home properties, as well as student housing properties and for-sale condominium homes. Since inception in late 1997, the Company has started over 200 new construction projects consisting of over 68,000 attached homes and representing approximately \$8.5 billion in total project costs.

- b. **Acquisitions and Redevelopment:** As a core element of its strategy, the Company has a well-defined program of acquiring and redeveloping multifamily properties in markets that are either supply-constrained or in which redevelopment costs are substantially below new construction costs. In addition, the Company has had a strategy focused on acquiring properties in markets that appear to be emerging from economic displacement. Since 1997, the Company has acquired nearly 300 properties, consisting of almost 78,000 attached homes and representing approximately \$8.2 billion in project costs.
- c. **Affordable Housing:** Since its inception, the Company has been developing, building, redeveloping and managing affordable and workforce housing. The Company is an experienced authority in the intricacies of using Low Income Housing Tax Credits (LIHTCs) and tax exempt municipal bonds to finance affordable apartment home communities. The Company has created/managed nearly 12,600 affordable apartment homes in over 100 properties throughout the U.S. including almost 6,400 apartment homes in 28 properties financed through Low Income Housing Tax Credits.
- d. **Property Management:** The Company is also one of the largest, full service property management companies in the United States and was ranked by the National Multi Housing Council as the 11th largest apartment manager and 17th largest apartment owner in the country as of year end 2008. As of September 1, 2009, the Company managed over 55,000 apartment homes in new construction, stabilized, turnaround properties and fee-managed properties.
- e. **Asset Management and Disposition:** The Company's internal Asset Management group is responsible for the execution and monitoring of the full business plan of an asset, from the point of acquisition to the sale and realization of the maximum value of the asset and, in turn, the returns to investors. The Company maintains an in-house sales team that, in conjunction with selected brokerage firms, markets and sells properties to maximize the return to the Company's investors. Since inception, the Company has sold over 360 properties totaling more than 102,000 attached homes for a sales value in excess of \$11.7 billion. This included a number of assets in which the Company did not hold an ownership position.

2. Corporate Structure

The Debtors are a unified series of limited liability companies, corporations and limited partnerships with an integrated approach to value maximization in the multifamily housing arena. By design, the Debtors' diverse business lines, which operate with centralized management, have historically allowed the Debtors to pursue a wide range of opportunities and have allowed them to respond quickly to the changing business environment. Indeed, because the Debtors operate throughout all of the relevant business cycles, from development to management to disposition, they have incorporated every business unit as part of a complete investment objective with a focus on long-term investment profitability.

The following organization chart illustrates the relationships among the various Debtors:

A brief description of each of the Debtors' business activities or business functions is set forth below.

- a. Fairfield is a holding company that owns, directly or indirectly, 100% of the membership, partnership interests or stock in each of the Debtors.
- b. FF Development, Inc. owns a 1% general partnership interest in FF Development L.P. FF Development, Inc. has no business operations of its own.
- c. FF Development L.P. provides construction and construction management services to real estate joint ventures and holds most of the Debtors' contractor licenses.
- d. FF Properties, Inc. owns a 1% general partnership interest in FF Properties and serves as the non-member manager for FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC and FFAH, as well as numerous joint venture entities and funds.
- e. FF Properties provides property management, asset management, asset acquisition and disposition services to affiliates of Fairfield and some third-party entities. Properties also holds certain of the Debtors' real estate brokers' licenses.
- f. Fairview Residential LLC is a holding company for the condominium development, construction and construction management subsidiaries.
- g. Homes owns a 1% general partnership interest in Fairview Residential L.P. and Fairview Residential CA L.P. and is the non-member manager of Fairview Residential WA LLC and Fairview Investments LLC.
- h. Fairview L.P. was formed to provide development, construction and construction management services to condominium for-sale ventures in the State of Nevada and holds a contractor license in the state of Nevada. Fairview L.P. has never had any business operations.
- i. Fairview CA provides development, construction and construction management services to condominium for-sale ventures in the State of California and holds a contractor license in the State of California. Fairview CA has never had any business operations.
- j. Fairview WA was formed to provide development, construction and construction management services to condominium for-sale ventures in the State of Washington and holds a contractor license in the State of Washington. Fairview WA developed and constructed one condominium project in the State of Washington, but otherwise had no other business operations.

- k. FF Realty LLC executes option and purchase agreements for real property purchased by the Debtors and holds deposits on real estate.
- l. Fairfield Financial A LLC indirectly, through subsidiaries, currently holds investment interests in real estate joint ventures.
- m. FF Investments LLC indirectly, through subsidiaries, holds investment interests in real estate joint ventures.
- n. Fairview Investments LLC indirectly, through subsidiaries, holds investment interests in real estate joint ventures for condominium for-sale projects.
- o. FFAH indirectly, through subsidiaries, holds investment interests in affordable housing (LIHTC) real estate joint ventures.

In addition to the Debtors, Fairfield has indirect ownership stakes in hundreds of land and apartment investments (“Real Estate Investments”). Fairfield has majority or wholly owned ownership of approximately 14 Real Estate Investments, but it shares ownership in the majority of the Real Estate Investments with third-party investors. Under Fairfield’s well-established equity partner model, each indirect Real Estate Investment is made through a special purpose entity (“SPE”) formed as either a limited liability partnership (“LLP”) or a limited liability company (“LLC”). In those LLP SPEs, a Fairfield subsidiary has a minority ownership interest and serves as the general partner of the LLP while third-party investors have a majority ownership interest and act as limited partners. In those LLC SPEs, a Fairfield subsidiary has a minority ownership interest and serves as the managing member of the LLC while one or more third-party investors hold the remaining membership interests as members of the LLC.

3. Executive Management

The names, titles and biographical information for the Company’s executive management are set forth below.

Christopher E. Hashioka, President & Chief Executive Officer. Mr. Hashioka was an original founding principal of the Fairfield predecessor companies. Prior to co-founding Fairfield, Mr. Hashioka was one of the initial partners of Balcor / American Express, a national real estate syndication and investment firm based in Skokie, Illinois. At Balcor, Mr. Hashioka was directly involved in the acquisition and negotiation of over \$2 billion of real estate throughout the United States, including 60,000 apartment homes. Mr. Hashioka graduated from Harvard College and received his MBA from the University of Chicago. Mr. Hashioka received his CPA from the State of Illinois in 1973 and is a member of the American Institute of Certified Public Accountants, the Illinois CPA Society, and the Institute of Real Estate Management. Mr. Hashioka also serves on the Board of Directors of the National Multi Housing Council.

Greg Pinkalla, Chief Operating Officer. Mr. Pinkalla is responsible for the acquisition and re-development of existing apartment projects for Fairfield, as well as operations. Prior to joining Fairfield, Mr. Pinkalla was a partner at Post Oak Partners, a national real estate investment banking firm. There Mr. Pinkalla was responsible for originating and placing

institutional real estate finance assignments. Mr. Pinkalla was also previously employed in the real estate groups of Prudential Insurance Company in Chicago and Citibank in New York City. Mr. Pinkalla received his undergraduate degree from the University of Wisconsin in 1976 and his MBA from Northwestern University in 1977.

James A. Hribar, Chief Financial Officer. Mr. Hribar is responsible for financial operations, accounting, corporate and property reporting, and tax and administrative issues affecting Fairfield, as well as risk management. Prior to joining Fairfield, Mr. Hribar was assistant controller for Lincoln Property Company's Las Vegas, Nevada, operating division, which was responsible for the construction and management of approximately 7,000 apartment units, primarily in California and Nevada, with a value in excess of \$300 million. Mr. Hribar was also previously employed by Grant Thornton & Company, CPAs, a national certified public accounting firm, and is certified as a CPA in the State of California. Mr. Hribar graduated from the University of Colorado with a BS in 1971 and earned an MBA from San Diego State University Graduate School of Business in 1977. Mr. Hribar is a member of the American Institute of Certified Public Accountants, Construction Financial Management Association, and the California Society of Certified Public Accountants.

Ted R. Bradford, Senior Vice President. Mr. Bradford is responsible for development, acquisition and disposition-related activities. Mr. Bradford is a former employee of Trammell Crow Advisory Services, where he was involved in the analysis and disposition of \$500 million of real estate assets. In 1988, Mr. Bradford formed a brokerage company specializing in multifamily properties in the Dallas/Fort Worth area, which merged with Fairfield in 1989. Mr. Bradford graduated from Southern Methodist University where he received a BS in Economics, and he is a licensed real estate broker.

Perry Raptis, Senior Vice President. Mr. Raptis is responsible for all development designs, project coordination and construction activities at Fairfield and has been with the Company since 1985. Mr. Raptis has been involved in developing multifamily homes and single-family subdivisions. Mr. Raptis has development experience in each of the markets in which Fairfield has developed or built multifamily housing.

Don Byerly, Vice President, Capital Markets. Mr. Byerly is responsible for equity and debt capital markets for Fairfield. From 2005 through 2007, Mr. Byerly was Senior Vice President and Co-Division Head for the Southeast Division of the National Institutional Real Estate Group of LaSalle Bank. Prior to joining LaSalle, Mr. Byerly was Senior Vice President within the Central Division of Bank of America's Commercial Real Estate Banking Group and previously held various other positions at Bank of America during his 16 years with the organization and its predecessors. Mr. Byerly graduated summa cum laude from the University of Texas at Austin with a B.B.A. in Finance.

C. CAPITAL STRUCTURE AND SIGNIFICANT PREPETITION INDEBTEDNESS

The Debtors' borrowing is concentrated at two different and distinct tiers within the corporate structure: the parent level and the project level. Fairfield, the parent company, is the named borrower for a term loan and two revolving credit facilities, which were used to fund working capital and various land acquisitions by project-level joint venture entities. On the

project level, non-Debtor operating subsidiaries obtain loans secured by real property for construction, acquisition or redevelopment activities.

1. Capmark Facility

On December 27, 2005, Fairfield entered into the Capmark Facility with Capmark Finance as lender and agent establishing a \$25 million revolving credit facility (the “Revolver”) and a \$50 million term note (the “Term Note”), both of which are fully guaranteed by FF Development L.P., Fairview Residential LLC, FF Properties, FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC, Fairview Investments LLC, FFAH, FF Development, Inc. and FF Properties, Inc. (collectively, the “Guarantors”). [The obligations under the Capmark Facility are secured *inter alia* by a pledge of Fairfield’s equity ownership of the First Tier Subsidiaries.](#) A series of amendments to the Capmark Agreement (the “Amendments”) added the other Capmark Lenders as participating lenders and increased the Revolver to \$75 million. Initial interest on the loans was a fixed rate of 7.2% on the Term Note and a variable rate of LIBOR + 2.5% on the Revolver. The Term Note was originally scheduled to be paid in quarterly installments with a final maturity date of December 7, 2010, and the Revolver was set to expire on December 7, 2008. Pursuant to the Amendments, however, the Capmark Lenders changed the final maturity date of both the Revolver and Term Note to the earlier of December 14, 2009 or the occurrence of certain other events, and increased the interest rate for the period beyond February 9, 2009 to a fixed rate of 9% on the Term Note and a per annum rate equal to the sum of LIBOR plus 4% with a minimum LIBOR floor of 3.5% on the Revolver. As of the Petition Date, the Debtors had outstanding balances of \$33.7 million on the Revolver, approximately \$45.8 million on the Term Note and were current on payments under both the Revolver and the Term Note.

2. Wachovia Facility

On December 14, 2007, Fairfield entered into a two-year agreement with Wachovia establishing a \$25 million revolving line of credit to be used solely for the purpose of purchasing, constructing or developing real property. The advances made pursuant to the Wachovia Facility are secured by liens on certain properties held indirectly by FF Investments LLC and Fairview Investments LLC. As of the Petition Date, approximately \$18.2 million of the Wachovia Facility had been drawn upon by Fairfield.

3. Project Level Financing

Virtually all of the project-level affiliates finance their new construction, acquisition or redevelopment projects with loans secured by real property. While none of the Debtors is a borrowing party to these project-level loans, certain of the lenders hold payment, completion or other guarantees from Fairfield or the Guarantors. In addition, certain of the limited partners in these project-level affiliates may hold completion guarantees from the Debtors. The aggregate amount of such guarantees is approximately \$3 billion.

D. RECENT FINANCIAL INFORMATION

For the nine months ending September 30, 2009, the Company had total revenues of \$506.7 million and total net losses of \$48.7 million. As of September 30, 2009, the Company

had approximately \$958 million in total assets and \$834.9 million in total liabilities, excluding contingent guarantees.

ARTICLE IV.

KEY EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. FINANCIAL CHALLENGES

Given that the Debtors focused their business on the construction, development, management and sale of multifamily real property, the unprecedented collapse of the real estate finance market and drop in real property values have dramatically affected the Debtors. Although their core businesses have continued to perform well due to a strong demand for multifamily housing, the collapse of the financial markets has made it impossible for the Debtors to continue with their normal operations, despite extensive out-of-court restructuring efforts.

1. *The Collapse of Real Estate Finance Markets Leaves the Debtors Unable to Refinance Existing Obligations*

Like other significant participants in their industry, the Debtors' investments in real estate joint ventures have traditionally been dependent upon a steady source of asset-backed financing to complete their new development projects. These investments in new construction property were typically financed with a three- to five-year construction loan. These construction loans were not disbursed in a lump sum, but amounts were drawn on each loan based on general contractor and subcontractor billings, an agreed budget and compliance with certain debt covenants. Similarly, for each acquisition of existing property, financing was obtained through the collateralization of the property itself for approximately 5 to 7 years. Such financing structures were standard in the real estate development industry.

The Debtors, like most real estate developers, were particularly dependent upon the ability to either refinance or sell investment properties. Beginning in the fourth quarter of 2008, demand for commercial mortgage backed securities ("CMBS") dried up and other significant sources of capital for the real estate capital markets became much more difficult to obtain. By the third quarter of 2009, only \$1.8195 billion of CMBS issuances had been made, an 85% reduction from the dollar volume issued in the first three quarters of 2008 and a 99.1% reduction from the 2007 issuances for the same time period.¹ This collapse of the mortgage market coincided with and contributed to the general economic downturn that has resulted in the conservatorship of Freddie Mac and Fannie Mae, the failure of Bear Stearns, the use of federal money to bail out AIG and the bankruptcies of Lehman Brothers and hundreds of smaller banks.

¹ Approximately \$12.1 billion of CMBS were issued in the first three quarters of 2008, and \$196.9 billion were issued for the same period in 2007. *See* Commercial Mortgage Securities Association, Compendium of Statistics, December 10, 2009, *available at* http://www.cmsaglobal.org/uploadedFiles/CMSA_Site_Home/Industry_Resources/Research/Industry_Statistics/CMSA_Compendium.pdf.

The extraordinary collapse of the capital markets and the reputational loss suffered by the real estate industry rendered the Debtors unable to refinance their existing obligations or sell their investment properties despite their strong and diversified business model. The inability to find lenders willing to refinance their existing obligations or suitable buyers left the Debtors with numerous near-term maturities.

2. *Falling Property Valuations Have Triggered Defaults*

Concurrently with the collapse of the real estate capital market, property values fell markedly, particularly in Arizona, California, Nevada and Florida, where the Debtors have numerous multifamily investments. The Debtors have suffered a significant loss in the value of their investment in properties in the past year, in many cases resulting in assets being valued below their loan balances. This decline triggered defaults with respect to the Debtors' investment properties. In some cases such defaults released the lenders of their obligation to fund any further draws. Furthermore, some equity partners declined capital call funding requests resulting in project level debt defaults. The Debtors' inability to place properties with equity investors together with the loss in value on the investment properties caused significant year end write-offs resulting in breaches of certain financial covenants within the Capmark and Wachovia facilities. As a result, the Debtors are currently exposed to up to \$3.0 billion in payment, completion and other guarantees.

The Debtors have reached out to each of their property and parent level lenders to obtain financing accommodations through these challenging times and, as detailed below, the Debtors have been able to reach an agreement on a limited number of assets. Certain other lenders, however, have been unable to reach accommodation agreements, or have threatened to commence litigation with respect to the underlying joint venture properties. To the extent these lenders are able to obtain a default judgment, the Debtors' guarantor liability will likely be triggered with respect to many of the loans.

3. *The Debtors Have Implemented Extensive Out-of-Court Restructuring Efforts*

The Debtors recognized early on the need to actively respond to what would become an unprecedented upheaval in the real estate markets. The Debtors therefore proactively sought to: (i) implement cost reductions/cash conservation measures, (ii) increase efforts with respect to project sales and re-financings and (iii) begin negotiations with the Debtors' key stakeholders toward a comprehensive restructuring.

a. Cost Reduction Efforts

The Debtors responded quickly to limit their exposure to worsening economic conditions. They began layoffs in the first quarter of 2008 and, throughout that year and 2009, cut overhead, corporate salary expenses and general and administrative expenses for a total reduction of 55% as compared to 2007. Further reductions in cash flow requirements were achieved by postponing or foregoing new construction projects in the Debtors' pipeline. These changes have enabled Fairfield to substantially maintain its overall cash balance for the first eleven months of 2009.

b. Project Sales and Re-Financings

Despite the steep economic slide, owing to its strong relationships and proven track record, the Company has had some success in both continuing to sell certain investment properties and refinancing other investment properties. Specifically, since December 31, 2008, the Debtors have sold seven properties comprising 1,333 units for a total price of \$169.5 million and is in negotiations with buyers for four additional properties representing 207 units and \$34.8 million in the aggregate. In March and April of 2009, the Company closed the sales of the general partnership interests in five affordable housing properties in Washington and California for a price of \$11.5 million to an operating venture of Cascade Affordable Housing. Also, since December 2008, the Company has sold 28 condominiums for a total sales volume of \$8.2 million.

c. Negotiations with Key Stakeholders

Early on, the Debtors recognized the critical importance of negotiating with the Capmark Lenders toward a consensual restructuring of the Capmark Facility. These efforts began in the fourth quarter of 2008, when the Debtors began regular meetings with the Capmark Lenders to discuss the effect of the economic downturn on their business. Over the next year, the parties agreed to a series of amendments altering the payment schedule and maturity dates of the Term Note and the Revolver. The final amendment extended the maturity date of both loans to December 14, 2009.

In addition to the considerable negotiations with the Capmark Lenders, the Debtors and their management team, along with their financial advisors and counsel, have had substantive negotiations with virtually all of the Debtors' project lenders, and each of their joint venture and equity partners. These discussions led to the formation of the Steering Committee, with whom the Debtors engaged in substantive discussions prior to the Petition Date. As a result of the extensive multi-party negotiations, the Debtors, the Capmark Lenders and the Steering Committee were able to agree upon the framework of a consensual plan of reorganization, which was filed on the Petition Date. Subsequent to the Petition Date, the Debtors made changes to the plan, and filed a First Amended Plan on January 11, 2010.

d. New Money Investment

Recognizing that reorganization of the Company would require substantial new capital, the Company, together with their advisors, began a process to raise new capital. A select target list of investors was contacted, including leading private equity funds, hedge funds and strategic real estate investors. Out of this group, approximately 35 potential investors executed confidentiality agreements and conducted extensive due diligence, including detailed management presentations. Eventually, the Company and its advisors, FTI ~~and~~ Imperial Capital and MJC, further narrowed this list to four potential investors. The Company's board of directors evaluated the terms proposed by each of the finalists and, with the Company's management and advisors, determined that the New Money Investors offered the most favorable terms.

Och-Ziff Capital Management, an affiliate of OZ, is a global institutional asset management firm based in New York that conducts its investment activities through four separate funds with total capital commitments of over \$22 billion. The firm focuses on

convertible arbitrage, global merger arbitrage, event driven equity restructurings, distressed credits, private equity and real estate. OZ was formed to make investments in real estate and real estate related assets, and has acquired over \$3 billion of real estate assets including 8 million square feet of office and industrial property, over 10,000 multifamily and senior housing units, 2,000 hotel rooms and 7 million square feet of retail assets throughout the United States.

CalSTRS is the second largest pension fund in the United States. Its primary responsibility is to provide retirement related benefits and services to teachers in public schools and community colleges. CalSTRS has approximately 833,000 members and controls approximately \$134 billion. CalSTRS is Fairfield's largest equity holder and is the largest limited partner investor in project-level Affiliates.

For more details regarding the terms of the New Money Investment, please see Article VI.C.5 below.

ARTICLE V.

SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASES

A. RETENTION OF PROFESSIONALS BY THE DEBTORS

The Court authorized the Debtors to retain Paul, Hastings, Janofsky & Walker LLP and Richards, Layton & Finger, P.A. as their attorneys pursuant to section 327(a) of the Bankruptcy Code in connection with these Chapter 11 Cases. Additionally, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, the Court authorized the Debtors to retain Ernst & Young LLP as tax services provider and independent auditor. Finally, the Court authorized the Debtors to retain Andrew Hinkelman as Chief Restructuring Officer, supported by additional personnel from FTI Consulting, Inc. to provide critical management services. The Debtors have requested authority from the Court to retain Imperial Capital as financial advisors and investment bankers and MJC as consultants and financial advisors pursuant to sections 327(a) and 328(a) of the Bankruptcy Code.

B. FORMATION OF THE COMMITTEE

The Office of the United States Trustee formed the Committee in these Chapter 11 Cases on December 23, 2009. The Committee is comprised of the following members: (i) Wells Fargo Bank, National Association, (ii) Connecticut General Life Insurance Company, (iii) Regions Bank, (iv) Bank of America, N.A., (v) Compass Bank, (vi) RBC Capital Markets and (vii) Landmark Electric. The Committee has retained Morrison & Foerster LLP and Landis Rath & Cobb LLP as their counsel and GlassRatner Advisory Capital Group as their financial advisors.

C. "FIRST DAY" RELIEF

As in many large chapter 11 cases, the Debtors filed a variety of customary motions on the Petition Date which were designed to facilitate their smooth transition into bankruptcy.

1. Joint Administration

On December 15, 2009, the Bankruptcy Court entered a final order allowing the joint administration of these Chapter 11 Cases solely for procedural purposes to reduce the financial and other resources spent on administering the Chapter 11 Cases.

2. Cash Management

The Bankruptcy Court entered a final order on December 15, 2009, authorizing the Debtors to continue using their established cash management system, bank accounts, and documents related to the bank accounts, in lieu of closing existing accounts and establishing an entirely new post-petition cash management system, to avoid disruption. The final order granted the Debtors an additional 45 days to invest and deposit funds in accordance with the requirements of section 345 of the Bankruptcy Code.

3. Employee Wages

The Debtors believe that it is critical for them to retain their current employees as their knowledge and understanding of the Debtors' operations is essential for the Debtors to continue to operate during the Chapter 11 Cases. Any delay in paying pre-petition or post-petition compensation or benefits to the Debtors' employees will destroy the Debtors' relationship with their employees and irreparably harm employee morale at a time when the dedication, confidence and cooperation of the Debtors' employees is most critical. On December 15, 2009, the Bankruptcy Court entered an interim order granting the Debtors the authority to pay pre-petition compensation and benefits owed employees (including, but not limited to, vacation pay, health insurance and other benefits) in the ordinary course of the Debtors' businesses.

4. Utilities

The Bankruptcy Court entered an interim order on December 15, 2009, prohibiting the Debtors' utility providers from discontinuing, altering or refusing service and authorizing the Debtors to provide each utility provider with adequate assurance of future performance in the form of a cash deposit. The proposed aggregate amount of such deposits was to be \$102,777.41, an amount equal to the Debtors' calculation of two weeks worth of utility services, based on the historical average over the past 12 months and adjusted to reflect anticipated usage post-petition.

5. Retention of KCC as Claims and Noticing Agent

The Bankruptcy Court entered an order on December 15, 2009, authorizing the Debtors to retain Kurtzman Carson Consultants LLC ("KCC") to perform certain claims, noticing and balloting functions in the Chapter 11 Cases. The order retaining KCC further provided that the fees and expenses incurred pursuant to KCC's provision of services would be treated as administrative expenses of the Debtors' estates.

D. OTHER SIGNIFICANT MOTIONS

1. Ordinary Course Professionals

The Debtors have a number of professionals that provide financial, real estate, technology, legal, tax and other services in the ordinary course of the Debtors' business. As these ordinary course professionals are already familiar with the Debtors and their business, the Debtors have requested authority to continue paying each such professional for services rendered and disbursements actually incurred, up to a cap of \$50,000 per month each, without further approval of the Bankruptcy Court. The Debtors have also requested approval procedures for approval and payment of fees in excess of the \$50,000 limit.

2. Assumption of Executory Contracts

On January 15, 2010, January 27, 2010 and February 1, 2010, the Bankruptcy Court entered orders granting the Debtors the authority to assume and pay cure amounts associated with over 500 project-level contracts as part of a comprehensive plan designed to ensure that (i) equity investors and lenders continue to provide the funding necessary for completion of joint venture development and redevelopment construction projects (the "Projects") and (ii) the Debtors remain in compliance with their obligations under certain loan modification agreements. The Debtors only requested authority to assume those contracts that relate to Projects on which the applicable lenders to the joint venture entity agree to continue to fund the Project in accordance with the applicable loan documents and other related agreements.

3. Vacation Pay

The Debtors requested authority to pay employees' prepetition accrued vacation and sick or personal days, as well as severance benefits. On January 12, 2010, the Bankruptcy Court granted the Debtors authority to pay employees' prepetition accrued vacation and sick or personal days, not subject to the \$10,950 cap in section 507(a)(4) of the Bankruptcy Code; provided, however that the total of severance payments by the Debtors shall not exceed a cap of \$160,000 in the aggregate. These payments are necessary to maintain good workplace morale, which is essential to Debtors' successful reorganization.

ARTICLE VI.

THE SECOND AMENDED JOINT PLAN OF REORGANIZATION

A. INTRODUCTION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will receive a greater recovery from the estates of the Debtors than the recovery that they would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern and preserve ongoing employment for the Debtors' employees.

The Plan is annexed hereto as Exhibit A and forms a part of this Disclosure Statement. The summary of the Plan set forth below is qualified in its entirety by reference to the provisions of the Plan.

Statements as to the rationale underlying the treatment of Claims and Interests under the Plan are not intended to, and shall not, waive, compromise or limit any rights, claims or causes of action in the event the Plan is not confirmed.

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE SECOND AMENDED JOINT PLAN OF REORGANIZATION

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are “allowed” may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an “allowed” claim or “allowed” equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is automatically “allowed” unless the debtor or other party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be “allowed” in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor’s equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damage claims in excess of specified amounts, late-filed claims and contingent claims for contribution and reimbursement. Additionally, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor’s schedules or is listed as disputed, contingent or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which gives rise to different legal rights, the “claims” and “equity interests” themselves, rather than their holders, are classified.

Under a chapter 11 plan of reorganization, the separate classes of claims and equity interests must be designated either as “impaired” (affected by the plan) or “unimpaired” (unaffected by the plan). If a class of claims is “impaired,” the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders’ acceleration rights, cures all defaults (other than those arising from the debtor’s insolvency, the

commencement of the case or nonperformance of a non-monetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights and does not otherwise alter their legal, equitable and contractual rights. Typically, this means that the holder of an unimpaired claim will receive on the later of the consummation date or the date on which amounts owing are actually due and payable, payment in full, in cash, with postpetition interest to the extent appropriate and provided for under the governing agreement (or if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced.

The Plan provides for the substantive consolidation of Fairfield and the First Tier Subsidiaries on the Effective Date of the Plan for the limited purposes of allowance, treatment and distributions under the Plan. As a result of the substantive consolidation, on the Effective Date, all property, rights and claims of Fairfield and the First Tier Subsidiaries shall be deemed pooled for purposes of allowance, treatment and distributions under the Plan. In addition, any guaranty obligations of one of Fairfield or the First Tier Subsidiaries for another are eliminated such that a claimant is entitled to one, not two, claims.

Pursuant to section 1126(f) of the Bankruptcy Code, holders of unimpaired claims or interests are "conclusively presumed" to have accepted the plan. Accordingly, their votes are not solicited. Under the Debtors' Plan, the Claims in Classes 1.A, 1.B, 1.C, 1.D and 1.E (Priority Claims) and Classes 4.A, 4.B, 4.C, 4.D and 4.E (Convenience Class Claims) are unimpaired, and therefore, the holders of such Claims are "conclusively presumed" to have voted to accept the Plan.

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan of reorganization. For example, a class is deemed to reject a plan of reorganization under section 1126(g) of the Bankruptcy Code if the holders of claims or interests in such class do not receive or retain property under the plan on account of their claims or equity interests. Under this provision of the Bankruptcy Code, the holders of Intercompany Claims (Classes 5.A, 5.B, 5.C, 5.D and 5.E), Subordinated Intercompany Claims (Classes 6.A, 6.B, 6.C, 6.D and 6.E) and Interests and Interest Related Claims (Classes 7.A, 7.B, 7.C, 7.D and 7.E) are deemed to reject the Plan because they receive no distribution and retain no property interest under the Plan. Because Classes 5.A, 5.B, 5.C, 5.D and 5.E (Intercompany Claims), Classes 6.A, 6.B, 6.C, 6.D and 6.E (Subordinated Intercompany Claims), and Classes 7.A, 7.B, 7.C, 7.D and 7.E (Interests and Interest Related Claims) are deemed to reject the Plan, the Debtors are required to demonstrate that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to such Classes. Among these are the requirements that the plan be "fair and equitable" with respect to, and not "discriminate unfairly" against, the Claims and equity interests in such Classes. For a more detailed description of the requirements for confirmation, see Article XIII.B below.

Consistent with these requirements, the Plan divides the Allowed Claims against, and Interests in, the Debtors into the following Classes:

<u>CLASS</u>	<u>STATUS</u>	<u>ENTITLED TO VOTE</u>
Class 1.A: Fairfield/First Tier Subsidiary Priority Claims	Not Impaired	No
Class 1.B: Homes Priority Claims	Not Impaired	No
Class 1.C: Fairview L.P. Priority Claims	Not Impaired	No
Class 1.D: Fairview WA Priority Claims	Not Impaired	No
Class 1.E: Fairview CA Priority Claims	Not Impaired	No
Class 2.A: Capmark Claims	Impaired	Yes
Class 2.B: Fairfield/First Tier Subsidiary General Unsecured Claims	Impaired	Yes
Class 2.C: Homes General Unsecured Claims	Impaired	Yes
Class 2.D: Fairview L.P. General Unsecured Claims	Impaired	Yes
Class 2.E: Fairview WA General Unsecured Claims	Impaired	Yes
Class 2.F: Fairview CA General Unsecured Claims	Impaired	Yes
Class 3: Wachovia Claims	Impaired	Yes
Class 4.A: Fairfield/First Tier Subsidiary Convenience Class Claims	Not Impaired or Impaired by Agreement	No
Class 4.B: Homes Convenience Class Claims	Not Impaired or Impaired by Agreement	No
Class 4.C: Fairview L.P. Convenience Class Claims	Not Impaired or Impaired by Agreement	No
Class 4.D: Fairview WA Convenience Class Claims	Not Impaired or Impaired by Agreement	No
Class 4.E: Fairview CA Convenience Class Claims	Not Impaired or Impaired by Agreement	No
Class 5.A: Fairfield/First Tier Subsidiary Intercompany Claims	Impaired	No
Class 5.B: Homes Intercompany Claims	Impaired	No
Class 5.C: Fairview L.P. Intercompany Claims	Impaired	No
Class 5.D: Fairview WA Intercompany Claims	Impaired	No
Class 5.E: Fairview CA Intercompany Claims	Impaired	No
Class 6.A: Fairfield/First Tier Subsidiary Subordinated Intercompany Claims	Impaired	No
Class 6.B: Homes Subordinated Intercompany Claims	Impaired	No
Class 6.C: Fairview L.P. Subordinated Intercompany Claims	Impaired	No
Class 6.D: Fairview WA Subordinated	Impaired	No

<u>CLASS</u>	<u>STATUS</u>	<u>ENTITLED TO VOTE</u>
Intercompany Claims		
Class 6.E: Fairview CA Subordinated Intercompany Claims	Impaired	No
Class 7.A: Fairfield/First Tier Subsidiary Interest Claims	Impaired	No
Class 7.B: Homes Interest Claims	Impaired	No
Class 7.C: Fairview L.P. Interest Claims	Impaired	No
Class 7.D: Fairview WA Interest Claims	Impaired	No
Class 7.E: Fairview CA Interest Claims	Impaired	No

1. Unclassified

a. Administrative Claims

Administrative Claims are the actual and necessary costs and expenses of the Debtors' Chapter 11 Cases that are allowed under and in accordance with sections 330, 365, 503(b), 507(a)(2) and 507(b) of the Bankruptcy Code. Such expenses will include, but are not limited to, actual and necessary costs and expenses of preserving the Debtors' estates, actual and necessary costs and expenses of operating the Debtors' businesses, indebtedness or obligations incurred or assumed by the Debtors during the Chapter 11 Cases and compensation for professional services rendered and reimbursement of expenses incurred. Specifically excluded from Administrative Claims are any fees or charges assessed against the estates of the Debtors under § 1930 of chapter 123 of title 28 of the United States Code, which fees or charges, if any, will be paid in accordance with Article XI.B herein.

b. Non-Professional Fee Claims

The Liquidating Trustee shall pay each Holder of an Allowed Administrative Claim against any Debtor (excluding Professional Fee Claims) the full amount of such Allowed Administrative Claim, without interest, in Cash, (a) as soon as practicable after the Effective Date but no later than twenty (20) days after the Effective Date, (b) within thirty (30) days after such Administrative Claim becomes an Allowed Claim or (c) when due in the ordinary course. Notwithstanding anything herein to the contrary, a Holder of an Allowed Administrative Claim against any Debtor may be paid on such other date or dates and upon such other terms as may be agreed upon by such Holder and the Liquidating Trustee. Without limiting the foregoing, all outstanding fees payable to the Office of the United States Trustee under 28 U.S.C. § 1930 that have not been paid as of the Effective Date shall be paid by the Liquidating Trustee no later than thirty (30) days after the Effective Date or when due in the ordinary course.

c. Administrative Claims and Administrative Expense Request Deadline

Each Holder of an Administrative Claim must file an Administrative Expense Request requesting payment of such Administrative Claim with the Bankruptcy Court by no later than the Administrative Expense Request Deadline for all other Administrative Claims that are not subject to the Bar Date Order; provided, however, that any such Administrative Expense Request need not be filed with a hearing date. Nothing herein extends a Bar Date established in the Bar

Date Order. Capmark Finance and the Capmark Lenders shall not be required to file an Administrative Expense Request by the Administrative Expense Request Deadline in connection with any claims related to, arising under, or in connection with the Capmark Facility; provided however that any Administrative Expense Request by Capmark Finance and the Capmark Lenders shall not exceed the amount of the Capmark Retainer.

d. Professional Fee Claims

The Liquidating Trustee shall pay Professionals who are entitled to reimbursement or allowance of fees and expenses from each of the Debtors' Estates pursuant to sections 327-330 and 503(b)(2) - (b)(6) of the Bankruptcy Code, in Cash, in the amount awarded to such Professionals by the interim fee application order or by Final Order of the Bankruptcy Court, as soon as practicable after the later of the Effective Date and the date upon which any order awarding fees and expenses becomes a Final Order, in accordance with the terms of any order entered by the Bankruptcy Court governing the payment of fees and expenses during the course of the Chapter 11 Cases, and after application of any retainer received by the Professionals. The New Money Investors have provided that \$1 million from the Closing Payment shall be used exclusively to pay, in part, the Professional Fee Claims of MJC and Imperial Capital.

The Plan Supplement shall include an estimate of fees and expenses for Professionals, including all retainers, holdbacks and fees and expenses accrued through the Effective Date in order to permit there to be an Effective Date Distribution.

Any final application for allowance of a Professional Fee Claim for services rendered and costs incurred through the Effective Date must be filed with the Bankruptcy Court and served on counsel for the Fairfield Trust, the Trust Oversight Committee and the Liquidating Trustee at the addresses listed in Article XI. [QR](#) hereof and on the Office of the United States Trustee so that it is received no later than forty-five (45) days after the Effective Date, unless otherwise extended by agreement of the claimant and the Liquidating Trustee, or such Professional Fee Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Fairfield Trust, the Liquidating Trustee and their successors, their assigns, the Liquidating Assets or the Reorganized Fairfield Assets. Allowed Professional Fee Claims must be paid in full or reserved in [full in](#) Cash pending allowance by the Bankruptcy Court prior to any payment to Holders of Allowed Claims in Class 2.A Capmark Claims and Classes 2.B through 2.F (General Unsecured Claims).

e. Priority Tax Claims

A Priority Tax Claim is any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

The Liquidating Trustee shall pay, at the Liquidating Trustee's discretion, each Holder of an Allowed Priority Tax Claim against any Debtor in full in Cash at the later of (a) as soon as practicable after the Effective Date, or (b) within thirty (30) days after such Priority Tax Claim becomes an Allowed Claim. Notwithstanding the immediately preceding sentence, with respect to claims of a kind specified in section 507(a)(8) of the Bankruptcy Code, the Liquidating Trustee, may at his/her discretion elect to make payment on such claims in a series of periodic

payments, the last of which payments shall be made on or before December 13, 2014, provided, however, that if the Liquidating Trustee elects to make payments in this manner, such claimants shall receive interest from the Effective Date through and including the date of the last periodic payment at the federal judgment interest rate in effect on the Effective Date. All Allowed Priority Tax Claims against the Debtors which are not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof. The Liquidating Trustee can prepay any Allowed Priority Tax Claim at any time after the Effective Date without any penalty or charge.

Holders of Allowed Priority Tax Claims will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with such Claims. Any Claim for any such penalty, or demand for any such penalty, will be deemed disallowed by confirmation of the Plan.

2. Classified

a. Classes 1.A through 1.E – Priority Claims – Not Impaired

Under the Plan, Priority Claims include Claims entitled to priority in payment as specified in section 507(a)(4), (5), (6) or (7) of the Bankruptcy Code, such as certain wage, salary and other compensation obligations to employees of the Debtors up to a statutory cap of \$10,950 per employee. Classes 1.A, 1.B, 1.C, 1.D and 1.E consist of all Allowed Priority Claims for such respective classes. The Debtors estimate that on the Effective Date, the allowed amount of such Claims will aggregate a *de minimis* amount.

Classes 1.A, 1.B, 1.C, 1.D and 1.E are not Impaired. Holders of Claims in Classes 1.A, 1.B, 1.C, 1.D and 1.E are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Classes 1.A, 1.B, 1.C, 1.D and 1.E are not entitled to vote to accept or reject the Plan.

The Liquidating Trustee shall pay each Holder of an Allowed Class 1.A Claim, Allowed Class 1.B Claim, Allowed Class 1.C Claim, Allowed Class 1.D Claim, or Allowed Class 1.E Claim in relative order of priority pursuant to section 507 of the Bankruptcy Code, in full, in Cash, without interest, as soon as practicable but not later than thirty (30) days after the Effective Date.

b. Class 2.A Capmark Claims and Classes 2.B through 2.F – General Unsecured Claims – Impaired

Under the Plan, Class 2.A consists solely of all Capmark Claims, and Classes 2.B, 2.C, 2.D, 2.E and 2.F consist of all General Unsecured Claims for such respective classes. ~~The~~[Except for the Class 2.A Claims, the](#) Debtors have not determined the Allowed amount of such Claims on the Effective Date.

Class 2.A Capmark Claims and Classes 2.B, 2.C, 2.D, 2.E and 2.F are Impaired. Therefore, Holders of Allowed Class 2.A Capmark Claims, and Allowed Class 2.B Claims, are entitled to vote to accept or reject the substantively consolidated Plan for Fairfield and the First Tier Subsidiaries or choose the Convenience Class Election. Allowed Class 2.C Claims,

Allowed Class 2.D Claims, Allowed Class 2.E Claims and Allowed Class 2.F Claims are entitled to vote to accept or reject the Plan for their respective Estates or choose the Convenience Class Election.

In full and final satisfaction of the Capmark Claims in Class 2.A and the Allowed General Unsecured Claims in Classes 2.B (which shall be counted as a pool), 2.C, 2.D, 2.E and 2.F, Holders of Capmark Claims and Holders of Allowed General Unsecured Claims in such classes shall receive:

(i) Class 2.A (Capmark Claims): the Holders of the Capmark Claims shall be entitled to:

A. Effective Date Distributions:

- a. 50% of the Closing Payment relating to the \$10 million Cash payment that Newco shall make to FF Properties, Inc. and Fairfield (or any larger amount received as a closing payment relating to an Alternative Transaction); then
- b. 60% of the Effective Date Distributions of all Distributable Cash until an aggregate of \$38.2 million has been distributed pursuant to Article II(D)(2)(b)(i)(A)(b) and Article II(D)(2)(b)(ii)(A)(b) of the Plan (excluding any amounts paid from the \$10 million cash Closing Payment described above); then
- c. thereafter, 50% of the Effective Date Distributions of all Distributable Cash; and

B. Subsequent Distributions:

- a. 60% of Subsequent Distributions of Distributable Cash by the Fairfield Trust until the Holders of Capmark Claims have received an aggregate of \$39.75 million; then
- b. 55% of the Subsequent Distributions of Distributable Cash by the Fairfield Trust thereafter until such time as the aggregate value of all Distributions made to Holders of Capmark Claims equals the amount of such Allowed Claims~~—~~; and

C. Once all Class 2.B Claims have been paid in full, 50% of all Distributable Cash.

The timing and amount of the Distributions of Distributable Cash will be determined by the Liquidating Trustee after consultation with the Trust Oversight Committee. The aggregate value of all Distributions received by the Holders of Capmark Claims shall not exceed the Allowed Claims owed by the Debtors under the Capmark Facility, until all Class 2.B Claims have been paid in full. Thereafter, Holders of Class 2.A Capmark Claims shall receive 50% of all Subsequent Distributions.

On the Effective Date, provided that Capmark Finance provides an accounting to the Debtors and the Committee, Capmark Finance shall be authorized to apply the Capmark Retainer to the amount equal to all reasonable third-party professional fees of Dechert LLP, J.H. Cohn and Connolly Bove and reasonable actual expenses of Dechert LLP, J. H. Cohn and Connolly Bove incurred in connection with the Chapter 11 Cases through the Effective Date as well as an amount equal to the reasonably anticipated post-Effective Date third-party professional fees and expenses of Dechert LLP, J.H. Cohn and Connolly Bove directly related thereto (collectively, the “Fee Amount”). The balance, if any, of the Capmark Retainer in excess of the Fee Amount shall be applied as a setoff to the amount of the Effective Date Distribution otherwise payable on account of the Capmark Claim. In no event shall the Fee Amount exceed the amount of the Capmark Retainer.

(ii) Class 2.B (Fairfield/First Tier Subsidiary General Unsecured Claims): with respect to Holders of Class 2.B Claims (except for those who receive or elect to receive treatment and payment under a Convenience Class), a Pro Rata Distribution of Cash, based upon the amount of their Allowed Claim, of the following:

A. Effective Date Distributions:

- a. 50% of the Closing Payment relating to the \$10 million Cash payment that Newco shall make to FF Properties, Inc. and Fairfield (or any larger amount received as a closing payment relating to an Alternative Transaction); then
- b. 40% of the Effective Date Distributions of all Distributable Cash until an aggregate of \$38.2 million has been distributed pursuant to Article II(D)(2)(b)(i)(A)(b) and Article II(D)(2)(b)(ii)(A)(b) of the Plan; (excluding any amounts paid from the \$10 million cash Closing Payment described above); then
- c. thereafter, 50% of the Effective Date Distributions of all Distributable Cash as of such Effective Date; and

B. Subsequent Distributions:

- a. 40% of Subsequent Distributions of Distributable Cash by the Fairfield Trust until the Holders of Capmark Claims have received an aggregate of \$39.75 million; then
- b. 45% of all Subsequent Distributions of Distributable Cash by the Fairfield Trust (provided, however, that such percentage shall increase to 100% when the aggregate value of all Distributions made to the Holders of Capmark Claims equals the amount of the Capmark Lenders Allowed Claims; and

C. Once all Class 2.B Claims have been paid in full, 50% of all Distributable Cash.

Holders of Guaranty Claims shall have the amount of their Claims determined and Allowed by the Guaranty Claims Protocol. Each of the Debtors and the Fairfield Trust waives and releases any and all rights of reimbursement, contribution, indemnity and subrogation with respect to any and all of the Guaranty Claims and agrees that none of them shall have any such rights against any Person with respect to any or all of the Guaranty Claims.

All accrued, undisputed and unpaid Development Fees will be paid on or before the Effective Date and included in Distributable Cash to be distributed on the Effective Date. All accrued, undisputed and unpaid General Contractor Fees will be paid on or before the Effective Date and included in Distributable Cash to be distributed on the Effective Date. In the event that a Holder of Class 2.B Claims fails to fund the Project entity for accrued, undisputed and unpaid Development Fees and/or General Contractor Fees that are otherwise due and owing to the Debtors, the amount of such unfunded fees with respect to such Project shall be set off against such Creditor's right to receive a Distribution on account of such Class 2.B Claim.

(iii) Class 2.C (Homes General Unsecured Claims): the Holders of Class 2.C Claims shall receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Homes in respect of their claims against Homes.

(iv) Class 2.D (Fairview L.P. General Unsecured Claims): the Holders of Class 2.D Claims shall receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Fairview L.P. in respect of their claims against Fairview L.P.

(v) Class 2.E (Fairview WA General Unsecured Claims): the Holders of Class 2.E Claims shall receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Fairview WA in respect of their claims against Fairview WA.

(vi) Class 2.F (Fairview CA General Unsecured Claims): the Holders of Class 2.F Claims will receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Fairview CA in respect of their claims against Fairview CA.

c. Class 3 – Wachovia Claims – Impaired

Under the Plan, Class 3 consists of the Wachovia Claims. The Debtors estimate that on the Effective Date, the Allowed amount of such Claims will aggregate approximately \$18,168,000.

Class 3 is Impaired. Therefore, Wachovia is entitled to vote to accept or reject the substantively consolidated Plan for Fairfield and the First Tier Subsidiaries.

In full and final satisfaction of Wachovia's Allowed Class 3 Claim, Wachovia shall be entitled to (A) a recovery on their Claim through, at their option, (i) a sale of the Wachovia Real Estate to a third-party or (ii) the transfer of the Wachovia Real Estate to Wachovia; and (B) an Allowed General Unsecured Claim in Class 2.B in the amount of the difference between the outstanding balance under the Wachovia Facility on the Petition Date and the value (as

determined by the Bankruptcy Court or as otherwise mutually agreed between the Debtors and Wachovia, as may be reasonably acceptable to the Committee and the Capmark Lenders) of the collateral securing the Wachovia Facility.

d. Classes 4.A through 4.E – Convenience Class Claims (Includes Those Electing the Convenience Class Election) – Not Impaired or Impaired by Agreement

Under the Plan, Classes 4.A, 4.B, 4.C, 4.D and 4.E consist of all Convenience Class Claims for such respective classes, including Claims of a single Holder of a type that (A) would otherwise be included in Class 2.A or 2.B that are either (i) \$1,000 or less in the aggregate or (ii) greater than \$1,000 in the aggregate, but as to which the holder thereof has made a Convenience Class Election or (B) would otherwise be included in Class 2.C, 2.D, 2.E or 2.F that are either (i) \$100 or less in the aggregate or (ii) greater than \$100 in the aggregate, but as to which the holder thereof has made a Convenience Class Election.

Holders of Class 4.A Claims, Class 4.B Claims, Class 4.C Claims, Class 4.D Claims and Class 4.E Claims are conclusively deemed to have accepted the Plan either (i) pursuant to section 1126(f) of the Bankruptcy Code for such Claims within Article II.D.4(a)(A)(i) or Article II.D.4(a)(B)(i) of the Plan, or (ii) pursuant to an affirmative vote to accept the Plan for such Claims within Article II.D.4(a)(A)(ii) or Article II.D.4(a)(B)(ii) of the Plan who chose the Convenience Class Election.

The Disbursing Agent shall distribute to each Holder of an Allowed Class 4.A Claim, an Allowed Class 4.B Claim, an Allowed Class 4.C Claim, an Allowed Class 4.D Claim or an Allowed Class 4.E Claim, Cash equal to 100% of the Face Amount thereof up to a maximum of \$1,000 total payout in full and final satisfaction of such Claim for Allowed Class 4.A Claims or Allowed Class 4.B Claims and a maximum of \$100 total payout in full and final satisfaction of such Claim for an Allowed Class 4.C Claim, an Allowed Class 4.D Claim or an Allowed Class 4.E Claim.

e. Classes 5.A through 5.E – Intercompany Claims - Impaired

Under the Plan, Classes 5.A, 5.B, 5.C, 5.D and 5.E consist of all Intercompany Claims for such respective class. Because there will be no recovery on these Claims, the Debtors have not estimated the Allowed amount of such Claims.

An Intercompany Claim is a Claim of any Debtor against any other Debtor, regardless of whether such Claim arose before, on or after the Petition Date. The Intercompany Claims primarily relate to expense allocations among the Debtors relating to expenses of Professionals.

Holders of Intercompany Claims in Classes 5.A, 5.B, 5.C, 5.D and 5.E shall receive no distribution under the Plan and are conclusively deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Intercompany Claims in Classes 5.A, 5.B, 5.C, 5.D and 5.E shall be settled and forever discharged.

f. Classes 6.A through 6.E – Subordinated Intercompany Claims – Impaired

Under the Plan, Classes 6.A, 6.B, 6.C, 6.D and 6.E consist of all Subordinated Intercompany Claims for such respective class. Because there will be no recovery on these Claims, the Debtors have not estimated the Allowed amount of such Claims.

A Subordinated Intercompany Claim is a Claim of any non-Debtor affiliate of a Debtor against a Debtor. The Subordinated Intercompany Claims consist of: (i) completion, maximum cost, and warranty guaranty claims by a non-Debtor affiliate of a Debtor against a Debtor in connection with construction or redevelopment projects that have not yet been completed or with respect to which the warranty period has not expired; (ii) potential claims related to management agreements and keepwell agreements; (iii) tax credit guarantees; (iv) capital contribution obligations pursuant to joint venture agreements; (v) certain loan payment guarantee obligations; (vi) carve-out obligations pursuant to loan agreements and (vii) insignificant expense reimbursement obligations paid by a non-Debtor Affiliate of a Debtor on behalf of a Debtor in the ordinary course of business.

Holders of Subordinated Intercompany Claims in Classes 6.A, 6.B, 6.C, 6.D and 6.E shall receive no distribution under the Plan and are conclusively deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Subordinated Intercompany Claims in Classes 6.A, 6.B, 6.C, 6.D and 6.E shall be settled and forever discharged.

g. Classes 7.A through 7.E – Interests and Interest Related Claims – Impaired

Under the Plan, Classes 7.A, 7.B, 7.C, 7.D and 7.E consist of all Interests and Interest Related Claims for such respective class. Because there will be no recovery on these Claims, the Debtors have not estimated the Allowed amount of such Claims.

Classes 7.A, 7.B, 7.C, 7.D and 7.E will receive no distribution under the Plan. Holders of Interests and Interest Related Claims in Classes 7.A, 7.B, 7.C, 7.D and 7.E are conclusively deemed to have rejected the Plan pursuant to section 1127(g) of the Bankruptcy Code. Therefore, Holders of Interests and Allowed Interest Related Claims in Classes 7.A, 7.B, 7.C, 7.D and 7.E are not entitled to vote to accept or reject the Plan.

On the Effective Date, all Interests in any of the Debtors shall be deemed canceled, null and void, and of no force and effect, and Holders of Interest Related Claims in Classes 7.A, 7.B, 7.C, 7.D and 7.E shall receive no Distributions with respect to such Claims; provided, however, that (i) the Interests in the First Tier Subsidiaries (excluding FF Properties) held by Fairfield shall be transferred to the Fairfield Trust as Liquidating Assets and (ii) the Interests in the Second Tier Subsidiaries held by the First Tier Subsidiaries shall survive and continue to be held by the applicable First Tier Subsidiary.

C. MEANS OF IMPLEMENTING THE PLAN

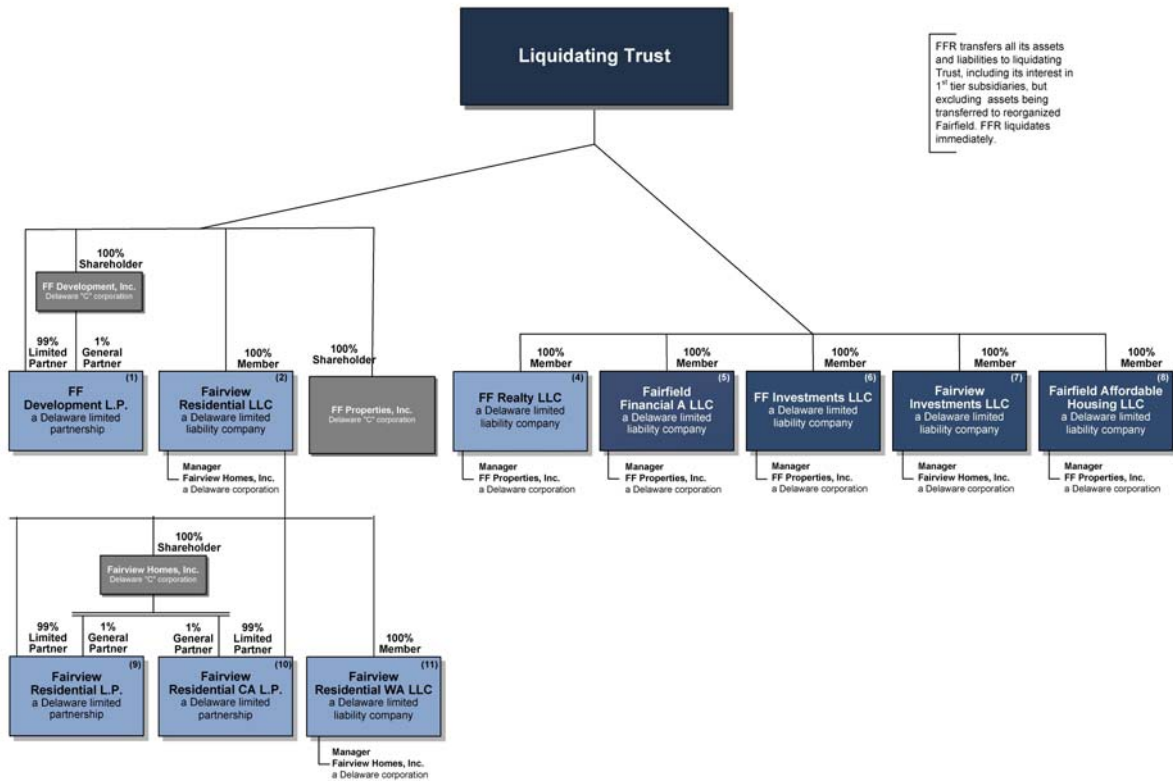
The Debtors propose to implement and consummate the Plan on and after the Effective Date. The Plan is premised upon the substantive consolidation of the First Tier Subsidiaries and Fairfield for all purposes related to the Plan, including for purposes of voting, confirmation and distribution. The Second Tier Subsidiaries, however, shall not be substantively consolidated.

Prior to the Effective Date, the Debtors shall continue to operate their businesses subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. The Plan contemplates and is predicated upon transfer of the Liquidating Assets and certain of the Debtors' liabilities (other than Assumed Liabilities under the Asset Purchase Agreement that shall be assumed by Newco), including Claims, into the Fairfield Trust.

1. Formation of the Fairfield Trust

The Fairfield Trust shall be established as a Delaware statutory trust for the sole purpose of liquidating the Estates (except for the Reorganized Fairfield Assets) and making distributions to Holders of Allowed Claims and Interests, in accordance with the Plan with no objective to continue or engage in the conduct of a trade or business. Subject to definitive guidance from the IRS, all parties shall treat the Fairfield Trust as a partnership for federal income tax purposes. To the extent necessary, the Fairfield Trust shall make an election pursuant to Treasury Regulation 301.7701-3 to be treated as partnership for federal income tax purposes and the Liquidating Trustee (and any other required signatories) shall timely file IRS Form 8832 to ensure such classification from the date of formation of the Fairfield Trust.

On the Effective Date, Fairfield shall sell the Reorganized Fairfield Assets to Newco. Immediately thereafter, Fairfield shall liquidate and all of its assets (other than the Reorganized Fairfield Assets), including without limitation its equity interests in the First Tier Subsidiaries (excluding FF Properties), shall be transferred to the Fairfield Trust. A Responsible Person shall be appointed to file final tax returns and handle other administrative tasks on behalf of liquidated Fairfield. The First Tier Subsidiaries (excluding FF Properties) shall continue to hold the equity interests of the Second Tier Subsidiaries. [The resulting structure is reflected in the following chart:](#)



The Liquidating Trust Agreement shall contain provisions customary to trust agreements utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to govern the rights, powers, obligations and appointment and removal of the Liquidating Trustee and to ensure the treatment of the Fairfield Trust as a partnership for federal income tax purposes, all consistent with the Plan.

As set forth herein, the liquidation and winding up of the Fairfield Trust shall become the responsibility of the Liquidating Trustee, who shall thereafter have responsibility for the management, control and operation thereof, and who may use, acquire and dispose of the Liquidating Assets free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, subject to any necessary oversight or approvals of the Trust Oversight Committee as may be required pursuant to the Plan and as provided in the Liquidating Trust Agreement. Subject to further order of the Bankruptcy Court, the Liquidating Trustee shall act as liquidating agent of and for the Fairfield Trust and the Estates (except for the Reorganized Fairfield Assets) from and after the Effective Date, subject to any necessary oversight or approvals of the Trust Oversight Committee as may be required pursuant to the Plan.

The Liquidating Trustee, at the direction of the Trust Oversight Committee, shall be permitted to make any investments. The Liquidating Trustee, at the direction of the Trust Oversight Committee, may expend the Cash of the Fairfield Trust (a) as reasonably necessary to meet liabilities and to maintain the value of the respective assets of the Fairfield Trust during

liquidation, (b) to pay the respective reasonable administrative expenses (including, but not limited to, any United States Trustee fees, Liquidating Trustee fees, professional fees and taxes imposed on the Fairfield Trust), and (c) to satisfy other respective liabilities incurred by the Fairfield Trust in accordance with the Plan or the Liquidating Trust Agreement.

For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and Holders of Allowed Claims) shall treat the transfer of the Liquidating Assets and certain of the Debtors' liabilities to the Fairfield Trust in accordance with the terms of the Plan, as a transfer to Holders of Allowed Claims followed by a transfer by such Holders to the Fairfield Trust, and the beneficiaries of the Fairfield Trust shall be treated as partners and owners thereof. The beneficiaries of the Fairfield Trust shall be the Creditors of the Estates.

2. Substantive Consolidation

The Plan contemplates and is predicated upon substantive consolidation of the Debtors' assets and liabilities, including Claims, and the transfer of such assets and liabilities. As described below in Article XI.N, the Debtors and the Committee believe that substantive consolidation is appropriate under the facts presented and the applicable law.

Entry of the Confirmation Order shall constitute the approval, pursuant to sections 105(a), 1123(a)(5)(B) and 1123(a)(5)(c) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Debtors' assets and liabilities, including Claims.

3. Formation of Newco

Newco will be formed on or before the Effective Date by the New Money Investors and Management as a new entity, which will purchase and subsequently hold, directly or indirectly, all of the Reorganized Fairfield Assets. Newco will purchase the Reorganized Fairfield Assets from Fairfield and FF Properties, Inc. pursuant to the Asset Purchase Agreement in exchange for \$10 million of the Closing Payment. Reorganized Fairfield will assume those Executory Contracts set forth on the Newco Contracts Schedule and operating liabilities of FF Properties, as approved by each of the New Money Investors. Newco will also assume the Assumed Liabilities. As of the Effective Date, Reorganized Fairfield's reasonably projected expenses would not exceed its reasonably projected revenues.

Newco shall be structured for administrative and tax efficiency consistent with its two primary businesses: (i) providing management and other services, including managing the completion of construction of the Debtors' legacy assets and (ii) investing as a general partner in new projects. New Fairfield LLC will hold, directly or indirectly, all of the equity interests of Reorganized FF Properties, and will provide such management and other services. A separate affiliate of New Fairfield LLC, which shall have substantially similar ownership and governance, will hold general partner interests in any new joint venture projects of Reorganized Fairfield.

4. Governance of Newco

Newco will be governed by the Operating Agreement and initially have a five member board of managers. Of the five managers, three will be selected by the New Money Investors

(with a total of five votes), one will be selected by Management (with one vote), and one will be selected by the Trust Oversight Committee (with one vote). The Trust Oversight Committee's board seat and vote will be given to CalSTRS on the last day of the first month in which the Applicable Outstanding Loan Balance is calculated to be zero (except to the extent CalSTRS no longer holds an equity interest in Newco at such time, in which case the Trust Oversight Committee's board seat and vote will be eliminated). The managers appointed by the Trust Oversight Committee shall not be precluded from also serving as members of the Trust Oversight Committee.

Major decisions, including annual budgets, business plans, capital calls and new co-investments, will require a majority vote subject to normal and customary shareholder rights, as set forth in the Operating Agreement. The Operating Agreement will delegate day-to-day operating authority, subject to the aforementioned budgets and business plans, to Management.

5. Terms of the New Money Investment and Management Investment

Newco will acquire a New Money Investment on terms mutually agreed to by Management and the New Money Investors and consistent with the New Money Definitive Documents. The New Money Investment shall be subject to the approval of the Bankruptcy Court in connection with the Confirmation Order. The New Money Investors will make an investment pursuant to the New Money Definitive Documents in the aggregate of \$119.5 million in the following manner: (i) the New Money Investors will initially invest \$19.5 million in Newco on the Effective Date (which includes the amount necessary to make the Closing Payment); (ii) the New Money Investors will make a subsequent investment in Newco of \$50 million; and (iii) the New Money Investors will commit to co-invest \$50 million in acquisitions of multi-family residential real estate projects by Newco. At the same time that the New Money Investors make their initial \$19.5 million investment, Management will make the Management Investment. In exchange for the New Money Investment and the Management Investment, the New Money Investors and Management shall receive their proportionate share of Membership Interests.

Notwithstanding the foregoing, the management of Fairfield shall receive 10% of the Membership Interests and a promote interest equal to 15% of annual net Cash flow from management or other service related fees (i.e., excluding preferred and promote returns on co-investment) above a 15% return on the outstanding Cash balance to investors.

6. Asset Purchase Agreement

On the Effective Date, Newco will utilize the proceeds of the New Money Investment and the Management Investment to make the Closing Payment to Fairfield; provided that the New Money Investment is not being made on behalf of any existing Claims or Interests of Management. In exchange, Fairfield shall transfer the Reorganized Fairfield Assets to Newco pursuant to the terms of the Asset Purchase Agreement.

7. Alternative Transaction

The Debtors and the Committee have agreed that, in the event that (a) prior to December 31, 2010, Fairfield consummates an Alternative Transaction and (b) OZ and CalSTRS have not

otherwise breached their obligations under the Plan or the New Money Definitive Documents, or otherwise terminated in violation of the terms thereof the New Money Definitive Documents, then OZ and CalSTRS shall have the right to seek, pursuant to section 503(b) of the Bankruptcy Code, (i) the payment of \$2.0 million to OZ and (ii) the reimbursement of actual and documented expenses incurred by OZ and CalSTRS in connection with or relating to the negotiation of the New Money Investment in an aggregate amount that does not exceed \$500,000. In the event that (x) the New Money Investment is not consummated prior to December 31, 2010 and (y) OZ and CalSTRS have not otherwise breached their obligations under the Plan or the New Money Definitive Documents, or otherwise terminated in violation of the terms thereof the New Money Definitive Documents, then OZ and CalSTRS shall have the rights to seek, pursuant to section 503(b) of the Bankruptcy Code, the reimbursement of their reasonable actual and documented expenses incurred in connection with or relating to the negotiation of the New Money Investment. The amounts described in this paragraph, if due and payable in accordance with the terms of a Bankruptcy Court order, shall be paid contemporaneously with the consummation of an Alternative Transaction or upon the effective date under a confirmed plan of reorganization or liquidation other than the Plan. Nothing set forth herein shall limit or restrict the rights of other parties to object to the payment of such amounts.

8. Fairfield California Housing Fund

Following the Effective Date, the operating agreement of Fairfield California Housing Fund shall be amended in the following manner:

- a. CalSTRS will have the right to remove the manager and/or buy out the operator without cause. However, for a two-year period, CalSTRS will agree that it will not exercise these rights. Any buy out of the operator without cause after the two-year period would be without a discount.
- b. CalSTRS will not exercise its current for cause removal or discounted buy out rights on account of existing defaults, but will retain those rights for any new cause events.
- c. CalSTRS will agree not to exercise any removal or buy out rights on account of existing or new capital contribution defaults.
- d. All super majority voting requirements will be eliminated so that the management committee will be able to act by simple majority in all matters, including capital calls. Capital call mechanics will be revised in a mutually agreeable fashion so that CalSTRS may expeditiously fund capital required by Fairfield California Housing Fund.
- e. Acquisition of new projects, commencement of pre-development, development and construction on existing projects, sale or other disposition of projects, credit facility utilization and other significant matters will be made subject to management committee approval and control.

- f. The requirement that Fairfield be released from loan guaranties as a condition to CalSTRS' exercising buy out or buy/sell rights or conversion of a project to core will be deleted.

In a separate agreement, Newco will agree to provide lender guaranties as and when such guaranties would have been required of Fairfield under the Fairfield California Housing Fund operating agreement solely to the extent of losses, liabilities or damages caused by actions within the control of Newco, which would include guarantying the operator's obligations under the operating agreement with the exception of capital contribution obligations, (b) use its commercially reasonable efforts to arrange for additional and/or other indemnities and guaranties acceptable to project level lenders, and to otherwise facilitate the financing of Fairfield California Housing Fund projects. This ~~side~~[separate](#) agreement will include a waiver of rights of subrogation, reimbursement and indemnity by Newco.

9. Other Issues

Entry of the Confirmation Order shall constitute the approval, pursuant to sections 105(a), 1123(a)(5)(B) and 1123(a)(5)(C) of the Bankruptcy Code, effective as of the Effective Date, of the transfer of the Liquidating Assets and certain of the Debtors' liabilities, including Claims, to the Fairfield Trust, the transfer of the Reorganized Fairfield Assets and Assumed Liabilities to Newco pursuant to the Asset Purchase Agreement.

Notwithstanding the reorganization provided for herein, each and every Debtor shall remain severally responsible for the payment of quarterly fees pursuant to 28 U.S.C. §1930 to the Office of the United States Trustee until such time as a particular case is closed pursuant to a Final Decree or other order of the Bankruptcy Court, dismissed, or converted.

10. Causes of Action

Except for those Causes of Action listed on Exhibit A to the Plan, all Causes of Action including Avoidance Actions and Tax Election Claims shall be transferred into the Fairfield Trust. Pursuant to section 1123 of the Bankruptcy Code, the Liquidating Trustee shall be authorized to commence all Causes of Action on behalf of all of the Debtors and/or their Estates (except for any Cause of Action that may be released pursuant to the Plan) with the consent of the Trust Oversight Committee. The authorization shall be approved without limitation, notwithstanding any other applicable law that could restrict any such transfer or authorization, all of which shall be determined by the Bankruptcy Court in the Confirmation Order to be void as against public policy. After the Effective Date Causes of Action may be prosecuted, settled or abandoned with or without Court approval by the Liquidating Trustee with the consent of the Trust Oversight Committee. Notwithstanding anything to the contrary herein, no Distribution shall be made to the Holder of any Claim, including by way of setoff or recoupment by such claimant, if the Debtors, the Committee, the Trust Oversight Committee or the Liquidating Trustee has taken action to recover, or given notice to the applicable party of intent to take such action, on a Cause of Action against the Holder of such Claim (or the direct or indirect transferor to, or transferee of, such holder), until such Cause of Action is resolved by Final Order or otherwise in accordance with this section. The Liquidating Trustee will be substituted as the party in interest instead of the Debtors or the Committee for all Causes of Action pending on the

Effective Date. The Fairfield Trust shall succeed, on the Effective Date, in all respects to all of the rights, privileges and immunities of the Debtors, including without limitation, the attorney-client privileges and any other evidentiary privileges of the Debtors except with respect to the Reorganized Fairfield Assets.

Nothing in the Plan or the Confirmation Order shall limit, impair or otherwise restrict the rights of the Liquidating Trustee, with the consent of the Trust Oversight Committee, to bring any claim or Cause of Action against any Person (not otherwise released pursuant to the Plan) for any reason whatsoever, including, without limitation, the failure of the Plan to identify and/or describe such potential claim(s) or causes of action(s) with specificity. No Person may rely on the absence of a specific reference in the Plan or Disclosure Statement to any Cause of Action against them as an indication that the Debtors or the Liquidating Trustee will not pursue any and all available Causes of Action against them. In addition to the general reservation of rights and notwithstanding the language in section 1127(b) of the Bankruptcy Code, the Liquidating Trustee and the Trust Oversight Committee reserve the right to modify the Plan at any time prior to or after substantial consummation of the Plan to include such specificity, if necessary, or otherwise desirable; provided, however, that the Liquidating Trustee and the Trust Oversight Committee would comply with the notice requirements set forth in section 1127(b) of the Bankruptcy Code and Bankruptcy Rule 2002 in connection with any such modifications. Except as otherwise specifically released pursuant to the Confirmation Order, it is the Fairfield Trust's intent not to waive any Cause of Action.

Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, the Liquidating Trustee expressly reserves all Causes of Action for later adjudication. Therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation Order. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against a Person shall vest in the Fairfield Trust.

11. Appointment and Term of the Liquidating Trustee

A supermajority of the vote by the members of the Committee and Capmark Finance (6 votes of the 8 Persons) shall appoint and designate the initial Liquidating Trustee. The Committee and the initial Liquidating Trustee shall have entered into a Liquidating Trustee employment agreement to be filed with the Bankruptcy Court at least ten (10) days prior to the Confirmation Hearing. The Liquidating Trustee shall be compensated for its reasonable fees and actual and necessary expenses incurred prior to the Effective Date pursuant to section 330 of the Bankruptcy Code and thereafter without further order of the Court. The initial Liquidating Trustee, and each successor Liquidating Trustee, shall serve until the earlier of (i) the later to occur of (a) the entry of the Final Decree, (b) the dissolution of the Fairfield Trust, and (c) the payment of the final distributions to Holders of [Allowed Capmark Claims](#), Allowed General Unsecured Claims, Allowed Wachovia Claims and Allowed Convenience Class Claims pursuant to the Plan; or (ii) the expiration of the term of such Liquidating Trustee's employment agreement or such Liquidating Trustee's resignation, death, incapacity, removal or termination by the Trust Oversight Committee pursuant to the Liquidating Trust Agreement or order of the

Bankruptcy Court. The Liquidating Trustee may also be removed by the Bankruptcy Court upon motion for good cause shown by any Creditor.

Upon creation of the Fairfield Trust, the Liquidating Trustee shall be the trustee of the Fairfield Trust for all purposes and in all respects, with all necessary and appropriate power to act for, on behalf of and in the name of the Fairfield Trust.

12. Duties of Liquidating Trustee

In addition to the duties as set forth elsewhere in the Plan and the Liquidating Trust Agreement and his or her duties as the trustee of the Fairfield Trust, the Liquidating Trustee, in consultation with and, to the extent required by Article IV.N of the Plan or otherwise specifically set forth in the Plan, at the direction of the Trust Oversight Committee, shall have the following duties:

- a. to manage all of the Fairfield Trust's assets, including but not limited to the low income housing tax credit portfolio, in order to maximize value for the beneficiaries of the Fairfield Trust (such management may include the continued operation of any asset and all income derived therefrom) until such time as the Liquidating Trustee determines, in its reasonable business judgment and given market conditions and other timing considerations determined to be appropriate, that a sale of such asset would produce the maximum value for the beneficiaries of the Fairfield Trust; for greater clarity, the Liquidating Trustee in consultation with the Trust Oversight Committee and Newco (solely in its capacity as asset manager pursuant to the Asset Management Agreement) will periodically review the value and liquidity of the assets in the low income housing tax credit portfolio in determining whether a sale or other disposition and the timing of such sale or other disposition of one or more of such assets would produce the maximum value for the beneficiaries of the Trust.
- b. to recover any and all Liquidating Assets;
- c. to collect and reduce to money the Liquidating Assets and close the Liquidating Trust as expeditiously as is compatible with the best interests of all the beneficiaries of the Fairfield Trust;
- d. to manage, control and operate the Fairfield Trust;
- e. to investigate and, if necessary and appropriate, to prosecute, enforce (or not prosecute or enforce), or to compromise, release or settle any Causes of Action on behalf of the Estates and the Fairfield Trust;
- f. to invest the Liquidating Assets in accordance with Local Rule 4001-3;
- g. to create the Wind-down Reserve Account and deposit funds to such reserve;

- h. to file any and all reports, pleadings and other documents necessary to carry out the provisions of the Plan;
- i. to make any and all distributions required or permitted to be made under the Plan;
- j. to pay out of the Fairfield Trust any and all Distributions on account of Allowed Claims, liabilities ~~or~~ and losses, incurred in connection therewith;
- k. to employ, supervise and compensate any professionals and independent contractors of the Fairfield Trust;
- l. to make and file tax returns for any of the Debtors and the Fairfield Trust;
- m. to commence and pursue dissolution or winding up proceedings for the Fairfield Trust;
- n. to request the entry of a Final Decree;
- o. to take any and all actions, including any action set forth in Article VI.C.26 herein, necessary to dissolve and cancel the existence of each of the Debtors in the State of Delaware and in any other jurisdiction in which a Debtor is qualified to do business;
- p. to determine reserve amounts for Post-Confirmation Expenses and Disputed Claims;
- q. to decrease the amounts needed for the Minimum Cash Balance, as otherwise provided in the Plan; and
- r. to take any and all other actions necessary or appropriate to implement the Plan and the reorganization of the Debtors and the liquidation of the Fairfield Trust in accordance with applicable law, provided, that nothing herein shall permit the Liquidating Trustee to terminate or cancel the Debtors' director and officer liability insurance coverage relating to the period following the Petition Date; and provided further that, the Liquidating Trustee shall not renew or extend such insurance coverage, or other new or substitute coverage, without the approval of the Trust Oversight Committee.

In connection with the execution of his or her duties under the Plan, the Liquidating Trustee, in consultation with the Trust Oversight Committee, shall be authorized:

- a. to execute such documents and to take such other actions as are necessary to effectuate the Plan and perform his or her duties as liquidating agent of and for the Estates and the Fairfield Trust, including to execute such

documents and take such other action on behalf of the Fairfield Trust or any of the Debtors;

- b. to open, close and manage bank accounts, and to enter into business transactions within or without the ordinary course of business;
- c. to authorize and benefit from any insurance policies and rights of indemnification;
- d. to retain and pay professionals (including any of the Debtors' or the Committee's former Professionals) or other Persons to assist the Liquidating Trustee in the liquidation of the Liquidating Assets, without prior Bankruptcy Court approval, and to designate another Person to be the Disbursing Agent, subject to the consent of the Trust Oversight Committee as set forth in Article VIII herein;
- e. to incur any reasonable and necessary expenses (up to the amounts set forth in the Administrative Budget) in the performance of his or her duties as liquidating agent of and for the Estates and the Fairfield Trust;
- f. to prepare and deliver to the Trust Oversight Committee the Administrative Budget of the Fairfield Trust with respect to each six-month period following the Effective Date and any amendments or modifications thereto;
- g. to settle any Disputed Claim and implement the Guaranty Claims Protocol;
- h. to settle any Cause of Action without notice or a hearing where the Cause of Action has an estimated value of \$500,000 or less or, after notice to any party affected by the settlement, and the Trust Oversight Committee, and a hearing to seek an order of the Bankruptcy Court approving the compromise, release or settlement of any Cause of Action that has an estimated value of greater than \$500,000; and
- i. to employ such other procedures, not inconsistent with the Plan, necessary for the Liquidating Trustee to perform his or her duties hereunder.

The Liquidating Trustee shall be deemed the Estates' representative in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under section 1106 of the Bankruptcy Code (including, without limitation, commencing, prosecuting or settling Causes of Action and asserting claims, defenses, offsets and privileges), to the extent not inconsistent with the Plan or the status of the Fairfield Trust as a partnership for federal income tax purposes. In discharging the foregoing responsibilities, the Liquidating Trustee shall be entitled to exercise and rely upon his or her business judgment. The Liquidating Trustee shall not be obligated to take any action or to pursue any Causes of Action unless justified in his or her reasonable determination by fact and law, nor shall the Liquidating Trustee

be obligated to take any action that could reasonably cause him or her personal liability. Without limiting the generality of the foregoing, the Liquidating Trustee may consider the interests of Holders of Allowed Claims in receiving prompt distributions and such other factors as may be reasonable in the exercise of his or her business judgment. Such authorization and benefits shall also extend to any, each and every successor Liquidating Trustee, without reservation or limitation.

The reasonable and necessary fees and actual and necessary expenses of the Fairfield Trust, the Liquidating Trustee, the Trust Oversight Committee and the professionals retained by the Liquidating Trustee and the Trust Oversight Committee shall be paid by the Liquidating Trustee in accordance with the procedures established by the Trust Oversight Committee.

13. No Recourse to Liquidation Trustee

Notwithstanding that the Allowed amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code and Bankruptcy Rules or is Allowed in an amount for which there is insufficient Cash in the relevant fund or reserve to provide a recovery equal to that received by other Holders of Allowed Claims in the relevant Class, no Holder of a Claim shall have recourse to the Protected Parties, or their successors or assigns, or the Holder of any other Claim, or any of their respective property. However, nothing in the Plan shall modify any right of a Holder of a Claim under section 502(j) of the Bankruptcy Code. **THUS, THE COURT'S ENTRY OF AN ESTIMATION ORDER MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.**

14. Transfer Free and Clear of Taxes

Any and all transfers of real or personal property owned by the Fairfield Trust or any Debtor shall be free of any and all state and local stamp taxes and similar taxes pursuant to section 1146(a) of the Bankruptcy Code.

15. Liability, Indemnification

No Protected Party shall be liable for the act or omission of any other Protected Party. Neither the Liquidating Trustee nor any member of the Trust Oversight Committee shall be liable for any act or omission taken or omitted to be taken in his or her capacity as Liquidating Trustee or as a member of the Trust Oversight Committee, as the case may be, other than acts or omissions resulting from the Liquidating Trustee's or Trust Oversight Committee member's willful misconduct, gross negligence or fraud. The Liquidating Trustee and the Trust Oversight Committee may, in connection with the performance of their functions, and in their sole and absolute discretion, consult with their respective attorneys, accountants, financial advisors and agents, and the Liquidating Trustee and the Trust Oversight Committee shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons other than acts or omissions resulting from the willful misconduct, gross negligence or fraud of the Liquidating Trustee or the members of the Trust Oversight Committee, as the case may be. Notwithstanding such authority, the Liquidating Trustee and the Trust Oversight Committee shall not be under any obligation to consult with their respective

attorneys, accountants, financial advisors or agents, and any determination not to do so shall not result in the imposition of liability on the Liquidating Trustee or the members of the Trust Oversight Committee, as the case may be, and their respective designees, unless such determination is based on willful misconduct, gross negligence or fraud. The Fairfield Trust shall indemnify, defend and hold harmless the Liquidating Trustee, the Trust Oversight Committee and their respective designees and professionals, and all duly designated agents and representatives thereof (in their capacity as such), from and against and in respect of all liabilities, losses, damages, claims, costs and expenses (including, but not limited to, attorneys' fees and costs) arising out of or due to such actions or omissions, or consequences of their actions or omissions with respect or related to the performance of the duties of the Liquidating Trustee or the Trust Oversight Committee, as the case may be, or the implementation or administration of the Plan; provided, however, that no such indemnification will be available to such Persons for such actions or omissions if a court of competent jurisdiction has determined by final order that the challenged conduct occurred as a result of willful misconduct, gross negligence or fraud.

16. Administrator, Asset Management Agreement and Expense and Receivable Allocation Agreement

The Administrator will be formed by the Management of Fairfield to be available to act as the new administrative general partner (or administrative member) of the existing joint ventures in which the Fairfield Trust has an indirect interest. The Administrator's engagement as new administrative general partner (or administrative member) of a particular joint venture would occur only upon the joint request of the particular joint venture's existing partners (or members) and the particular joint venture's existing project lenders. Such engagement would be made pursuant to an administration agreement entered into among those parties and the Administrator. There will be no economics associated with such engagement. The Administrator would be independent of the Fairfield Trust and Reorganized Fairfield.

The Fairfield Trust and Newco will enter into the Asset Management Agreement on the Effective Date. Pursuant to the Asset Management Agreement, Newco will provide certain administrative and operational services for the Fairfield Trust. In exchange, the Fairfield Trust will pay Newco an asset management fee each month during the term of the Asset Management Agreement (i) of \$1.28 million per month, payable in advance each month, during the period from the Effective Date through December 31, 2010; and (ii) commencing January 1, 2011, an amount equal to 1/12 of the amount calculated as 29 bps of the Applicable Outstanding Loan Balance. Notwithstanding clause (ii) of the immediately preceding sentence, the Asset Management Agreement shall provide that the asset management fee shall be reduced by the first \$2.5 million of fees coming due during each of calendar years 2011 and 2012. Such reduction shall be made against the first monthly payments that would otherwise have been payable during each such calendar year (there shall be no offsetting increase in the asset management fees payable during the remainder of each such year as a result of such reduction). If the first monthly payment due during calendar years 2011 or 2012 (i.e., on January 1, 2011 or January 1, 2012) is less than \$2.5 million, then the remaining amount in such calendar year shall be reduced against the next monthly payments due by the Fairfield Trust until \$2.5 million of fees for such calendar year have been reduced. The Asset Management Agreement shall also provide that in the event that the Asset Management Agreement is terminated before the asset management fees

paid in 2011 and 2012 are reduced by \$2.5 million in each of 2011 and 2012 or the Applicable Outstanding Loan Balance reduces so that the \$2.5 million reductions to be made during 2011 and 2012 exceed the amount of fees that would have been paid prior to any reduction, a termination payment equal to the difference between \$5 million and the amount of any prior reductions shall be paid by Newco to the Fairfield Trust.

The Fairfield Trust and Newco shall also enter into the Expense and Receivable Allocation Agreement on the Effective Date, whereby they will agree to periodic true-up payments to account for expenses paid and receivables collected during a 90-day period after the Effective Date. Such true-up payments shall reflect the transfer of the Reorganized Fairfield Assets to Reorganized Fairfield as of the Effective Date.

17. Co-Investment Rights and Obligations

The New Money Investors will provide an aggregate commitment of \$50 million for investment in multifamily acquisitions; provided that each such acquisition must be acceptable to the New Money Investors. Any such investment will dilute the other Holders of Membership Interests, except for Management.

For a period commencing on the Effective Date and ending upon the earlier of (i) December 31, 2010 or (ii) the date on which certificates of occupancy have been issued for those joint venture projects listed on Schedule B to the Operating Agreement amounting to more than 90% of the aggregate number of units under construction on December 31, 2009 as listed on Schedule B to the Operating Agreement (but excluding joint venture projects with respect to which the project lenders have suspended or ceased funding):

- a. The capitalization (including both debt and equity) of new joint venture projects provided by Newco shall not exceed \$500 million in the aggregate as to all such projects. Such capitalization may consist of: (A) new money equity investments made at the joint venture project level; (B) a portion of the Cash equity capitalization made in Newco (to the extent not needed for reasonable liquidity); and (C) joint venture project-level debt (nonrecourse to Newco); and
- b. In the case of any investment in a joint venture project owned in part by the Fairfield Trust, Newco will be permitted to make such investment only if such investment does not amend any rights or obligations under the governance documents of the joint venture project in a manner that is materially adverse to the Fairfield Trust. Such investment would not be subject to (or counted towards) the capitalization limits described above.

In the event that the Fairfield Trust makes an investment in any existing joint venture project so as not to experience a foreclosure or forfeiture of such interest, it will be required to maintain or replenish the Minimum Cash Balance.

Management of Newco is required to invest in Newco's multifamily acquisitions the lesser of (i) 10% of the total amount of general partner equity required for such acquisition or (ii) \$150,000 with respect to each such acquisition, up to an aggregate amount of \$1.5 million.

In addition, 10% of the project level promote received by Newco on an annual basis (net of any losses) on any new project will be placed in a pool for distribution to employees of Reorganized Fairfield.

18. Discharge of Debtors Professionals

On the Effective Date, the Debtors' Professionals and agents shall be released and discharged from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to: (i) obligations arising under confidentiality agreements, joint interest agreements and protective orders entered during the Chapter 11 Cases which shall remain in full force and effect according to their terms; (ii) applications for Professional Fee Claims; (iii) requests for compensation and reimbursement of expenses pursuant to section 503(b) of the Bankruptcy Code for making a substantial contribution in any of the Chapter 11 Cases; and (iv) any pending motions, or any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order. The Professionals retained by the Debtors and the respective members thereof shall not be entitled to compensation and reimbursement of expenses for services rendered to or on behalf of the Debtors after the Effective Date, except for services rendered in connection with applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed after the Effective Date; provided, however, that to the extent any such fees and expenses are incurred after the date that is fifteen business days prior to the deadline to file final fee applications, any such fees and expenses must be submitted to the Liquidating Trustee and the Trust Oversight Committee in accordance with Article IV.H of the Plan.

19. Dissolution of the Committee

On the Effective Date, the Committee shall dissolve automatically, whereupon its members, Professionals and agents shall be released and discharged from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to: (i) obligations arising under confidentiality agreements, joint interest agreements and protective orders entered during the Chapter 11 Cases which shall remain in full force and effect according to their terms; (ii) applications for Professional Fee Claims and expense reimbursement requests for members of the Committee; (iii) requests for compensation and reimbursement of expenses pursuant to section 503(b) of the Bankruptcy Code for making a substantial contribution in any of the Chapter 11 Cases; and (iv) any pending motions, or any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order. The Professionals retained by the Committee and the respective members thereof shall not be entitled to compensation and reimbursement of expenses for services rendered to the Committee after the Effective Date, except for services rendered in connection with applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed after the Effective Date; provided, however, that to the extent any such fees and expenses are incurred after the date that is fifteen business days prior to the deadline to file final fee applications, any such fees and expenses must be submitted to the Liquidating Trustee and the Trust Oversight Committee in accordance with Article IV.H of the Plan.

20. Trust Oversight Committee

On or prior to the Effective Date, the Committee shall select four (4) Persons to serve on the Trust Oversight Committee and Capmark Finance shall select one (1) Person to serve on the Trust Oversight Committee. The Trust Oversight Committee shall have the duties set forth herein to maximize distributions to Holders of Allowed Claims. On the Effective Date, the Trust Oversight Committee shall succeed in all respects to all of the rights, privileges and immunities of the Committee, including, without limitation, the attorney-client privileges and any other evidentiary privileges of the Committee.

The Trust Oversight Committee shall have the duty to take actions in accordance with the provisions of the Plan and in furtherance of the execution of the Plan. Additionally, the Trust Oversight Committee shall have the following rights and duties:

- a. to approve any release or indemnity in favor of any third party granted or agreed to by the Liquidating Trustee and
- b. to authorize the Liquidating Trustee to commence any Cause of Action or Avoidance Action.

The duties and powers of the Trust Oversight Committee shall terminate upon the later to occur of (i) the entry of the Final Decree, and (ii) the dissolution of the Fairfield Trust.

21. Funding of the Plan

The Cash Distributions to be made pursuant to the Plan will be made and the Cash necessary to maintain the Minimum Cash Balance in the Wind-down Reserve Account will be derived from (i) Cash on hand on the Effective Date, (ii) Cash proceeds received by the Debtors from the liquidation of the Liquidating Assets, including, without limitation, accounts receivable, as of the Effective Date and other funds then available, (iii) the Closing Payment and (iv) any payments to be received by the Debtors or the Fairfield Trust from the prosecution and enforcement of Causes of Action, revenues from the Liquidating Assets, and other funds available after the Effective Date.

To the extent not otherwise provided for herein or ordered by the Court, the Liquidating Trustee, with the consent of the Trust Oversight Committee, shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for Disputed Claims, accrued expenses and for the payment of prospective expenses and liabilities of the Estates and the Fairfield Trust after the Effective Date. Without limitation, these reserves shall include funds for the Minimum Cash Balance, Professional Fee Claims, Administrative Claims, Priority Tax Claims, Priority Claims, Convenience Class Claims, Disputed Claims and all amounts due pursuant to 28 U.S.C. § 1930.

Notwithstanding any contrary provision contained herein, the Liquidating Trustee shall not be obligated to physically segregate and maintain separate accounts for reserves or for the Distribution Fund except as it relates to the Second Tier Subsidiaries. Separate reserves and funds may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, to enable the Liquidating Trustee to determine Distributable Cash, reserves and amounts to be paid to parties in interest.

22. Wind-down Reserve Account

On the Effective Date, or as soon thereafter as reasonably practicable, the Liquidating Trustee shall create the Wind-down Reserve Account and shall hold at least the Minimum Cash Balance in such reserve account from the assets transferred by the Debtors to the Fairfield Trust. The Liquidating Trustee shall pay Plan administration costs and costs of holding and liquidating any non-Cash property, including but not limited to taxes and professional fees, from the Wind-down Reserve Account. To the extent that the Liquidating Trustee, in consultation with the Trust Oversight Committee, determines that funds allocated to the Wind-down Reserve Account are insufficient for such purposes, the net proceeds of the continuing liquidation of the Liquidating Assets and any other Distributable Cash shall, to the extent necessary for such purposes, be allocated to the Wind-down Reserve Account. After all costs associated with the wind-down of the Fairfield Trust have been paid, and/or upon the reasonable determination of the Liquidating Trustee, in consultation with the Trust Oversight Committee, that the funds in the Wind-down Reserve Account exceed the amounts necessary to pay the expenses for which such fund is established, the remaining or excess funds, as applicable, in the Wind-down Reserve Account shall be designated as Distributable Cash.

23. Distributable Cash

Distributable Cash shall be allocated to the Distribution Fund. Distribution of Cash, if any, to Holders of Classes 1.A, 1.B, 1.C, 1.D, and 1.E Allowed Priority Claims and Class 2.A Capmark Claims and Classes 2.B, 2.C, 2.D, 2.E and 2.F Allowed General Unsecured Claims shall be made solely from the Distribution Fund. The Liquidating Trustee shall make the Effective Date Distribution and each Subsequent Distribution of Distributable Cash.

24. Employee Programs

To the extent not earlier terminated in accordance with their terms or assumed by Reorganized Fairfield, all employee programs, including but not limited to any retirement plans or agreements and health benefits and disability plans, are deemed terminated as of the Effective Date in accordance with their terms with no further action required by the Debtors or the Liquidating Trustee, and to the extent any of such employee programs constitute distinct executory contracts with individual employees or otherwise, such contracts are deemed terminated as of the Effective Date. The Liquidating Trustee is not authorized to take any actions and make payment of the actual amount, if any, required to be contributed to or on account of an employee program to permit the termination of such programs and discharge all benefit liabilities to participants and beneficiaries of such programs, including, without limitation, continuation of the termination of the Debtors' 401(k) plan. Employee programs listed on the Newco Contracts Schedule will not terminate on the Effective Date and will be assumed by Newco. The Debtors do not maintain any programs for retirees. The ~~termination by the Debtors and rehiring of employees by Newco~~ transactions contemplated by the Asset Purchase Agreement shall not require notice or give rise to any Claim under the Worker Adjustment and Retraining Notification Act or other comparable applicable law.

25. Corporate and Limited Liability Company Action

On the Effective Date, the matters under the Plan involving or requiring corporate or limited liability company action of the Debtors, including, but not limited to, actions requiring a vote or other approval of the board of directors, members or shareholders, as applicable, and execution of all documentation incident to the Plan, notwithstanding any otherwise applicable non-bankruptcy law or the Organization Documents of the Debtors, shall be deemed to have been authorized by the Confirmation Order and to have occurred and be in effect from and after the Effective Date without any further action by the Bankruptcy Court or the officers, directors, members or shareholders, as applicable, of the Debtors.

26. Dissolution of the Fairfield Trust

After the liquidation and the winding up of the various Estates, the completion of Distributions under the Plan and the entry of the Final Decree, the Liquidating Trustee shall file any documents necessary and proper pursuant to applicable state law to dissolve the Fairfield Trust, and the Fairfield Trust shall dissolve and cease to exist.

27. Saturday, Sunday or Legal Holiday

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

ARTICLE VII.

TREATMENT OF EXECUTORY CONTRACTS AND LEASES

A. REJECTION OF REMAINING EXECUTORY CONTRACTS AND UNEXPIRED LEASES

On the Confirmation Date, except for any Executory Contract that (i) previously expired or terminated by its own terms, (ii) was previously assumed or rejected by an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, (iii) is assumed pursuant to the Plan or (iv) is the subject of a pending motion to assume or assume and assign as of the Confirmation Date, shall be deemed rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, effective as of the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejection pursuant to Bankruptcy Code sections 365 and 1123 as of the Confirmation Date.

B. ASSUMPTION AND CURE OF EXECUTORY CONTRACTS

The Debtors will file the Newco Contracts Schedule identifying Executory Contracts to be assumed and assigned to Newco pursuant to the Plan and the Assumed Contracts Schedule identifying Executory Contracts to be assumed pursuant to the Plan in addition to those previously assumed by the Debtors by order of the Bankruptcy Court, provided that the Debtors reserve the right to amend both the Newco Contracts Schedule and the Assumed Contracts Schedule at any time up to three (3) Business Days before the Confirmation Hearing to delete

any Executory Contract contained therein, or, with the consent of the affected counterparty, to add any Executory Contract to the Newco Contracts Schedule or the Assumed Contracts Schedule. The Debtors will provide notice of any amendments to the Newco Contracts Schedule or the Assumed Contracts Schedule to the parties to the Executory Contracts added or removed, the Committee and the Capmark Lenders. The Newco Contracts Schedule or the Assumed Contracts Schedule shall include a designation of the monetary cure amount the Debtors believe is owed with respect to each Executory Contract set forth in the Schedules. Except as provided elsewhere in the Plan, any non-Debtor party to an Executory Contract shall file and serve its objection thereto in writing no later than 4:00 p.m. (prevailing Eastern Time) on the day that is seven (7) days after the Debtors file and serve the Newco Contracts Schedule or the Assumed Contracts Schedule. The failure of any non-Debtor party to an Executory Contract to file and serve an objection to the assumption of the contract or lease, by the deadline therefore shall be deemed consent to the assumption or assumption and assignment of the contract or lease and to such cure amount. On the Effective Date, in addition to all Executory Contracts that have been previously assumed by the Debtors by order of the Bankruptcy Court, each of the Executory Contracts of the Debtors that are identified in the Assumed Contracts Schedule, shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code and each of the Executory Contracts of the Debtors that are identified in the Newco Contracts Schedule shall be deemed assumed and assigned in accordance with the provisions and requirements of section 365 and 1123 of the Bankruptcy Code and the Confirmation Order shall constitute adequate assurance of the performance of such assumed contract. A condition to the ~~Effetive~~Effective Date is that the aggregate amount of the cure Claims to be paid by Debtors and/or the Fairfield Trust for the Executory Contracts listed on the Newco Contracts Schedule shall not exceed \$200,000; Newco shall be responsible for all amounts of cure Claims for the Executory Contracts listed on the Newco Contracts Schedule in excess of \$200,000.

C. CURE OF DEFAULTS OF ASSUMED EXECUTORY CONTRACTS

The monetary cure amounts owed under each Executory Contract to be assumed or assumed and assigned pursuant to the Plan, as set forth in the Newco Contracts Schedule and the Assumed Contracts Schedule, or as otherwise established by the Bankruptcy Court at the Confirmation Hearing, shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the cure amount in Cash solely by the Debtors or the Fairfield Trust subject to a cap in the amount of \$200,000 (Newco shall pay such cure Claims in excess of \$200,000) with respect to the aggregate cure costs for the Executory Contracts listed in the Newco Contracts Schedule on the later of (i) the Effective Date (or as soon as practicable thereafter), (ii) as due in the ordinary course of business or (iii) on such other terms as the parties to such Executory Contracts may otherwise agree. In the event of a dispute regarding: (1) the amount of any cure payments, (2) ability of Reorganized Fairfield, the Fairfield Trust or any other assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or assigned, or (3) any other matter pertaining to assumption, (y) the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made on later of: (A) the applicable date set forth in clause (i), (ii), or (iii) above, and (B) fifteen (15) days following the entry of a Final Order authorizing the assumption of the Executory Contracts, or (z) Newco with respect to the Newco Contracts Schedule and the

Fairfield Trust with respect to the Assumed Contracts Schedule may remove such Executory Contract from such schedule in which event such Executory Contract shall be deemed rejected.

D. EFFECT OF ASSUMPTION ASSIGNMENT

Each Executory Contract assumed or assumed and assigned pursuant to this Article V (or pursuant to Bankruptcy Court order) shall remain in full force and effect and be fully enforceable by the applicable Fairfield Trust or Reorganized Fairfield in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or assumption and assignment. To the extent applicable, all Executory Contracts assumed during the Chapter 11 Cases, including those assumed pursuant to Section V.1, (i) shall be deemed modified such that the transactions contemplated by the Plan shall not be a "change of control," however such term may be defined in the relevant Executory Contract, (ii) shall not constitute a breach of any anti-alienation provision thereof and (iii) any required consent under any such contract or lease shall be deemed satisfied by the confirmation of the Plan.

E. REJECTION DAMAGES BAR DATE

Except to the extent another Bar Date applies pursuant to an order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts under the Plan must be filed with the Voting and Claims Agent at the following applicable address:

<p>Kurtzman Carson Consultants LLC 2335 Alaska Avenue El Segundo, CA 90245 Attn: Fairfield Claims Processing Center</p>

and a copy served on counsel for Newco, the Debtors, counsel for the Committee, the Capmark Lenders, the Trust Oversight Committee and the Liquidating Trustee, within thirty (30) days from the entry of the Confirmation Order, or such Claim shall be forever barred and shall not be entitled to a Distribution or be enforceable against the Debtors, their Estates, the Fairfield Trust, the Liquidating Trustee, their successors, their assigns, the Liquidating Assets or the Reorganized Fairfield Assets. Any Claim arising from the rejection of an Executory Contract shall be treated as a Claim in the applicable Class 2.A Capmark Claims, and Classes 2.B, 2.C, 2.D, 2.E or 2.F (General Unsecured Claims). Nothing in the Plan extends or modifies any previously applicable Bar Date.

F. INSURANCE POLICIES

To the extent any or all of the insurance policies set forth on Exhibit B to the Plan are considered to be Executory Contracts, then notwithstanding anything contained in the Plan to the contrary, the Plan shall constitute a motion to assume and assign the insurance policies set forth on Exhibit B to the Plan to Reorganized Fairfield. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to Bankruptcy Code section 365(a) and a finding by the Bankruptcy Court that each such

assumption is in the best interest of the Debtors, the Estates and all parties in interest in these Chapter 11 Cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy set forth on Exhibit B to the Plan. To the extent the Bankruptcy Court determines otherwise with respect to any insurance policy, the Debtors reserve the right to seek rejection of such insurance policy or other available relief. The Plan shall not affect contracts that have been assumed and assigned by order of the Bankruptcy Court prior to the Confirmation Date. For the avoidance of doubt, certain insurance policies (including any insurance policies that are not executory contracts, insurance policies that may have expired prior to the Petition Date, insurance policies in existence on the Petition Date and insurance policies entered into by the Debtors after the Petition Date) of the Debtors set forth on Exhibit B to the Plan and all rights of the Debtors thereunder and rights under any other insurance policies under which the Debtors may be beneficiaries (including the rights to make, amend, prosecute and benefit from claims) are retained by the Debtors and will be included in the Reorganized Fairfield Assets and handled accordingly pursuant to the Plan. To the extent that pending Claims that are covered by insurance exist as of the Effective Date, such coverage shall be used to reduce the amount of any Claims filed against the Debtors and such insurer may succeed to the Claim of such creditor by way of subrogation, but only to the extent, priority and class of such Claim, subject to any and all defenses and Causes of Action.

ARTICLE VIII.

DISTRIBUTIONS

A. GENERAL PROVISIONS CONCERNING DISTRIBUTIONS

At the written request of the Fairfield Trust, any creditor holding multiple Allowed Claims shall provide the Fairfield Trust a single address to which any Distributions shall be sent.

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

The Debtors and the Liquidating Trustee may, but shall not be required to, setoff against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Allowed Claim, any claims or Causes of Action of any nature whatsoever that the Debtors and/or the Liquidating Trustee may have asserted against the claimant, but neither the failure to do so nor the allowance of any Disputed Claim hereunder shall constitute a waiver or release by the Debtors, Reorganized Fairfield or the Fairfield Trust of any such claim or Cause of Action any may have against such claimant.

To the extent that any Allowed Claim entitled to a Distribution under the Plan consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such Distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

B. DISBURSING AGENT

1. Liquidating Trustee as Disbursing Agent

The Liquidating Trustee shall be the Disbursing Agent, and the Disbursing Agent shall make all distributions under the Plan.

2. Alternative Disbursing Agent Qualification

No Person other than the Liquidating Trustee (or any successor Liquidating Trustee) shall be authorized by the Bankruptcy Court to serve as Disbursing Agent unless and until the Liquidating Trustee and the Trust Oversight Committee consent in writing to that Person serving as Disbursing Agent and that Person (i) executes and files a statement with the Bankruptcy Court agreeing to perform all of the duties of the Disbursing Agent under the Plan and (ii) consents to the jurisdiction of the Bankruptcy Court in respect to all matters relating to the performance of his or her duties as the Disbursing Agent under the Plan or order of the Bankruptcy Court.

C. TIME AND MANNER OF DISTRIBUTIONS

The Liquidating Trustee shall make initial distributions under the Plan not to exceed the Distributable Cash on account of Allowed Claims not later than 30 days after the Effective Date, except as otherwise ordered by the Bankruptcy Court. The Liquidating Trustee shall have the power, subject to Trust Oversight Committee consent, to make interim distributions to Holders of [Allowed Capmark Claims and](#) Allowed General Unsecured Claims if the Liquidating Trustee determines that such interim distributions are warranted and economical; provided that the Liquidating Trustee shall make interim distributions at least annually. Notwithstanding the foregoing, the Liquidating Trustee shall not make distributions that would exceed the amount of Distributable Cash. If the Liquidating Trustee determines to make interim distributions to Holders of Allowed Claims, the Liquidating Trustee will determine the amount to be distributed by taking into account such factors as ongoing expenses and costs, taxes and reserves necessary to provide for the resolution of Disputed Claims. Amounts withheld will be placed in an interest-bearing account, which interest shall be used by the Liquidating Trustee to fund ongoing expenses and costs relating to such reserves, including, without limitation, taxes in respect of Disputed Claims, if any.

At the option of the Liquidating Trustee, any distributions under the Plan may be made either in Cash, by check drawn on a domestic bank, by wire transfer or by ACH. Notwithstanding any other provisions of the Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a Distribution of Cash in whole cents (rounded to the nearest whole cent when and as necessary). With the exception of distributions to Holders of Allowed Convenience Class Claims, any distribution of less than \$25.00 will be considered de minimis, and Holders of Allowed Claims that are entitled to any distribution of less than \$25.00 may not receive any distribution unless and until the aggregate of such distributions exceeds \$25.00. To the extent that the aggregate of such distributions never exceeds \$25.00, such funds shall remain with and vest in the Fairfield Trust for distribution to other Holders of Allowed Claims.

D. DELIVERY OF DISTRIBUTIONS

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent (i) at the addresses set forth on the Proofs of Claim filed by such Holder (or at the last known addresses of such Holder if no motion requesting payment or Proof of Claim is filed or the Debtors, the Liquidating Trustee or the Voting and Claims Agent have been notified in writing of a change of address), (ii) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim, or (iii) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Liquidating Trustee has not received a written notice of a change of address.

E. UNDELIVERABLE DISTRIBUTIONS

If a distribution to a Holder of a Claim is returned as undeliverable, no further distributions to such Holder of a Claim shall be made unless and until the Liquidating Trustee is notified of the then-current address of such Holder, at which time (subject to the terms of the last sentence of this Article VIII.E) all missed distributions shall be made to such Holder without interest. Amounts in respect of undeliverable distributions shall be returned to the Liquidating Trustee until such distributions are claimed. All funds or other undeliverable distributions returned to the Liquidating Trustee in respect of any Claim and not claimed within four (4) months of return shall be forfeited and remain with and vest in the Fairfield Trust for distribution to other Holders of Allowed Claims. Any unclaimed funds held by the Fairfield Trust at the time the Final Decree is entered may be donated to a charity selected by the Liquidating Trustee and the Trust Oversight Committee provided that such funds do not exceed \$10,000, without further order of the Court.

F. CLAIMS ADMINISTRATION RESPONSIBILITY

1. Reservation of Rights to Object to Claims

Unless a Claim is expressly described as an Allowed Claim pursuant to or under the Plan, or otherwise becomes an Allowed Claim prior to or after the Effective Date, the Fairfield Trust and the Liquidating Trustee (on behalf of the Estates) reserve any and all objections to any and all Claims and motions or requests for the payment of Claims, whether administrative expense, priority, secured or unsecured, including, without limitation, any and all objections to the validity or amount of any and all alleged Administrative Claims, Priority Tax Claims, Priority Claims, General Unsecured Claims, Intercompany Claims, Interest Related Claims, Interests, Liens and security interests, whether under the Bankruptcy Code, other applicable law or contract.

2. Objections to Claims

Prior to the Effective Date, the Debtors or any other party that filed such Claim objection shall be responsible for pursuing any objection to the allowance of any Claim. From and after the Effective Date, the Liquidating Trustee will retain responsibility for administering, disputing, objecting to, compromising or otherwise resolving and making Distributions, if any, with respect to all Claims subject to the other provisions of the Plan. Unless otherwise provided in the Plan or by order of the Bankruptcy Court, any objections to Claims by the Liquidating Trustee will be filed and served not later than 180 days after the Effective Date, provided that the Liquidating

Trustee may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based upon a reasonable exercise of his or her business judgment. A motion seeking to extend the deadline to object to any Claim shall not be deemed an amendment to the Plan. The Liquidating Trustee shall be substituted for the Debtors with respect to any objections pending as of the Effective Date.

3. Filing of Objections

An objection to a Claim or Interest shall be deemed properly served on the Holder of such Claim or Interest if the Debtors or Liquidating Trustee effects service in accordance with Bankruptcy Rule 3007.

4. Determination of Claims

Except as otherwise agreed by the Liquidating Trustee, any Claim as to which a Proof of Claim or motion or request for payment was timely filed in the Chapter 11 Cases may be determined and (so long as such determination has become a Final Order) liquidated pursuant to (i) an order of the Bankruptcy Court, (ii) applicable bankruptcy law, (iii) agreement of the parties, (iv) applicable non-bankruptcy law, or (v) the lack of (a) an objection to such Claim, (b) an application to equitably subordinate such Claim, and (c) an application to otherwise limit recovery with respect to such Claim, filed by the Debtors or the Liquidating Trustee on or prior to any applicable deadline for filing such objection or application with respect to such Claim. Any such Claim so determined and liquidated shall be deemed to be an Allowed Claim for such liquidated amount and shall be satisfied in accordance with the Plan. Nothing contained in this Article VIII.F shall constitute or be deemed a waiver of any claim, right or Cause of Action that the Debtors or the Liquidating Trustee may have against any Person in connection with or arising out of any Claim or Claims, including, without limitation, any rights under 28 U.S.C. § 157.

G. PROCEDURES FOR TREATING AND RESOLVING DISPUTED AND CONTINGENT CLAIMS

1. No Distributions Pending Allowance

No payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled, withdrawn, determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

2. Guaranty Claims Protocol

All Holders of Guaranty Claims as determined under the Guaranty Claims Protocol shall have an Allowed General Unsecured Claim in the amount determined pursuant to the Guaranty Claims Protocol.

The Guaranty Claims Protocol is designed to implement a verifiable and consistent methodology for Guaranty Claims that will reduce the expense of the claims resolution process and takes into account the legal rights of Holders of Guaranty Claims against the Debtors. It establishes the procedures for determining the amount of the Allowed Unsecured Claims that Holders of General Unsecured Claims will receive on account of Guaranty Claims held in

connection with guaranty, surety or indemnity obligations undertaken with respect to the Projects including, without limitation, loan payment guaranties and construction completion guaranties against one or more of the Debtors with respect to prepetition Project-level loans made to indirect non-debtor subsidiaries of the Debtors or joint ventures in which those subsidiaries have an interest in order to acquire, construct or otherwise finance a Project.

Under the Guaranty Claims Protocol, valuations and other determinations are to be made, to the extent practicable, by one third-party individual or firm selected jointly by the Debtors and the Committee and approved by the Bankruptcy Court (the “Third Party Expert”). Each Holder of a Guaranty Claim that timely files a Proof of Claim based upon a Guaranty Claim shall be deemed to have an Allowed Unsecured Claim as of the Petition Date in an amount to be determined by the Third Party Expert in accordance with the procedures and methodology set forth in the Guaranty Claims Protocol.

In determining the amount of an Allowed Unsecured Claim that is based on a loan payment guaranty claim, the Third Party Expert shall take into account, among other things, (a) the aggregate loan balance for the Project-level loan as of the Petition Date, (b) the aggregate value of the Project and other collateral or credit support securing the Project-level loan as of the Petition Date as determined by the Third Party Expert, and (c) all payments received on account of the Project-level loan from the Petition Date up to the effective date of the Plan.

Under the Guaranty Claims Protocol, where the Project-level loan relates to a Project where there was a sale, foreclosure, deed in lieu of foreclosure or other disposition of the Project prior to the Petition Date (a “Liquidated Project”) and the Holder retains a deficiency claim in a determined amount (e.g., deficiency judgment, stipulation or otherwise under applicable non-bankruptcy law), the Third Party Expert shall consider, among other things: (a) the amount of the deficiency claim, (b) the aggregate value of any other security for the Project-level loan as of the Petition Date, and (c) all payments received on account of the loan after the disposition up to and including the Effective Date of the Plan. Where the Guaranty Claim relates to a Liquidated Project and there is no deficiency claim (e.g., the claim has been waived, barred or is otherwise not enforceable under applicable bankruptcy or non-bankruptcy law), the Guaranty Claim shall be disallowed in full pursuant to the Guaranty Claims Protocol.

Under the Guaranty Claims Protocol, in determining the amount of an Allowed Unsecured Claim that is based on a construction completion guaranty claim, the Third Party Expert shall take into account, among other things: (a) all actual direct and indirect documented cost overruns not yet reimbursed, and (b) the estimated cost overruns not incurred or funded as of the Petition Date, if any, reasonably necessary to complete the Project as determined by the Third Party Expert.

Within a specified period of time after the appointment of the Third Party Expert, the Debtors shall send to each Holder of a Guaranty Claim a notice (a “Guaranty Claim Notice”), which sets forth the amount of the Allowed Unsecured Claim as determined in accordance with the Guaranty Claims Protocol together with an explanation of the application of the Guaranty Claims Protocol. If the Third Party Expert made an independent valuation or determination of the Guaranty Claim, an explanation of such valuation or determination shall be attached to the Guaranty Claims Notice. A Holder may dispute the amount of the Allowed Unsecured Claim as

set forth in the Guaranty Claims Notice by providing the Debtors and the Committee with the stated amount of its claim and all supporting documentation within a specified period of time after the date the Holder receives the Guaranty Claims Notice (the “Claims Objection Deadline”).

Following the applicable Claim Objection Deadline, the objecting Holder and the Debtors shall negotiate towards an agreement on the amount of the Allowed Unsecured Claim based on the Guaranty Claim. If the agreed-upon amount exceeds a certain percentage of the amount set forth in the Guaranty Claims Notice, then Bankruptcy Court approval of any settlement is required. If the objecting Holder and the Debtors cannot resolve the disputed amount within a specified period of time, they mutually may agree to extend the negotiating period (subject to Committee consent), or to submit to mediation. If the parties do not agree to mediation, or if mediation does not resolve their dispute, the matter shall be presented to the Bankruptcy Court for determination in accordance with the terms of the Guaranty Claims Protocol. Failure of the objecting Holder to participate in mediation once it has been agreed upon shall result in the Guaranty Claim being established in the amount set forth in the Guaranty Claims Notice. If any Allowed Unsecured Claim based on a Guaranty Claim is not determined as of the Effective Date of the Plan, it shall be treated as a Disputed Claim. The Fairfield Trust shall establish a reserve for Disputed Guaranty Claims until the amount of the Allowed Guaranty Claim is determined in accordance with the Guaranty Claims Protocol.

If any Holder of a Guaranty Claim fails to timely dispute the amount set forth in the Guaranty Claims Notice and provide the supporting documentation, then the Guaranty Claim shall be Allowed in the amount set forth in the Guaranty Claims Notice.

Following the earliest Claim Objection Deadline, the Debtors shall file with the Bankruptcy Court a list of all Allowed Guaranty Claims to date. Thereafter, the Debtors shall file a supplemental list with the Bankruptcy Court on a regular basis.

If the Effective Date of the Plan occurs before the Guaranty Claims Protocol process is completed, the Fairfield Trust shall be empowered to take over the Debtors’ actions, and the role of the Committee shall be continued by the Trust Oversight Committee.

3. Claim Estimation

The Debtors or the Liquidating Trustee may request estimation or liquidation of any Disputed Claim that is contingent or unliquidated pursuant to Bankruptcy Code section 502(c); provided, however, that the Bankruptcy Court shall determine (i) whether such Disputed Claim is subject to estimation pursuant to Bankruptcy Code section 502(c) and (ii) the timing and procedures for such estimation proceedings, if any.

H. SETOFFS AND RECOUPMENT

The Liquidating Trustee may, pursuant to Sections 502(d), 553 and 558 of the Bankruptcy Code or applicable non-bankruptcy law, but shall not be required to, setoff against or recoup from any Claim on which payments are to be made pursuant to the Plan, any claims or Causes of Action of any nature whatsoever the Debtors or their Estates may have against the Holder of such Claim; provided, however, that neither the failure to effect such offset or

recoupment nor the allowance of any Claim shall constitute a waiver or release by the Debtors of any setoff or recoupment the Debtors may have against the Holder of such Claim, nor of any other claim or Cause of Action.

I. ALLOWANCE AND DISALLOWANCE OF CLAIMS SUBJECT TO SECTION 502 OF THE BANKRUPTCY CODE

Allowance and disallowance of Claims shall be in all respects subject to the provisions of section 502 of the Bankruptcy Code, including, without limitation, subsections (b), (d), (e), (g), (h) and (i) thereof.

J. CANCELLATION OF INSTRUMENTS AND AGREEMENTS

Upon the occurrence of the Effective Date, except as otherwise provided herein, all promissory notes, shares, certificates, instruments, indentures, stock or agreements evidencing, giving rise to or governing any Claim or Interest shall be deemed canceled and annulled without further act or action under any applicable agreement, law, regulation, order or rule; the obligations of the Debtors under such promissory notes, share certificates, instruments, indentures or agreements shall be discharged and the Holders thereof shall have no rights against the Debtors, the Liquidating Trustee, the Estates or the Fairfield Trust; and such promissory notes, share certificates, instruments, indentures or agreements shall evidence no such rights, except the right to receive the distributions provided for in the Plan.

K. NO INTEREST ON CLAIMS

Unless otherwise specifically provided for in the Plan, the Confirmation Order or a post-petition agreement in writing between the Debtors and a Holder of a Claim ~~and~~ that has been approved by an order of the Bankruptcy Court, post-petition interest shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. In addition, and without limiting the foregoing, interest shall not accrue on or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim.

L. WITHHOLDING TAXES

The Liquidating Trustee shall be entitled to deduct any federal, state or local withholding taxes from any payments under the Plan. As a condition to making any distribution under the Plan, the Liquidating Trustee may require that the Holder of an Allowed Claim provide such Holder's taxpayer identification number and such other information and certification as the Liquidating Trustee may deem necessary to comply with applicable tax reporting and withholding laws.

M. REPORTS

From the Effective Date, until a Final Decree is entered, the Liquidating Trustee shall submit quarterly reports to the United States Trustee setting forth all receipts and disbursements of the Fairfield Trust as required by the United States Trustee guidelines.

ARTICLE IX.

EFFECT OF CONFIRMATION

A. VESTING OF ASSETS

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, the Reorganized Fairfield Assets shall be released from the custody and jurisdiction of the Bankruptcy Court, and all of Reorganized Fairfield Assets shall vest in Reorganized Fairfield free and clear of all Claims, Liens, encumbrances, charges and other interests, except as provided in the Plan. From and after the Effective Date, Reorganized Fairfield may operate its business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, subject to the terms and conditions of the Plan.

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, the Liquidating Assets shall be released from the custody and jurisdiction of the Bankruptcy Court, and all of the Liquidating Assets shall vest in the Fairfield Trust free and clear of all Claims, Liens, encumbrances, charges and other interests, except as provided in the Plan. From and after the Effective Date, the Fairfield Trust may operate its business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, subject to the terms and conditions of the Plan and the Liquidating Trust.

B. BINDING EFFECT

On and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Interest in, a Debtor and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan, whether or not such Holder has accepted the Plan and whether or not such Holder is entitled to a Distribution under the Plan.

C. DISCHARGE OF CLAIMS AND TERMINATION OF INTERESTS

Except as provided in the Plan, the rights afforded in and the payments and Distributions to be made under the Plan shall terminate all Interests and discharge all existing debts and Claims of any kind, nature or description whatsoever against or in the Debtors, or their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in the Plan, upon the Effective Date, all existing Claims against the Debtors and Interests shall be, and shall be deemed to be, discharged and terminated, and all holders of such Claims and Interests shall be precluded and enjoined from asserting against Reorganized Fairfield or the Fairfield Trust, their successors or assignees or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such Holder has filed a Proof of Claim or proof of interest and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date.

D. INJUNCTION

Except as otherwise expressly provided in the Plan or in the Confirmation Order, and except in connection with the enforcement of the terms of the Plan or any documents provided for or contemplated in the Plan, all entities who have held, hold or may hold Claims against or Interests in the Debtors or the Estates that arose prior to the Effective Date are permanently enjoined from: (a) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against any Protected Party or any property of any Protected Party with respect to any such Claim or Interest; (b) the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree or order against any Protected Party or any property of any Protected Party with respect to any such Claim or Interest; (c) creating, perfecting or enforcing, directly or indirectly, any lien or encumbrance of any kind against any Protected Party or any property of any Protected Party with respect to any such Claim or Interest; (d) effecting, directly or indirectly, any setoff or recoupment of any kind against any obligation due to any Protected Party or any property of any Protected Party with respect to any such Claim or Interest, unless approved by the Bankruptcy Court; and (e) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan with respect to such Claim or Interest. Nothing contained in this Article IX.A shall prohibit the Holder of a Claim or Interest with respect to which a Proof of Claim was timely filed from litigating its right to seek to have such Claim or Interest declared an Allowed Claim or Interest and paid in accordance with the distribution provisions of the Plan, or enjoin or prohibit the interpretation or enforcement by the Holder of such Claim or Interest of any of the obligations of the Debtors, the Liquidating Trustee or the Fairfield Trust under the Plan. The Confirmation Order shall also constitute an injunction enjoining any Person from enforcing or attempting to enforce any Causes of Action against any Protected Party or any property of any Protected Party based on, arising from or related to any failure to pay, or make provision for payment of, any amount payable with respect to any Priority Tax Claim on which the payments due under Article VIII.L herein have been made or are not yet due under Article VIII.L herein.

E. TERM OF INJUNCTIONS OR STAYS

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, the Plan or otherwise, and extant on the Confirmation Date, shall remain in full force and effect until the later of (i) entry of the Final Decree or (ii) the dissolution of the Fairfield Trust.

F. EXCULPATION AND RELEASES

None of the Protected Parties shall have or incur any liability for, and each Protected Party is hereby released from, any claim, Cause of Action or liability to any other Protected Party, to any Holder of a Claim or an Interest only in their capacity as such, for any act or omission taken in connection with, arising from or relating to the Chapter 11 Cases, the formulation, negotiation and/or pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan and/or the property to be distributed under the Plan, except for claims, Causes of Action or liabilities arising from

the Tax Election Claim, the gross negligence, willful misconduct or fraud of any Protected Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction and provided that any Protected Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan and such reasonable reliance shall form an absolute defense to any such claim, cause of action or liability. Without limiting the generality of the foregoing, each Protected Party shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code.

On the Effective Date, the Debtors, the Fairfield Trust, the Liquidating Trustee, Reorganized Fairfield, the Committee and each of its members only in their capacity as such, shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all claims and Causes of Action, including Avoidance Actions, which they have or may have against Capmark Finance and the Capmark Lenders, and their respective directors, officers, shareholders, agents, employees, attorneys, professionals and property in connection with, related to, or arising under the Capmark Facility.

Each party to which this section applies shall be deemed to have granted the releases set forth in this section notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any statute or common law principle, which would limit the effect of such releases to those claims or Causes of Action, including Avoidance Actions, actually known or suspected to exist at the time of execution of the release.

G. RESERVATION OF CAUSES OF ACTION/RESERVATION OF RIGHTS

Nothing contained in the Plan shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors or their Estates, Reorganized Fairfield or the Fairfield Trust may have or may choose to assert against any Person.

H. AVOIDANCE ACTIONS/OBJECTIONS

Other than any releases granted herein, by the Confirmation Order and by Final Order of the Bankruptcy Court, as applicable, from and after the Effective Date, the Liquidating Trustee shall have the right to prosecute any and all avoidance or equitable subordination actions, recovery causes of action and objections to Claims under sections 105, 502, 510, 542 through 551, and 553 of the Bankruptcy Code that belong to the Debtors or their Estates.

ARTICLE X.

CONDITIONS PRECEDENT

A. CONDITIONS PRECEDENT TO EFFECTIVE DATE

The Plan shall not become effective unless and until each of the following conditions shall have been satisfied in full in accordance with the provisions specified below:

- a. The Confirmation Order shall be in form and substance acceptable to the Debtors, the Capmark Lenders, the Committee and the New Money Investors in their absolute discretion;
- b. The Confirmation Order shall have been entered by the Bankruptcy Court and shall not be subject to any stay of effectiveness; the Confirmation Date shall have occurred and no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending;
- c. The appointment of the Liquidating Trustee shall have been approved by order of the Bankruptcy Court;
- d. The Liquidating Trust Agreement shall have been executed and all steps necessary to establish the Fairfield Trust in accordance with and pursuant to the terms of the Plan shall have occurred in a manner satisfactory to the Committee and Capmark;
- e. Reorganized Fairfield's reasonably projected expenses do not exceed its reasonably projected revenues;
- f. The aggregate amount of the cure Claims for the Executory Contracts included in the Newco Contracts Schedule to be paid by the Debtors ~~of~~for the Fairfield Trust shall not exceed \$200,000;
- g. A finding by the Bankruptcy Court that the value of the Liquidating Assets shall be less than the adjusted tax basis of the Liquidating Assets, all as determined as of the Effective Date for federal income tax purposes;
- h. The Asset Management Agreement and the Administration Agreement shall have been entered into and executed to become effective as of the Effective Date; and
- i. All necessary documents relating to the New Money Investment (including the Operating Agreement, any necessary employment agreements and the Asset Purchase Agreement) shall be executed and the Closing Payment shall have been made on or prior to the Effective Date.

B. REVOCATION, WITHDRAWAL OR NON-CONSUMMATION OF THE PLAN

If, after the Confirmation Order is entered, each of the conditions precedent to the Effective Date have not been satisfied or duly waived on or by ninety (90) days after the Confirmation Date, then upon motion by the Debtors, the Capmark Lenders or the Committee, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if each of the conditions precedent to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. A condition precedent to the Effective Date may only be waived by a writing executed by both the Debtors

and the Committee. If the Confirmation Order is vacated pursuant to this Article X.B, the Plan shall be null and void in all respects, and nothing contained in the Plan shall (i) constitute a waiver or release of any Claims against or Interests in the Debtors, (ii) prejudice in any manner the rights of the Holder of any Claim against or Interest in the Debtors, (iii) prejudice in any manner the rights of the Debtors in the Chapter 11 Cases, or (iv) constitute a release, indemnification or exculpation by the Debtors, the Estates or any other party pursuant to the Plan.

ARTICLE XI.

ADMINISTRATIVE PROVISIONS

A. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

The Plan shall not in any way limit the Bankruptcy Court's post-confirmation jurisdiction as provided under the Bankruptcy Code. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and have exclusive jurisdiction (to the extent granted by applicable law, including any provisions permitting mandatory or discretionary withdrawal of such jurisdiction) over any matter arising out of or related to the Chapter 11 Cases and the Plan, including, without limitation, the following:

- a. all matters relating to the assumption or rejection or the assumption and assignment of Executory Contracts, or Claims or disputes relating thereto;
- b. all matters relating to the ownership of a Claim or Interest;
- c. all matters relating to the distribution to holders of Allowed Claims and to the determination of Claims;
- d. any and all matters involving the Liquidating Trustee and/or the Fairfield Trust and the Trust Oversight Committee;
- e. all matters relating to or arising in connection with the allowance or estimation of Claims filed, both before and after the Confirmation Date, including any objections to the classification of any Claim;
- f. to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified and/or vacated;
- g. all matters relating to the construction and implementation of the Plan and the provisions thereof, and to hear and determine all requests for orders in aid of execution, implementation or consummation of the Plan;
- h. all matters relating to disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents or instruments executed in connection with the Plan;

- i. to consider any modifications of the Plan, to cure any defect or omission or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- j. all applications for allowance of compensation and reimbursement of Professional Fee Claims under Bankruptcy Code sections 328, 330, 331, 503(b), 1103 and 1129(a)(4);
- k. to hear and determine all motions requesting allowance of an Administrative Claim;
- l. to determine requests for the payment of Claims entitled to priority under section 507(a)(2) of the Bankruptcy Code, including compensation and reimbursement of expenses of parties entitled thereto;
- m. all Causes of Action, Avoidance Actions and other suits and adversary proceedings to recover assets for the Fairfield Trust, as successor-in-interest to any of the Debtors and property of the Estates, wherever located, and to adjudicate any and all other Causes of Action, Avoidance Actions, suits, adversary proceedings, motions, applications and contested matters that may be commenced or maintained pursuant to the Chapter 11 Cases or the Plan, proceedings to adjudicate the allowance of Disputed Claims, and all controversies and issues arising from or relating to any of the foregoing;
- n. all matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- o. any other matter not inconsistent with the Bankruptcy Code;
- p. all disputes involving the existence, nature or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
- q. to enter the Final Decree closing the Chapter 11 Cases; and
- r. to enforce all orders previously entered by the Bankruptcy Court.

B. PAYMENT OF STATUTORY FEES

All fees through the Effective Date pursuant to 28 U.S.C. § 1930 shall be paid on or before the Effective Date to the extent that an invoice for such fees has been provided to the Debtors prior to the Effective Date. All fees invoiced after the Effective Date pursuant to 28 U.S.C. § 1930 shall be paid by the Liquidating Trustee out of the Liquidating Assets.

C. HEADINGS

The headings of the articles, paragraphs and sections of the Plan are inserted for convenience only and shall not affect the interpretation hereof.

D. BINDING EFFECT OF PLAN

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against, or Interest in, the Debtors, the Estates, the Fairfield Trust and their respective successors or assigns, whether or not the Claim or Interest of such Holders is impaired under the Plan and whether or not such Holder has accepted the Plan. The rights, benefits and obligations of any entity named or referred to in the Plan, whose actions may be required to effectuate the terms of the Plan, shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign of such entity (including, without limitation, the Liquidating Trustee and any trustee appointed for the Debtors under chapters 7 or 11 of the Bankruptcy Code).

E. FINAL ORDER

Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtors after consultation with the Committee and [Capmark Finance and](#) upon written notice to the Bankruptcy Court, provided that the Effective Date shall occur within 48 hours of the effectiveness of such waiver. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

F. WITHHOLDING AND REPORTING REQUIREMENTS

In connection with the Plan and all instruments issued in connection herewith and distributions hereunder, the Liquidating Trustee shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements.

Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution. Any party issuing any instrument or making any Distribution under the Plan has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

G. TAX EXEMPTION AND EXPEDITED TAX DETERMINATION

Pursuant to section 1146 of the Bankruptcy Code, any transfers from a Debtor or the Fairfield Trust or any subsidiary thereof to any other Person or entity pursuant to the Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' or the Fairfield Trust's real or personal property, including, without limitation, the Projects, or the issuance, transfer or exchange of any security under the Plan, or the execution, delivery or recording of an instrument of transfer pursuant to, in implementation of or as contemplated by the Plan,

including, without limitation, any transfers to the Fairfield Trust or by the Liquidating Trustee of the Debtors' or the Fairfield Trust's property in implementation of or as contemplated by the Plan (including, without limitation, any subsequent transfers of property by the Liquidating Trustee) shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

The Debtors and Reorganized Fairfield are authorized to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for any or all returns filed for, on or behalf of, the Debtors for any or all taxable periods (or portions thereof) ending after the Petition Date through and including the Effective Date.

H. GOVERNING LAW

Except to the extent a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless specifically stated, the rights, duties and obligations arising under the Plan, any agreements, documents and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreements shall control), and, with respect to the Debtors incorporated or organized in Delaware and the Fairfield Trust, corporate and limited liability company governance matters shall be governed by, and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to conflicts of law principles.

I. CONTINUED CORPORATE EXISTENCE AND CORPORATE ACTION

Subject to the other provisions of the Plan, after the Effective Date, each Debtor shall continue to exist in accordance with the law in the jurisdiction in which it is incorporated or organized and pursuant to its certificate of incorporation and bylaws or other applicable organizational documents in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws or other applicable organizational documents are amended or restated under the Plan.

On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the directors of a Debtor or Reorganized Fairfield, as the case may be, shall be in effect from and after the Effective Date pursuant to the applicable general corporation law of the State of Delaware, without any requirement of further action by the directors of the Debtors or Reorganized Fairfield. On the Effective Date, or as soon thereafter as is practicable, Reorganized Fairfield shall, if required, file their amended articles of organization or certificates of incorporation, as the case may be, with the Secretary of State of Delaware, in accordance with the applicable general business law of such jurisdiction.

J. PLAN SUPPLEMENT

The Plan Supplement and the documents contained therein shall be in form, scope and substance satisfactory to the Debtors, the Committee and the Capmark Lenders (and, solely with respect to the New Money Investment and the New Money Definitive Documents (including, without limitation, the assumed liabilities schedule to the Asset Purchase Agreement), the New Money Investors) and shall be filed with the Bankruptcy Court no later than ten (10) Business Days before the deadline for voting to accept or reject the Plan, provided that the documents included therein may thereafter be amended and supplemented prior to execution, so long as no such amendment or supplement materially affects the rights of holders of Claims or Interests. The Plan Supplement and the documents contained therein are incorporated into and made a part of the Plan as if set forth in full herein.

K. SEVERABILITY

After the Effective Date, should the Bankruptcy Court or any other court of competent jurisdiction determine that any provision in the Plan is either illegal on its face or illegal as applied to any Claim, such provisions shall be unenforceable either as to all Holders of Claims or as to the Holder of such Claim as to which the provision is illegal, respectively. Such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

L. REVOCATION

The Debtors reserve the right to revoke and withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan, then the Plan shall be null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors, the Committee or any other Person or to prejudice in any manner the rights of the Debtors, the Committee or any Person in any further proceedings involving the Debtors, or be deemed an admission by the Debtors and/or the Committee.

M. SUBSTANTIAL CONSUMMATION

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

N. SUBSTANTIVE CONSOLIDATION

Based upon applicable law, the relevant facts and circumstances and the interrelationship among the Debtors, the Plan is structured and recoveries are, for all Debtors except for the Second Tier Subsidiaries, proposed to be calculated on a substantively consolidated basis. This structure reflects the view that the Debtors in essence were one company operated under the Fairfield name. The Debtors utilized extensive intercompany transactions by which cash was payable and receivable between the various Debtors, which is an indicia of the operations of a single enterprise. In addition, there was a commonality of corporate governance at each of the Debtors that are being consolidated. Further, owing to the extensive nature of the guarantee obligations, a significant amount of the Claims against the various Debtors will be duplicative. A material factor to consider is that under the substantively consolidated Plan as proposed,

holders of multiple Claims or Claims against one Debtor which are guaranteed by another Debtor will receive one Claim, not two or more Claims. If the Plan is not substantively consolidated, holders of Claims may be entitled to receive a recovery from multiple Debtors if there is a contractual or other basis for the assertion of liability against more than one Debtor. Such multiple recoveries would reduce the overall recovery rates for other creditors. Given the dollar amount of Claims which have been filed against the Debtors on such a basis, there is a material risk that recoveries on a stand-alone basis will be less than the recoveries on a substantively consolidated basis. While not a principal factor in the analysis to substantively consolidate the Debtors, consideration also was given to the increased cost of liquidating each of the Debtors separately due to the need to allocate receivables and costs among the Debtors, and conduct all reporting and distributions on a separate basis.

O. CONSTRUCTION

The rules of construction as set forth in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein.

P. CONFLICT

In the event and to the extent any provision of the Plan is inconsistent with any provision of this Disclosure Statement, the provisions of the Plan shall control and take precedence. The terms of the Confirmation Order shall govern in the event of any inconsistency with the Plan or the summary of the Plan set forth in this Disclosure Statement.

Q. AMENDMENTS AND MODIFICATIONS

The Debtors, the Capmark Lenders, the Committee and the New Money Investors jointly may agree to alter, amend or modify the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing. After the Confirmation Date and prior to “substantial consummation” (as such term is defined in section 1101(2) of the Bankruptcy Code) of the Plan, any Debtor, the Committee or the Liquidating Trustee may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, this Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan, by the filing of a motion on notice to those parties set forth in Bankruptcy Rule 2002, and the solicitation of all Creditors and other parties-in-interest shall not be required. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims or Interests.

R. NOTICES

Any notices required under the Plan or any notices or requests of the Debtors by parties in interest under or in connection with the Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable

overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

To the Debtors:

Fairfield Residential LLC
c/o Andrew Hinkelman
5510 Morehouse Drive, Suite 200
San Diego, CA 92121

With a copy to:

Richards, Layton & Finger, P.A.
Attn: Daniel J. DeFranceschi, Esq.
One Rodney Square
920 North King Street
Wilmington, DE 19801

Paul, Hastings, Janofsky & Walker, LLP
Attn: Kimberly D. Newmarch, Esq.
191 N. Wacker Dr., Suite 3000
Chicago, IL 60606

~~If to the Liquidating Trustee:~~

S. FILING OF ADDITIONAL DOCUMENTS

On or before substantial consummation of the Plan, and without the need for any further order or authority, the Debtors may file with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

T. DIRECTION TO A PARTY

From and after the Effective Date, the Debtors or the Liquidating Trustee may apply to the Bankruptcy Court for the entry of an order directing any Person to execute or deliver or to join in the execution or delivery of any instrument or document reasonably necessary or reasonably appropriate to effect a transfer of properties dealt with by the Plan, and to perform any other act (including the satisfaction of any lien or security interest) that is reasonably necessary or reasonably appropriate for the consummation of the Plan.

U. SUCCESSORS AND ASSIGNS

The rights, duties and obligations of any Person named or referred to in the Plan, including all Creditors, shall be binding on, and shall inure to the benefit of, the successors and assigns of such Person.

V. WAIVER OF SUBORDINATION

Notwithstanding any provision of the Plan to the contrary, all Holders of Claims shall be deemed to have waived any and all contractual subordination rights which they may have with respect to the distributions made pursuant to the Plan, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Holders of Claims from enforcing or attempting to enforce any such rights against any Person receiving distributions under the Plan.

ARTICLE XII.

CERTAIN FACTORS AFFECTING THE DEBTORS

A. CERTAIN BANKRUPTCY LAW CONSIDERATIONS

1. *Risk of Non-Confirmation of the Second Amended Joint Plan of Reorganization*

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. *Non-Consensual Confirmation*

In the event any impaired class of claims or equity interests does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired Classes. Because Classes 5.A, 5.B, 5.C, 5.D and 5.E (Intercompany Claims) and 6.A, 6.B, 6.C, 6.D and 6.E (Interests and Interest Related Claims) are deemed to reject the Plan, these requirements must be satisfied with respect to such Classes. The Debtors believe that the Plan satisfies these requirements.

3. *Risk of Delay in Confirmation of the Plan*

Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. In addition, as with any judicial proceeding, there are risks of unavoidable delay with a chapter 11 proceeding and there are risks of objections from certain stakeholders. Any material delay in the confirmation of the Plan, or the threat of rejection of the Plan by the Bankruptcy Court, would not only add substantial

expense and uncertainty to the process, but also would adversely affect the Debtors' operations during this period. Moreover, the mere filing of a "bankruptcy case," even, as is the case here, one pursuant to a pre-arranged plan has adverse effects on the business and operations of the Debtors.

B. ADDITIONAL FACTORS TO BE CONSIDERED

1. *The Debtors Have No Duty to Update*

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

2. *No Representations Outside This Disclosure Statement Are Authorized*

No representations concerning or related to the Debtors, the Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

3. *Projections and Other Forward-Looking Statements Are Not Assured, and Actual Results May Vary*

Certain of the information contained in this Disclosure Statement is, by nature, forward looking and contains estimates and assumptions which might ultimately prove to be incorrect and projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and the projections and estimates herein should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various Classes that might be allowed.

4. *The Amount of Claims Could Be More Than Projected*

The general Bar Date for filing proofs of Claim has not occurred. The Allowed amount of Claims in each class could be significantly more than projected, which in turn, could cause the value of distributions to be diluted substantially. If the Claims asserted against the Debtors exceed projections, it may reduce the value of distributions to the holders of Claims, if applicable.

5. *Debtors Could Withdraw the Plan*

Under the Plan, the Debtors could withdraw the Plan with respect to any Debtors and proceed with confirmation of the Plan with respect to any other Debtors.

6. No Legal or Tax Advice Is Provided to You by This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each creditor or equity interest holder should consult his, her or its own legal counsel and accountant as to legal, tax and other matters concerning his, her or its Claim or equity interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

7. No Admission Made

Nothing contained herein shall constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or on holders of Claims or Interests.

8. Even if the Plan is confirmed, the Debtors will continue to face risks

The Plan is generally designed to reduce the amount of the Debtors' indebtedness and cash interest expense and improve its liquidity as well as its financial and operational flexibility in order to generate long-term growth. Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in its industry and other expenses. Some of these concerns and effects typically become more acute when a chapter 11 case continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guaranty that the Plan will achieve its stated goals.

9. Business Factors and Competitive Conditions

a. General Economic Conditions

In their financial projections, the Debtors have assumed that the general economic conditions of the United States economy will improve over the next several years. The improvement of economic conditions is subject to many factors outside the Debtors' control, including interest rates, inflation, unemployment rates, consumer spending, war, terrorism and other such factors. Any one of these or other economic factors could have a significant impact on the operating performance of the Reorganized Debtors. There is no guaranty that economic conditions will improve, or remain stable, in the near term.

b. Business Factors

The Debtors believe that they will succeed in implementing and executing their business plan for the benefit of all constituencies. However, there are risks that the goals of the Debtors' going-forward business plan and operational strategies will not be achieved. In such event, the Debtors may be unable to refinance maturing term debt or be forced to sell all or parts of their business, develop and implement further restructuring plans not contemplated herein or become subject to further insolvency proceedings. Holders of Claims in Impaired Classes may receive

equity in Reorganized Fairfield under the Plan; however, in the event of further restructurings or insolvency proceedings, the equity interests of such persons could be substantially diluted or even canceled.

c. Other Factors

Other factors that holders of Claims should consider are potential regulatory and legal developments that may impact the Reorganized Debtors. Although these and other such factors are beyond the Debtors' control and cannot be determined in advance, they could have a significant impact on the Reorganized Debtors' operating performance.

10. Variances from Projections

The fundamental premise of the Plan is the reduction of the Debtors' debt levels and the implementation and realization of the Debtors' business plan, as reflected in the projections for Newco and the Fairfield Trust contained in this Disclosure Statement. Both sets of projections reflect numerous assumptions concerning the anticipated future performance of Reorganized Fairfield, some of which may not materialize. Such assumptions include, among other items, assumptions concerning the general economy and the real estate finance market, the ability to make necessary capital expenditures, the ability to establish market strength and the ability to control future operating expenses. The Debtors believe that the assumptions underlying the projections are reasonable. However, unanticipated events and circumstances occurring subsequent to the preparation of the projections may affect the actual financial results of Reorganized Fairfield. Therefore, the actual results achieved throughout the periods covered by the projections necessarily will vary from the projected results, and such variations may be material and adverse.

ARTICLE XIII.

CONFIRMATION OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. As set forth in the Disclosure Statement Order, the Bankruptcy Court has scheduled the confirmation hearing for April 22, 2010. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing.

Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or interests held or asserted by the objector against the Debtors' estate(s) or property, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon (i) counsel for the Debtors: Paul, Hastings, Janofsky & Walker LLP, 191 N. Wacker Drive, Chicago, Illinois 60606 (Attn: Kimberly D. Newmarch, Esq. – Tel: 312-499-6000) and Richards, Layton &

Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Daniel J. DeFranceschi, Esq. – Tel: 302-651-7700) and (ii) counsel for the Committee: Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, New York 10104 (Attn: Brett H. Miller, Esq. – Tel: 212-468-8051 and Melissa A. Hager, Esq. – Tel: 212-336-4324) and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: William E. Chipman, Jr., Esq. – Tel: 302-467-4400), so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on April 16, 2010.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. REQUIREMENTS FOR CONFIRMATION OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION

1. Requirements of Section 1129(a) of the Bankruptcy Code

a. General Requirements

At the confirmation hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The Debtors have complied with the applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means proscribed by law.
4. Any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
5. The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtors, an affiliate of the Debtors participating in a Plan with the Debtors or a successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the

Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors and the nature of any compensation for such insider.

6. With respect to each class of claims or equity interests, each holder of an impaired claim or impaired equity interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's claim or equity interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.
7. Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each class of claims or equity interests has either accepted the Plan or is not impaired under the Plan.
8. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that administrative expenses and priority claims other than priority tax claims will be paid in full on the Effective Date and that priority tax claims will receive on account of such claims deferred cash payments, over a period not exceeding six years after the date of assessment of such claims, of a value, as of the Effective Date, equal to the allowed amount of such claims.
9. At least one class of impaired claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim in such class.
10. Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of "Feasibility" below.
11. The Plan provides for the continuation after the Effective Date of payment of all "retiree benefits" (as defined in section 1114 of the Bankruptcy Code), at the level established pursuant to subsection 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits, if any.

b. Best Interests Test

Each Holder of a Claim or Interest in an Impaired Class must either (i) accept the Plan or (ii) receive or retain under the Plan Cash or property of a value, as of the Effective Date of the

Plan, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

To determine what holders of Claims and Interests of each impaired class would receive if the Debtors were liquidated, the Bankruptcy Court must determine the proceeds that would be generated from the liquidation of the properties and interests in property of the Debtors in a chapter 7 liquidation case. The proceeds that would be available for satisfaction of Claims and Interests would consist of the proceeds generated by disposition of the unencumbered equity in the properties and interests in property of the Debtors and the cash held by the Debtors at the time of the commencement of the liquidation case. Such proceeds would be reduced by the costs and expenses of the liquidation and by such additional administration and priority claims that may result from the termination of the business of the Debtors and the use of chapter 7 for the purposes of liquidation.

The costs of liquidation under chapter 7 of the Bankruptcy Code would include the fees payable to a trustee in bankruptcy, and the fees that would be payable to additional attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtors during the Chapter 11 Cases, such as compensation for attorneys, financial advisors, accountants and costs that are allowed in the chapter 7 case. In addition, Claims would arise by reason of the breach or rejection of obligations incurred and executory contracts entered into or assumed by the Debtors during the pendency of the Chapter 11 Cases.

The foregoing types of Claims and such other Claims which may arise in the liquidation cases or result from the pending Chapter 11 Cases would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay unsecured Claims arising on or before the Petition Date.

To determine if the Plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of the liquidation of the properties and interests in property of the Debtors (net of the amounts attributable to the aforesaid claims) is then compared with the present value offered to such classes of Claims and Interests under the Plan (the “Best Interests Test”).

In applying the Best Interests Test, it is possible that Claims and Interests in the chapter 7 cases may not be classified according to the seniority of such Claims and Interests as provided in the Plan. In the absence of a contrary determination by the Bankruptcy Court, all unsecured Claims arising on or before the Petition Date which have the same rights upon liquidation would be treated as one class for the purposes of determining the potential distribution of the liquidation proceeds resulting from the chapter 7 cases of the Debtors. The distributions from the liquidation proceeds would be calculated ratably according to the amount of the Claim held by each creditor. Therefore, creditors who claim to be third-party beneficiaries of any contractual subordination provisions might have to seek to enforce such contractual subordination provisions in the Bankruptcy Court or otherwise. The Debtors believe that the most likely outcome of liquidation proceedings under chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior creditor receives any distribution until all senior creditors are paid in full with interest, and no stockholder receives any distribution until all creditors are paid in full with interest.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the chapter 11 cases, including: (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee; (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the “forced sale” environment in which such a liquidation would likely occur; (iii) the adverse effects on the salability of business segments as a result of the likely departure of key employees and the loss of customers; and (iv) the substantial increases in claims which would be satisfied on a priority basis or on parity with creditors in the chapter 11 cases, the Debtors have determined that confirmation of the Plan will provide each holder of a Claim or Interest with a greater recovery than it would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code, as illustrated by the following charts:

Deconsolidated Low Liquidation Scenario Recovery Summary

	Total Claims	Secured / First Tier	Unsecured Deficiency	Recovery	% Recovery
Wachovia	\$ 18,168	\$ 18,168	\$ 15,110	\$ 3,265	18.0%
Capmark	79,510	79,510	39,357	41,058	51.6%
Unsecured Creditors ^{2 3}	1,558,972	-	1,558,972	21,462	1.4%

Deconsolidated High Liquidation Scenario Recovery Summary

	Total Claims	Secured / First Tier	Unsecured Deficiency	Recovery	% Recovery
Wachovia	\$ 18,168	\$ 18,168	\$ 12,936	\$ 5,565	30.6%
Capmark	79,510	79,510	18,850	62,519	78.6%
Unsecured Creditors ^{2 3}	1,134,714	-	1,134,714	29,297	2.6%

Plan Recovery Summary

	Total Claims	Secured / First Tier	Unsecured Deficiency	Recovery	% Recovery
Wachovia	\$ 18,168	\$ 18,168	\$ 11,890	\$ 7,380	40.6%
Capmark	79,510	-	79,510	79,510	100.0%
Unsecured Creditors	717,815	-	717,815	66,567	9.3%

² Excludes unsecured portion of the Capmark claim.

³ Represents the average unsecured creditor recovery among the Debtors. While actual recoveries may vary by Debtor entity, in a liquidation no unsecured creditors would receive an amount greater than that pursuant to the Plan.

The Debtors' liquidation analysis is attached hereto as Exhibit C.

c. Feasibility

The Bankruptcy Code requires a debtor to demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor unless so provided by the plan of reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their financial obligations as contemplated thereunder. These projections are based upon the assumption that the Plan will be confirmed by the Bankruptcy Court, and for projection purposes, that the Effective Date of the Plan and its substantial consummation will take place on April 30, 2010. The projections are included as Exhibit D attached hereto. Based upon the projections, the Debtors believe they will be able to make all payments required to be made pursuant to the Plan.

2. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by a class of claims or equity interests if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such class.

No Unfair Discrimination. This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair."

Fair and Equitable Test. This test applies to classes of different priority (e.g., unsecured versus secured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards, depending on the type of claims or interests in such class:

- *Unsecured Claims.* Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan of reorganization.
- *Equity Interests.* Either (i) each equity interest holder will receive or retain under the plan of reorganization property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the plan of reorganization.

The Debtors believe the Plan will satisfy both the "no unfair discrimination" requirement and the "fair and equitable" requirement, notwithstanding that Classes 5.A, 5.B, 5.C, 5.D and 5.E (Intercompany Claims) and Classes 6.A, 6.B, 6.C, 6.D and 6.E (Interests and Interest Related Claims) are deemed to reject the Plan, because as to such Classes, there is no class of equal

priority receiving more favorable treatment and no class that is junior to such a dissenting class will receive or retain any property on account of the claims or equity interests in such class.

ARTICLE XIV.

EXEMPTION FROM SECURITIES LAW

A. EXEMPTION FROM SECURITIES LAWS

The Plan contemplates the issuance of Membership Interests (collectively, the “1145 Securities”)⁴ to certain holders of Claims. In reliance upon section 1145 of the Bankruptcy Code, the offer and issuance of 1145 Securities will be exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), and equivalent provisions in state securities laws. Section 1145(a) of the Bankruptcy Code generally exempts from such registration requirements the issuance of securities if the following conditions are satisfied: (i) the securities are issued or sold under a chapter 11 plan by (a) a debtor, (b) one of its affiliates participating in a joint plan with the debtor or (c) a successor to a debtor under the plan and (ii) the securities are issued entirely in exchange for a claim against or interest in the debtor or such affiliate or are issued principally in such exchange and partly for cash or property. The Debtors believe that the exchange of 1145 Securities for Claims against the Debtors under the circumstances provided in the Plan (other than with respect to entities deemed statutory underwriters, as described below) will satisfy the requirements of section 1145(a) of the Bankruptcy Code.

The 1145 Securities to be issued pursuant to the Plan will be deemed to have been issued in a public offering under the Securities Act and, therefore, may be resold by any holder thereof without registration under the Securities Act pursuant to the exemption provided by section 4(1) thereof, unless the holder is an “underwriter” with respect to such securities, as that term is defined in section 1145(b)(1) of the Bankruptcy Code (a “statutory underwriter”) or an “affiliate” of the issuer within the meaning of the Securities Act. In addition, such securities generally may be resold by the holders thereof without registration under state securities or “blue sky” laws pursuant to various exemptions provided by the respective laws of the individual states. However, holders of securities issued under the Plan are advised to consult with their own counsel as to the availability of any such exemption from registration under federal securities laws and any relevant state securities laws in any given instance and as to any applicable requirements or conditions to the availability thereof.

Section 1145(b)(1) of the Bankruptcy Code defines “underwriter” for purposes of the Securities Act as one who (i) purchases a claim or interest with a view to distribution of any security to be received in exchange for the claim or interest, (ii) offers to sell securities offered or sold under a plan for the holders of such securities, (iii) offers to buy securities offered or sold under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution of such securities and under an agreement made in connection with the plan, with the

⁴ 1145 Securities shall not include securities received by underwriters in connection with the issuance of Membership Interests.

consummation of the plan or with the offer or sale of securities under the plan or (iv) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. The term “issuer” is defined in section 2(4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to section 2(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by or are under common control with an issuer of securities. “Control” (as defined in Rule 405 under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisors as to the availability of the exemption provided by Rule 144 or any other applicable exemption from registration.

Pursuant to no-action and interpretive guidance from the staff of the Securities and Exchange Commission (the “SEC”), an entity that is an “underwriter” pursuant to section 1145(b)(1) of the Bankruptcy Code, other than an “affiliate” of the issuer within the meaning of the Securities Act may nevertheless resell securities received under section 1145(a)(1) that are transferred in “ordinary trading transactions” made on a national securities exchange or in the over-the-counter markets, subject to the volume limitations contained in Rule 144 under the Securities Act. Persons that receive Membership Interests should note, however, that the Debtors and Reorganized Fairfield do not currently intend to list the Membership Interests on any exchange. What constitutes “ordinary trading transactions” within the meaning of section 1145 of the Bankruptcy Code is the subject of interpretive letters by the staff of the SEC. Generally, ordinary trading transactions are those that do not involve (i) concerted activity by recipients of securities under a plan of reorganization, or by distributors acting on their behalf, in connection with the sale of such securities, (ii) use of informational documents in connection with the sale other than the disclosure statement relating to the plan, any amendments thereto and reports filed by the issuer with the SEC under the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”) or (iii) payment of special compensation to brokers or dealers in connection with the sale.

Resales by persons that receive 1145 Securities pursuant to the Plan who are “affiliates” of the issuer within the meaning of the Securities Act may be made without registration under the Securities Act by complying with the conditions contained in Rule 144, except for the holding period requirement of Rule 144(d). These conditions include the requirement that there be available current public information with respect to the issuer, a limitation as to the amount of securities that may be sold in any three-month period, the requirement that the securities be sold in a “brokers transaction,” in a transaction directly with a “market maker” or in a “riskless principal transaction” and that notice of the resale be filed with the SEC. The Debtors cannot assure, however, that adequate current public information will exist with respect to Reorganized Fairfield, and therefore the safe harbor provisions of Rule 144 of the Securities Act may not be available. In addition, the Debtors and Reorganized Fairfield do not currently intend to list the Membership Interests on any exchange, and therefore the requirement that the securities be sold in a “brokers transaction,” in a transaction directly with a “market maker” or in a “riskless principal transaction” may not be able to be satisfied and the safe harbor provisions of Rule 144 of the Securities Act may not be available for “affiliates.”

Pursuant to the Plan, certificates evidencing Membership Interests received by Restricted Holders or by a holder that the Debtors determine is an underwriter within the meaning of section 1145 of the Bankruptcy Code will bear a legend substantially in the form below:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

Any Person entitled to receive Membership Interests who the Debtors or Reorganized Fairfield determine to be a statutory underwriter that would otherwise receive legended securities as provided above, may instead receive certificates evidencing Membership Interests without such legend if, prior to the distribution of such securities, such person or entity delivers to the Debtors or Reorganized Fairfield, as the case may be, (i) an opinion of counsel reasonably satisfactory to the Debtors or Reorganized Fairfield, as the case may be, to the effect that the Membership Interests to be received by such person or entity are not subject to the restrictions applicable to “underwriters” under section 1145 of the Bankruptcy Code and may be sold without registration under the Securities Act and (ii) a certification that such person or entity is not an “underwriter” within the meaning of section 1145 of the Bankruptcy Code.

Any holder of a certificate evidencing 1145 Securities bearing such legend may present such certificate to the transfer agent for the 1145 Securities in exchange for one or more new certificates not bearing such legend or for transfer to a new holder without such legend at such time as (i) such securities are sold pursuant to an effective registration statement under the Securities Act, (ii) such holder delivers to the Debtors or Reorganized Fairfield, as the case may be, an opinion of counsel reasonably satisfactory to the Debtors or Reorganized Fairfield to the effect that such securities are no longer subject to the restrictions applicable to “underwriters” under section 1145 of the Bankruptcy Code or (iii) such holder delivers to the Debtors or Reorganized Fairfield, as the case may be, an opinion of counsel reasonably satisfactory to the Debtors or Reorganized Fairfield to the effect that (x) such securities are no longer subject to the restrictions under the Securities Act and such securities may be sold without registration under the Securities Act or (y) such transfer is exempt from registration under the Securities Act and such securities may be sold without registration under the Securities Act, in which event the certificate issued to the transferee shall not bear such legend.

IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A RECIPIENT OF SECURITIES MAY BE AN UNDERWRITER OR AN AFFILIATE OF REORGANIZED FAIRFIELD, THE DEBTORS MAKES NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SECURITIES TO BE DISTRIBUTED PURSUANT TO THE PLAN. ACCORDINGLY, THE DEBTORS RECOMMENDS THAT POTENTIAL RECIPIENTS OF SECURITIES CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH

SECURITIES AND COMPLIANCE WITH THE FEDERAL AND STATE SECURITIES LAWS.

B. NEW MONEY INVESTMENT AND MANAGEMENT INVESTMENT

The Plan also contemplates that (i) Newco will acquire a New Money Investment on terms mutually agreed to by senior management of Newco and the new Money Investors and consistent with the New Money Definitive Documents and (ii) Management will make the Management Investment (collectively, the “New Investment”). The Debtors believe that any Membership Interests issued pursuant to the New Investment as provided under the Plan will be exempt from the registration requirements of the Securities Act, pursuant to section 4(2) of the Securities Act and Regulation D promulgated thereunder, as transactions by an issuer not involving any public offering, and equivalent exemptions in state securities laws. Thus, the Membership Interests being issued in the New Investment are “restricted securities” within the meaning of Rule 144 under the Securities Act and accordingly may not be offered, sold, resold, pledged, delivered, allotted or otherwise transferred except in transactions that are exempt from, or in transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Membership Interests issued in the new Investment shall bear a legend restricting their transferability until no longer required under applicable requirements of the Securities Act and state securities laws.

The Holders of Membership Interests issued under the Plan shall also be restricted from trading such Membership Interests as provided in the Operating Agreement.

ARTICLE XV.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE SECOND AMENDED JOINT PLAN OF REORGANIZATION

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtors under chapter 7 of the Bankruptcy Code and (ii) an alternative chapter 11 plan of reorganization.

A. LIQUIDATION UNDER CHAPTER 7

If no plan can be confirmed, the Debtors’ chapter 11 cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for in the Plan because of (i) the likelihood that the assets of the Debtors would have to be sold or otherwise disposed of in a less orderly fashion over a shorter period of time, (ii) additional administrative expenses involved in the appointment of a trustee and (iii) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors’ operations.

B. ALTERNATIVE PLAN OF REORGANIZATION

If the Plan is not confirmed, the Debtors (or if the Debtors' exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different chapter 11 plan of reorganization. Such a plan of reorganization might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of their assets under chapter 11. With respect to an alternative plan, the Debtors have explored various alternatives in connection with the formulation and development of the Plan. The Debtors believe that the Plan, as described herein, enables creditors and equity holders to realize the most value under the circumstances. In a liquidation under chapter 11, the Debtors' assets would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, possibly resulting in somewhat greater (but indeterminate) recoveries than would be obtained in chapter 7. Further, if a trustee were not appointed, because such appointment is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than those incurred in a chapter 7 case. Although preferable to a chapter 7 liquidation, the Debtors believe that any alternative liquidation under chapter 11 is a much less attractive alternative to creditors and equity holders than the Plan because of the greater return provided by the Plan.

ARTICLE XVI.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain federal income tax consequences of the implementation of the Plan to the Debtors and certain holders of Claims. The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions and published administrative rules and pronouncements of the ~~Internal Revenue Service (the "IRS")~~ [IRS](#), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below. In addition, this summary does not address foreign, state or local tax consequences of the Plan or federal taxes other than income taxes. Furthermore, the federal income tax consequences of the Plan are complex and subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt.

Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances of a holder of a Claim or equity interest.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims and Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) holders of Claims and Interests should seek advice based on their particular circumstances from an independent tax advisor.

A. TAX STATUS OF DEBTORS

Prior to May 31, 2009, Fairfield was treated as a partnership for federal income tax purposes. As of May 31, 2009, Fairfield elected to be treated as a corporation for federal income tax purposes. As a result, for federal income tax purposes, the Debtors are currently either (i) members of an affiliated group of corporations of which Fairfield is the common parent, (ii) disregarded entities, not treated as separate from Fairfield for federal income tax purposes, or (iii) partnerships for federal income purposes, the income, losses, credits and deductions of which are taken into account by Fairfield (collectively, the “Fairfield Residential Group”). The Debtors estimate that as of December 31, 2009, the Fairfield Residential Group will have consolidated net operating loss carryforwards (“NOLs”) of approximately \$=14.9 million.

B. CONSEQUENCES TO THE DEBTORS

1. Gain or Loss Pursuant to the Plan

In general, if a debtor conveys appreciated (or depreciated) property (i.e., property having an adjusted tax basis less (or greater) than its fair market value) to a creditor in cancellation of recourse debt, the debtor must recognize taxable gain or loss (which may be ordinary income or loss, capital gain or loss, or a combination of each) equal to the excess or shortfall, respectively, of such fair market value over the debtor’s adjusted tax basis in such property. To the extent that the Debtors recognize a net gain from such conveyances, such gain may be offset by operating losses from the current year or the Debtor’s NOLs and/or capital loss carryforwards from prior years. The Debtors may, however, recognize some alternative minimum tax as a result of asset sales if the gain from such sale is offset by NOLs and/or capital loss carryforwards, and not by operating losses from the current tax year. Any resulting tax will be payable by the Debtors. However, the Debtors expect not to have any federal income tax liability with respect to their taxable years ending December 31, 2009 or their taxable years beginning January 1, 2010 and ending with the date on which the Distributions pursuant to the Plan will be made.

2. Cancellation of Indebtedness Income

Pursuant to the Plan, the Debtors’ aggregate outstanding indebtedness will be substantially reduced. In general, the discharge of a debt obligation for cash and property having a value less than the amount owed gives rise to cancellation of debt (“COD”) income which must be included in the debtor’s taxable income unless one of various exceptions applies. One such exception is for COD income arising in a bankruptcy proceeding. Under this exception, the taxpayer does not include the COD income in its taxable income, but must instead reduce the following tax attributes, in the following order, by the amount of COD income: (i) NOLs (beginning with NOLs for the year of the COD income, then the oldest and then next-to-oldest NOLs, and so on), (ii) general business credits, (iii) alternative minimum tax credits, (iii) capital losses, (iv) tax basis of assets (but not below the liabilities remaining after debt cancellation), (v) passive activity losses, and (vi) foreign tax credits. Alternatively, a debtor may elect to first reduce the basis of its depreciable and amortizable property. The debtor’s tax attributes are not reduced until after determination of the debtor’s tax liability for the year of the COD income. Any COD income in excess of available tax attributes is forgiven. The Debtors expect to have

COD income that exceeds their available tax attributes and thus it is expected that a portion of the COD income will be forgiven.

C. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS

The following discussion is a summary and does not address all of the tax consequences that may be relevant to holders. Among other things, this summary does not address the U.S. federal income tax consequences of the Plan to holders whose Claims are not Impaired or who are otherwise entitled to payment in full in Cash under the Plan (*e.g.*, Administrative Expense Claims, and certain Priority Claims). In addition, this summary does not address foreign, state or local tax consequences of the Plan or federal taxes other than income taxes, nor does this discussion address the income tax consequences of the Plan to special classes of taxpayers (such as broker-dealers, banks, mutual funds, insurance companies, other financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, persons holding an interest as part of an integrated constructive sale or straddle, persons whose Claims are not held as a capital asset and investors in pass-through entities that hold Claims or interests). This summary also does not address tax consequences to secondary purchasers of Membership Interests. Finally, this summary does not discuss the tax consequences of the Plan to holders that are Non-U.S. persons. A “Non-U.S. person” is any person or entity (other than a partnership) that is not a U.S. person. For purposes of this discussion, a “U.S. person” is:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

The tax treatment of a partner (or other owner) of a partnership (or other pass-through entity) generally will depend upon the status of the partner or owner and the activities of the partnership or other entity. U.S. persons who are owners of a partnership or other pass-through entity that hold Claims or interests should consult their tax advisors regarding the tax consequences of the Plan.

Unless otherwise noted below, the term “Holder” shall mean a holder of a Claim that is a U.S. person. The federal income tax consequences of the Plan to Holders of Claims will depend upon, among other things, (1) the manner in which a Holder acquired its Claim; (2) the length of time the Claim was held; (3) whether the Claim was acquired at a discount; (4) whether the Holder has claimed a bad debt deduction with respect to the Claim (or any portion thereof); (5)

whether the Holder has previously included in income accrued but unpaid interest on the Claim; (6) the method of tax accounting used by the Holder; (7) whether the Claim is an installment obligation for federal income tax purposes; and (8) whether the Claim is a “security” for federal income tax purposes.

The term “security” is not defined in the Tax Code or applicable Treasury Regulations. The determination of whether a particular debt constitutes a “security” generally depends on an overall evaluation of the nature of the original debt. One of the most significant factors is the original term of the debt. In general, debt obligations issued with a weighted average maturity at issuance of five years or less (*e.g.*, trade debt and revolving credit obligations) do not constitute securities, whereas debt obligations with a weighted average maturity at issuance of ten years or more constitute securities. Holders of Claims should consult their tax advisors as whether their Claims would be treated as “securities” for federal income tax purposes.

Holders of Claims may be entitled to a bad debt deduction, either in the taxable year of the Effective Date or a prior taxable year, with respect to their Claims, to the extent permitted under the Holder’s method of accounting. Holders should consult their tax advisors with respect to the availability of a bad debt deduction.

Pursuant to and in accordance with the Plan, Holders of General Unsecured Claims will, for federal income tax purposes, be treated as receiving the Liquidating Assets in exchange for their Claims, and will be treated as transferring the Liquidating Assets to the Fairfield Trust as a capital contribution, as discussed in further detail below.

1. Exchange of General Unsecured Claims for Cash and/or Liquidating Assets

Pursuant to and in accordance with the Plan, Holders of General Unsecured Claims will exchange their General Unsecured Claims for the Liquidating Assets. The exchange of General Unsecured Claims for the Liquidating Assets should be bifurcated on the basis of the amount of Cash included in the Liquidating Assets on the one hand and the fair market value of the exchanged Liquidating Assets on the other hand. Consequently, a Holder should be considered to have exchanged a portion of its General Unsecured Claims for an amount of Cash included in the Liquidating Assets and should be considered to have exchanged the remaining portion of its General Unsecured Claims for the remaining Liquidating Assets.

Subject to the discussion regarding a recapitalization below, if the transactions proposed by the Plan become effective, a Holder should recognize gain or loss upon the exchange of General Unsecured Claims for the Liquidating Assets (other than amounts received attributable to accrued interest, which will be taxed as such). The amount of the gain (or loss) should equal the amount by which (1) the sum of the amount of Cash received, if any, and the fair market value of the remaining Liquidating Assets exceeds (or is less than) (2) the Holder’s adjusted tax basis in the General Unsecured Claims. A Holder’s adjusted tax basis in the General Unsecured Claims generally equals the amount paid therefore, increased by the amount of any market discount previously taken into account by the Holder, reduced by the amount of any amortizable bond premium previously amortized by the Holder with respect to the General Unsecured Claims, and further reduced by any amount for which the Holder has already taken a tax deduction based on the worthlessness or uncollectibility of the General Unsecured Claim.

Subject to the application of the market discount rules, as discussed below, any gain or loss recognized on the exchange will be capital gain or loss. If a Holder has held its General Unsecured Claim for more than one year at the time of the exchange, such capital gain or loss will be long-term capital gain or loss. If a Holder has held its General Unsecured Claim for one year or less, such capital gain or loss will be short-term capital gain or loss. The deductibility of capital losses is subject to limitations. A Holder's basis in the Liquidating Assets will generally equal their fair market value at the time of the exchange.

If a Holder acquired the General Unsecured Claims with market discount, any gain recognized by the Holder on the exchange will be treated as ordinary income to the extent of the portion of the market discount that has accrued while such General Unsecured Claims were held by the Holder, unless the Holder has elected to include market discount in income currently as it accrues.

The exchange of securities for stock in a corporation should be treated as a recapitalization for federal income tax purposes. Therefore, to the extent Holders exchange General Unsecured Claims, if such General Unsecured Claims constitute securities, for stock in a corporation (*e.g.*, FF Development Inc. and Fairview Homes Inc.), the exchange of General Unsecured Claims for Liquidating Assets should not result in a taxable disposition of General Unsecured Claims. To the extent the exchange is treated as a recapitalization, a Holder's tax basis in the Liquidating Assets that constitute stock in a corporation will equal such portion of the Holder's aggregated adjusted tax basis in its General Unsecured Claims as the fair market value of the stock in the corporations bear to the fair market value of all Liquidating Assets received by the Holder, and, in general, the Holder's holding period for the stock in the corporations will include the Holder's holding period for the General Unsecured Claims.

Under Section 721 of the Tax Code, generally no gain or loss is recognized if property is transferred to an entity that is a partnership for federal income tax purposes by one or more persons in exchange for an interest in such partnership. As noted above, Holders of General Unsecured Claims are treated as receiving the Liquidating Assets and transferring them to the Fairfield Trust. The Liquidating Assets considered to be exchanged for an interest in Fairfield Trust should constitute property for purposes of Section 721 of the Tax Code. It is expected that the Fairfield Trust will treat itself as a partnership for federal income tax purposes. As a result, under Section 721 of the Tax Code, a Holder generally should not recognize any gain or loss on the transfer of the Liquidating Assets to Fairfield Trust in exchange for an interest in Fairfield Trust. A Holder's holding period for the interest in the Fairfield Trust will include the Holder's holding period for the Liquidating Assets.

In general, a Holder's initial aggregate tax basis in its interest in Fairfield Trust will equal the Holder's aggregate adjusted tax basis in the Liquidating Assets considered to be exchanged for an interest in Fairfield Trust plus the Holder's share (as determined for federal income tax purposes), if any, of liabilities of the Fairfield Trust. Fairfield Trust's aggregate tax basis in the Liquidating Assets will equal the Holder's aggregate adjusted tax basis in the Liquidating Assets. If, at the time a Holder transfers Liquidating Assets in exchange for an interest in Fairfield Trust, the fair market value of such Liquidating Assets exceeds or is less than such Holder's tax basis for such Liquidating Assets (*e.g.*, as a result of the exchange of General Unsecured Claims for the Liquidating Assets being treated as a recapitalization for federal income tax purposes, as

described above), any excess will be a “Built-in Gain” and any shortfall will be a “Built-in Loss” for purposes of Section 704(c) of the Tax Code. If Fairfield Trust later disposes of such Holder’s portion of the Liquidating Assets in a transaction in which gain or loss is recognized, Section 704(c) of the Tax Code will generally require that such gain or loss be allocated to such Holder to the extent of the Built-in Gain or Built-in Loss.

2. Distributions in Discharge of Accrued but Unpaid Interest

Pursuant to the Plan, Distributions in respect of any Claim will be allocated first to the principal amount of such Claim, as determined for federal income tax purposes and, thereafter, to the extent the consideration exceeds such amount, to any portion of such Claim representing accrued but unpaid interest. However, there is no assurance that such allocation would be respected by the IRS for federal income tax purposes. Accordingly, the extent to which any amounts received by Holders of General Unsecured Claims will be allocated to any accrued but unpaid interest for federal income tax purposes is unclear.

In general, to the extent that any amount received by a Holder of a General Unsecured Claim (whether Liquidating Assets, or other consideration) is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the Holder as interest income (if not previously included in the Holder’s gross income). Conversely, a Holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and was not paid in full.

3. Ownership and Disposition of Interests in the Fairfield Trust

As an entity classified as a partnership for federal income tax purposes, the Fairfield Trust itself will not be subject to federal income tax.

Holders of an interest in the Fairfield Trust will be taxed on their respective distributive shares of the Fairfield Trust’s income, gain (including gain that may be treated as ordinary income under Section 108(e)(7) of the Tax Code as further discussed below), loss, deductions and credits for the taxable year of the Fairfield Trust ending within or with the taxable year of the Holder, without regard to whether the Holder actually receives any distribution of money or property from the Fairfield Trust. Accordingly, a Holder’s taxable income or tax liability related to the Fairfield Trust could exceed amounts distributed by the Fairfield Trust to the Holder in a particular year. The Fairfield Trust’s taxable year will be determined in accordance with the requirements of the Tax Code, and will not necessarily be the calendar year. Holders will be required to treat Fairfield Trust’s tax items consistently with their treatment on the information tax returns filed by the Fairfield Trust.

The Fairfield Trust will determine its taxable income or loss on an annual basis, and will make allocations of such taxable income and loss to the Holders, in accordance with the Liquidating Trust Agreement. In general, the Fairfield Trust’s tax allocations will be respected for federal income tax purposes if they have “substantial economic effect” or are determined to be in accordance with the respective interests in the Fairfield Trust.

Any Cash distributed by the Fairfield Trust in excess of the Holder’s adjusted tax basis in its interest in the Fairfield Trust generally will be treated as gain from the sale or exchange of the

Holder's partnership interest (as further discussed below). A Holder's tax basis in its partnership interest will be adjusted as required under the Tax Code to give effect on an ongoing basis to the Holder's share of the Fairfield Trust's tax items, distributions and liabilities. The rules governing basis adjustments and the taxation of distributions are complex, and investors are urged to consult with their own tax advisors concerning these rules.

Subject to the discussion below of Sections 751 and 108(e)(7) of the Tax Code, a Holder who sells its interest in the Fairfield Trust typically will recognize taxable gain or loss based upon the difference between the Holder's "amount realized" (as determined for federal income tax purposes) and the Holder's adjusted tax basis in such interest. A Holder's "amount realized" generally will include both the fair market value of the consideration received and the Holder's allocable share (as determined for tax purposes) of liabilities, if any, of the Fairfield Trust. Gain or loss from sale of an interest in the Fairfield Trust would generally be treated as capital gain or loss. If a Holder has held its interest in the Fairfield Trust for more than one year at the time of disposition, such capital gain or loss will be long-term capital gain or loss. If a Holder has held its interest in the Fairfield Trust for one year or less, such capital gain or loss will be short-term capital gain or loss. The deductibility of capital losses is subject to limitations.

Notwithstanding the general rule, under Section 751 of the Tax Code, a Holder may recognize ordinary income or loss on a sale of its interest in the Fairfield Trust to the extent of such Holder's interest in any "unrealized receivables" or "inventory items" of the Fairfield Trust as defined for federal income tax purposes. In addition, under Section 108(e)(7) of the Tax Code, to the extent General Unsecured Claims are exchanged for Liquidating Assets that are, as determined for federal income tax purposes, either stock of a Debtor or partnership interests of a Debtor (under Treasury Regulations to be issued in the future), under Section 108(e)(7) of the Tax Code, a portion of a Holder's distributive share of Fairfield Trust's gain or any gain recognized by a Holder on a sale of its interest in the Fairfield Trust may be treated as ordinary income for federal income tax purposes to the extent of (i) any bad debt deductions (or additions to a bad debt reserve) claimed with respect to the General Unsecured Claim for which such interest in the Liquidating Assets was received and any ordinary loss deductions incurred upon satisfaction of the General Unsecured Claim, less any income (other than interest income) recognized by the Holder upon satisfaction of the General Unsecured Claim and (ii) with respect to a cash basis Holder, any amount that would have been included in its gross income if the Holder's General Unsecured Claim had been satisfied in full but that was not included by reason of the cash method of accounting.

D. INFORMATION REPORTING AND WITHHOLDING

Distributions under the Plan are subject to applicable tax reporting and withholding. Under federal income tax law, interest, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding" at then applicable rates (currently 28%). Backup withholding generally applies if the Holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN it provided is correct and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in

an overpayment of tax, provided the required information is timely provided to the IRS. Certain persons are exempt from backup withholding, including, in most circumstances, corporations and financial institutions.

Treasury Regulations generally require a taxpayer to disclose certain transactions on its federal income tax return, including, among others, certain transactions that result in a taxpayer claiming a loss in excess of a specified threshold. Holders are urged to consult their tax advisors as to whether the transactions contemplated by the Plan would be subject to these or other disclosure or information reporting requirements.

The foregoing summary is provided for informational purposes only. Holders of Claims are urged to consult their tax advisors concerning the federal, state, local and foreign tax consequences of the Plan.

ARTICLE XVII.

DEFINITIONS AND INTERPRETATION

A. DEFINITIONS

Unless otherwise provided in the Plan, all terms used herein shall have the meanings assigned to such terms in the Bankruptcy Code or the Bankruptcy Rules. For the purposes of the Plan, the following terms (which appear in this Disclosure Statement in capitalized form) shall have the meanings set forth below, and such meanings shall be equally applicable to the singular and to the plural form of the terms defined, unless the context otherwise requires.

1. **“ACH”** shall mean an automated clearing house transaction through a domestic bank.

2. **“Administrative Budget”** shall mean (i) the initial budget for the period from the Effective Date to December 31, 2010, setting forth in reasonable detail the anticipated Post-Confirmation Expenses of the Fairfield Trust, as prepared by the Liquidating Trustee and approved by the Trust Oversight Committee pursuant to Article IV.O of the Plan; and (ii) any budget for a subsequent six-month period, setting forth in reasonable detail the anticipated Post-Confirmation Expenses of the Fairfield Trust, together with any amendments or modifications thereto, as prepared by the Liquidating Trustee and approved by the Trust Oversight Committee pursuant to Article IV.O of the Plan.

3. **“Administrative Claim”** shall mean any Claim for costs and expenses of administration of these Chapter 11 Cases incurred during the period up to and including the Effective Date with priority under Bankruptcy Code section 507(a)(2), including, without limitation, costs and expenses allowed under Bankruptcy Code section 503(b), the actual and necessary costs and expenses of preserving the Estates of the Debtors, any Claim arising under Bankruptcy Code section 503(b)(9) with respect to which an Administrative Expense Request was filed on or prior to the Bar Date established for Claims or the Administrative Expense Request Deadline, as applicable, any claim relating to the right of reclamation to the extent afforded such priority under the Bankruptcy Code, any Professional Fee Claims, and any fees or

charges assessed against the Estates of the Debtors under 28 U.S.C. § 1930.

4. **“Administrative Expense Request”** shall mean a request or motion for allowance and/or payment of an Administrative Claim.

5. **“Administrative Expense Request Deadline”** shall mean the date set by the Confirmation Order as the deadline for filing Administrative Expense Requests for Administrative Claims (excluding Professional Fee Claims) that are not subject to the Bar Date Order, which deadline shall be thirty (30) days after the Effective Date unless otherwise ordered by the Bankruptcy Court.

6. **“Administration Agreement”** shall mean the Administration Agreement between the Administrator, the Fairfield Trust and Newco included in the Plan Supplement as Exhibit A.

7. **“Administrator”** shall have the meaning set forth in the Plan Supplement.

8. **“Affiliate”** has the meaning set forth at section 101(2) of the Bankruptcy Code.

9. **“Allowed Claim”** or **“Allowed Interest”** shall mean, respectively, a Claim or Interest that: (a) has been allowed by a Final Order of the Bankruptcy Court; (b) has been Scheduled, other than a Claim that is scheduled as disputed, contingent or unliquidated; (c) is the subject of a timely Proof of Claim that has been filed as of the relevant Bar Date and no objection thereto, or motion or proceeding to subordinate, disallow or otherwise limit recovery, has been filed; or (d) has been allowed in accordance with the Guaranty Claims Protocol. An Allowed Claim shall not include interest on the amount of any Claim except (i) with respect to an Allowed Claim filed pursuant to Bankruptcy Code section 506(b), (ii) as specifically provided in the Plan, (iii) as contemplated and allowed in accordance with the Guaranty Claims Protocol, or (iv) as provided by Final Order of the Bankruptcy Court. If the Debtors, the Committee, the Trust Oversight Committee or the Liquidating Trustee shall object to any Claim in accordance with section 502(d) of the Bankruptcy Code, such Claim shall not be an Allowed Claim until the avoidable transfer is returned, a Final Order has been entered that no avoidable transfer exists, or an agreement or settlement is reached that is approved by the Bankruptcy Court or pursuant to provisions in the Plan.

10. **“Allowed [_____] Claim”** or **“Allowed [_____] Interest”** shall mean an Allowed Claim or Allowed Interest, as the case may be, of a specified Class or an Allowed Claim that is an Administrative Claim, Priority Tax Claim, Priority Claim, General Unsecured Claim, Convenience Class Claim or Interest Related Claim, as the case may be.

11. **“Alternative Transaction”** means a transaction or series of related transactions involving an equity or debt investment or sale of all or substantially all of Fairfield’s assets that is approved by the Bankruptcy Court as a higher or otherwise better alternative to the New Money Investment.

12. **“Applicable Outstanding Loan Balance”** means the aggregate principal loan balance (at the project level without double counting) outstanding with regard to all real

estate assets in which the Fairfield Trust has any direct or indirect ownership or economic interest. The loan balance of assets in which the Fairfield Trust no longer has any direct or indirect ownership or economic interest (as a result of a sale, other disposal of such assets or other termination of the Fairfield Trust's interest in such assets or entity, or from the appointment of a receiver or fiduciary that ceases to pay fees or disposes of the Project) shall be excluded; provided that such loans that have been amended, modified, refinanced or restructured shall be included to the extent they remain outstanding as long as the Fairfield Trust retains an ownership or economic interest in the underlying asset or entity. For purposes of calculating the Applicable Outstanding Loan Balance, the amended, modified, refinanced or restructured principal balance shall not exceed the original principal balance prior to such amendment, modification, refinance or restructure. The Applicable Outstanding Loan Balance shall be recalculated for each calendar quarter (for purposes of determining all servicing fees payable under the Asset Management Agreement during such calendar quarter) as of the close of business on the last Business Day of the immediately preceding calendar quarter.

13. **“Asset Management Agreement”** shall mean that certain asset management agreement by and between the Fairfield Trust and Reorganized Fairfield included in the Plan Supplement as Exhibit B pursuant to which Reorganized Fairfield will provide management services to the Fairfield Trust in exchange for an asset management fee and Reorganized Fairfield will provide a royalty-free, paid up, non-exclusive, non-transferable license to the Fairfield Trust to use the Intellectual Property and unrestricted access to and copies of the books and records of Fairfield and the Retained Subsidiary Debtors as necessary to conduct the business of the Fairfield Trust, or investigate, assert and pursue the Causes of Action or defend against any Claims.

14. **“Asset Purchase Agreement”** shall mean that certain asset purchase agreement by and among FF Properties, Inc. and Fairfield, on one hand, and Newco, on the other hand, included in the Plan Supplement as Exhibit C, pursuant to which FF Properties, Inc. and Fairfield sell the Reorganized Fairfield Assets to Newco.

15. **“Assumed Contracts Schedule”** shall mean the list of Executory Contracts assumed by the Fairfield Trust, which list is included in the Plan Supplement as Exhibit D.

16. **“Assumed Liabilities”** shall mean the liabilities assumed by Newco under the Asset Purchase Agreement.

17. **“Assumption Objection Deadline”** shall mean the day that is seven (7) days after the Debtors file and serve the Newco Contracts Schedule or the Assumed Contracts Schedule, as applicable.

18. **“Avoidance Action(s)”** shall mean all claims and Causes of Action arising under chapter 5 of the Bankruptcy Code, including without limitation, any Avoidance Action related to the Tax Election Claim.

19. **“Bankruptcy Code”** shall mean the Bankruptcy Reform Act of 1978, as amended and codified in Title 11 of the United States Code, as in effect on the Petition Date or

thereafter amended and applicable to the Chapter 11 Cases, as the case may be.

20. **“Bankruptcy Court”** shall mean the United States District Court for the District of Delaware with jurisdiction over the Chapter 11 Cases and, to the extent of any reference made pursuant to 28 U.S.C. § 157, the United States Bankruptcy Court for the District of Delaware, or any court having competent jurisdiction to enter the Confirmation Order.

21. **“Bankruptcy Rules”** shall mean the Federal Rules of Bankruptcy Procedure effective in accordance with the provisions of 28 U.S.C. § 2075, as in effect on the Petition Date or thereafter amended and applicable to the Chapter 11 Cases, as the case may be.

22. **“Bar Date”** shall mean March 15, 2010, and such other date(s) fixed by order(s) of the Bankruptcy Court, by which all Persons, excluding governmental units, asserting a Claim must have filed a Proof of Claim or be forever barred from asserting such Claim.

23. **“Bar Date Order”** shall mean that certain order of the Bankruptcy Court dated as of February 1, 2010, establishing March 15, 2010 as the Bar Date for filing Proofs of Claim, with only those exceptions permitted thereby.

24. **“Business Day”** shall mean a day other than Saturday, Sunday, a legal holiday as defined in Bankruptcy Rule 9006(a) or other day on which the Bankruptcy Court is authorized or required by law to close.

25. **“CalSTRS”** means the California State Teachers’ Retirement System or its designated affiliate; provided, however, that such affiliate must provide evidence reasonably acceptable to the Committee and the Capmark Lenders (or otherwise approved by the Bankruptcy Court) of adequate capitalization to fund the New Money Investment and satisfy its obligations under the New Money Definitive Documents.

26. **“Capmark Claims”** shall mean all Claims of any of the Capmark Lenders in such capacity against any of the Debtors and/or their Estates, which arise solely from the Capmark Facility and which shall be Allowed in the aggregate amount of \$79,509,741, plus reasonable third-party professional fees of Dechert LLP, J. H. Cohn and Connolly Bove and reasonable actual expenses of Dechert LLP, J. H. Cohn and Connolly Bove incurred through and including the Effective Date that shall be paid solely from the Capmark Retainer.

27. **“Capmark Facility”** shall mean that certain credit agreement dated December 27, 2005 by and among Fairfield, as borrower, the First Tier Subsidiaries, as guarantors, Capmark Finance as administrative agent, and the Capmark Lenders, as amended or supplemented from time to time. The obligations under the Capmark Facility are secured inter alia by a pledge of Fairfield’s equity ownership of the First Tier Subsidiaries.

28. **“Capmark Finance”** shall mean Capmark Finance Inc.

29. **“Capmark Lenders”** shall mean Capmark Finance and the other lenders party to the Capmark Facility.

30. **“Capmark Retainer”** shall mean the retainer in the amount of \$1.3

million held by Capmark Finance which was paid by the Debtors prior to the Petition Date.

31. **“Cash”** shall mean cash and cash equivalents (including, but not limited to, bank deposits, security deposits paid by any Debtor that are maintained in a segregated or earmarked account, security deposits paid to any Debtor that have been comingled, checks, similar items and securities or instruments of the type permitted under section 345 of the Bankruptcy Code) in certified or immediately available funds.

32. **“Causes of Action”** shall mean, without limitation, all actions, proceedings, controversies, rights, suits, damages, claims, causes of action, rights of payment or recovery, third-party claims, counterclaims, crossclaims, judgments and demands (including but not limited to any Causes of Action described in this Disclosure Statement) of the Debtors and/or their Estates that accrued as of, are pending on the Effective Date or may be instituted after the Effective Date against any Person.

33. **“Chapter 11 Cases”** shall mean the above-captioned chapter 11 cases of the Debtors pending in the Bankruptcy Court and jointly administered under Case No. 09-14378 (BLS).

34. **“Claims”** shall mean any claim(s) against the Debtors or any of them as such term is defined in section 101(5) of the Bankruptcy Code.

35. **“Class”** shall mean each category of Holders of Claims or Interests specified in Article II.B of the Plan.

36. **“Closing Payment”** shall mean (i) the \$10 million cash payment that Newco shall make to FF Properties, Inc. and Fairfield pursuant to the Asset Purchase Agreement as consideration for the Reorganized Fairfield Assets, which funds shall become Distributable Cash and (ii) the \$1 million Cash payment that Newco shall make to the Fairfield Trust that shall be used exclusively to pay the Professional Fee Claims of MJC and Imperial Capital.

37. **“Committee”** shall mean the Official Committee of Unsecured Creditors appointed by the United States Trustee in the Chapter 11 Cases, as its composition may change from time to time.

38. **“Confirmation Date”** shall mean the date on which the Confirmation Order is entered on the docket in the Chapter 11 Cases by the Bankruptcy Court.

39. **“Confirmation Hearing”** shall mean the hearing at which the Bankruptcy Court considers confirmation of the Plan.

40. **“Confirmation Order”** shall mean the order of the Bankruptcy Court confirming the Plan and approving the transactions contemplated herein, pursuant to section 1129 of the Bankruptcy Code.

41. **“Convenience Class Claims”** are General Unsecured Claims of a single holder of a type that (A) would otherwise be included in Class 2.A or 2.B that are either (i) \$1,000 or less in the aggregate or (ii) greater than \$1,000 in the aggregate, but as to which the

holder thereof has made a Convenience Class Election or (B) would otherwise be included in Class 2.C, 2.D, 2.E or 2.F that are either (i) \$100 or less in the aggregate or (ii) greater than \$100 in the aggregate, but as to which the holder thereof has made a Convenience Class Election.

42. **“Convenience Class Election”** shall mean the election on the ballot for voting to accept the Plan by a single holder of General Unsecured Claims that are greater than \$1,000 in the aggregate (for Claims in Classes 2.A or 2.B) or \$100 in the aggregate (for Claims in Classes 2.C, 2.D, 2.E or 2.F) to have such General Unsecured Claims treated as a Convenience Class Claim.

43. **“Creditor”** shall have the meaning set forth in section 101(10) of the Bankruptcy Code.

44. **“Debtors”** shall mean, collectively, Fairfield Residential LLC, FF Development, Inc., FF Development L.P., FF Properties, Inc., FF Properties L.P., Fairview Residential LLC, FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC, Fairview Investments LLC, Fairfield Affordable Housing LLC, Fairview Homes, Inc., Fairview Residential L.P., Fairview Residential WA LLC, and Fairview Residential CA L.P.

45. **“Development Fees”** shall mean those fees earned by FF Development L.P. pursuant to contracts as the developer of the Projects.

46. **“Disallowed Claim”** shall mean a Claim or any portion thereof that (a) has been disallowed by a Final Order, (b) is Scheduled as zero or as contingent, disputed or unliquidated and as to which no Proof of Claim or Administrative Expense Request has been timely filed or deemed timely filed with the Bankruptcy Court, (c) is not Scheduled and as to which no Proof of Claim or Administrative Expense Request has been timely filed or deemed timely filed with the Bankruptcy Court, (d) has been withdrawn by agreement of the Holder thereof and the Debtors or the Fairfield Trust, or (e) has been withdrawn by the Holder thereof.

47. **“Disbursing Agent”** shall mean the Liquidating Trustee, unless another Person is designated to be the Disbursing Agent by the Trust Oversight Committee.

48. **“Disclosure Statement”** shall mean this First Amended Disclosure Statement dated March 9, 2010, and all exhibits thereto, filed in connection with the Plan pursuant to section 1125 of the Bankruptcy Code and approved by the Bankruptcy Court.

49. **“Disputed Claim”** shall mean a Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim, including, without limitation, all Claims that (i) have not been Scheduled by the Debtors or have been Scheduled as unknown, contingent, unliquidated, disputed or at zero, and no Proof of Claim has been filed with respect to such Claim, or (ii) are the subject of an objection, Cause of Action or other challenge filed with the Bankruptcy Court, which has not been withdrawn or overruled by a Final Order of the Bankruptcy Court; provided, however, that a Claim shall not be a Disputed Claim to the extent it becomes an Allowed Claim or a Disallowed Claim.

50. **“Distributable Cash”** shall mean the amount of available Cash in the Fairfield Trust (y) with respect to the Effective Date Distribution that exceeds as of the Effective

Date the Minimum Cash Balance after (i) payment of the Allowed Administrative Claims, Allowed Priority Claims, Allowed Convenience Class Claims and Allowed Priority Tax Claims, (ii) retention of amounts determined by the Liquidating Trustee after consultation with the Trust Oversight Committee needed to (a) reserve for Disputed Claims, and (b) pay or reserve for the Administrative Budget for the initial period of the Effective Date through December 31, 2010, and ~~(iii) payment of Distributions to Holders of Allowed Claims in accordance with the Plan including, without limitation, Effective Date Distributions and~~ (z) with respect to Subsequent Distributions that exceed as of January 1, 2011 and from time to time thereafter the Minimum Cash Balance after ~~(i) payment of the Allowed Administrative Claims, Allowed Priority Claims, Allowed Convenience Class Claims and Allowed Priority Tax Claims,~~ (ii) retention of amounts determined by the Liquidating Trustee after consultation with the Trust Oversight Committee needed to (a) reserve for Disputed Claims, and (b) pay or reserve for the Administrative Budget for the then current period, and ~~(iii)~~ (iii) payment of prior Distributions to Holders of Allowed Claims in accordance with the Plan including, without limitation, Effective Date Distributions.

51. **“Distribution”** shall mean the distribution, in accordance with the Plan, of Cash or other property, as the case may be, or the Cash or other property as distributed.

52. **“Distribution Fund”** shall mean the fund which shall be established on the Effective Date by the Liquidation Trustee to pay (in the event any payments are to be made to holders of such Claims) Class 1.A, 1.B, 1.C, 1.D, and 1.E Priority Claims, Class 2.A Capmark Claims, Class 2.B, 2.C, 2.D, 2.E and 2.F General Unsecured Claims and Class 4.A, 4.B, 4.C, 4.D and 4.E Convenience Class Claims. After the Effective Date, Distributable Cash shall be held in the Distribution Fund.

53. **“Effective Date”** shall mean the first Business Day after the Confirmation Order has become a Final Order.

54. **“Effective Date Distribution”** shall mean the Distribution of Distributable Cash by the Fairfield Trust to Holders of Class 2.A Capmark Claims and Class 2.B General Unsecured Claims on the Effective Date.

55. **“Estates”** shall mean the estates of the Debtors created by section 541 of the Bankruptcy Code.

56. **“Executory Contract”** shall mean any executory contract or unexpired lease subject to section 365 of the Bankruptcy Code, between any Debtor and any other Person.

57. **“Expense and Receivable Allocation Agreement”** shall mean the Expense and Receivable Allocation Agreement dated as of the Effective Date between the Fairfield Trust and Newco attached to the Plan Supplement as Exhibit E whereby those parties agree to true-up expenses paid (including without limitation expenses relating to taxes, payroll, prepaid accounts (excluding prepaid accounts of FF Properties) and Post-Confirmation Expenses for the Reorganized Fairfield Assets paid by the Fairfield Trust or Newco) and receivables collected during a 90-day period beginning on the Effective Date.

58. **“FF Properties”** shall mean FF Properties L.P.

59. **“Face Amount”** shall mean (i) when used in reference to a Disputed or Disallowed Claim, the full stated liquidated amount, not including interest, claimed by the Holder of such Claim in any Proof of Claim timely filed with the Claims Agent or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (ii) when used in reference to an Allowed Claim, the allowed amount of such Claim.

60. **“Fairfield”** shall mean Fairfield Residential LLC.

61. **“Fairfield Trust”** shall mean a Delaware statutory trust described more fully in Article IV.B of the Plan.

62. **“Fairview CA”** shall mean Fairview Residential CA L.P.

63. **“Fairview L.P.”** shall mean Fairview Residential L.P.

64. **“Fairview WA”** shall mean Fairview Residential WA LLC.

65. **“Final Decree”** shall mean the decree contemplated under Bankruptcy Rule 3022.

66. **“Final Order”** shall mean an order or judgment of the Bankruptcy Court as entered on the docket of the Chapter 11 Cases that has not been reversed, stayed, modified or amended and as to which the time to appeal, petition for certiorari, or to seek reargument, reconsideration, amended findings or conclusions, or rehearing has run or as to which any right to appeal, reargue, petition for certiorari or to seek rehearing, reconsideration, amended findings or conclusions, has been waived in writing or, if an appeal, petition for certiorari, request for reargument, reconsideration, amended findings or conclusions, or rehearing thereof has been pursued or granted then such an appeal, reargument, reconsideration, request for amended findings or conclusions, petition for certiorari or rehearing has been denied, and the time to take any further appeal or to seek certiorari or further reargument, reconsideration, amended findings or conclusions or rehearing has expired. Notwithstanding, and in lieu of the foregoing, insofar as the Confirmation Order confirming the Plan is concerned, Final Order means such order or judgment with respect to which no stay is in effect.

67. **“First Tier Subsidiaries”** shall mean the following Fairfield first-tier subsidiaries: FF Development, Inc., FF Development L.P., FF Properties, Inc., FF Properties L.P., Fairview Residential LLC, FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC, Fairview Investments LLC, and Fairfield Affordable Housing LLC.

68. **“First Tier Subsidiary Claims”** means the Allowed General Unsecured Claims of all Creditors of the First Tier Subsidiaries other than the Capmark Lenders or Wachovia, except for Holders who receive or elect to receive treatment under the Plan as a Convenience Class Claim.

69. **“General Contractor Fees”** shall mean those fees earned by FF Development L.P. pursuant to contracts to perform general contractor services for the Projects.

70. **“General Unsecured Claim”** shall mean any Claim that is not an

Administrative Claim, Priority Claim, Priority Tax Claim, [Capmark Claim](#), Wachovia Claim, Convenience Class Claim, Intercompany Claim or Interest Related Claim, including without limitation Fairfield/First Tier Subsidiary Claims.

71. **“Governmental Bar Date”** shall mean June 11, 2010 at 5:00 p.m. prevailing Eastern time.

72. **“Guaranty Claims”** are Claims (excluding the Capmark Claims) based upon guaranty or surety obligations undertaken with respect to Projects, including without limitation loan payment guaranties, nonrecourse carve out guaranties, and construction completion guaranties.

73. **“Guaranty Claims Protocol”** shall mean the procedures established for the liquidation of the Claims of Creditors holding Guaranty Claims against the Debtors as set forth in the Plan Supplement as Exhibit F.

74. **“Holder”** shall mean the owner or holder of any Claim, Membership Interest or Interest.

75. **“Homes”** shall mean Fairview Homes, Inc.

76. **“Impaired”** shall have the meaning set forth in section 1124 of the Bankruptcy Code.

77. **“Imperial Capital”** shall mean Imperial Capital, LLC.

78. **“Intellectual Property”** shall mean collectively, patents, copyrights, trademarks, service marks, tradenames, trademark registrations, service mark registrations, licenses and know-how and the right to use the Fairfield name.

79. **“Intercompany Claim”** shall mean a Claim of any Debtor against any other Debtor, regardless of whether such Claim arose before, on or after the Petition Date.

80. **“Interest”** shall mean, with respect to any Debtor, any “equity security” as such term is defined in section 101(16) of the Bankruptcy Code. Interest shall also include, without limitation, all stock, partnership, membership interest, warrants, options or other rights to purchase or acquire any equity interests in the Debtors.

81. **“Interest Related Claim”** shall mean any Claim, including pursuant to section 510(b) of the Bankruptcy Code, against the Debtors arising from the purchase or sale of an Interest in the Debtors, or any Claim against the Debtors by a Person that asserts equitable or contractual rights of reimbursement, contribution or indemnification arising from such Claim.

82. **“IRS”** shall mean the Internal Revenue Service.

83. **“Lien”** shall mean any lien, mortgage, charge, security interest, right of first refusal, option, nonexecutory purchase agreement, pledge or other encumbrance against or interest in property to secure payment or performance of a claim, debt or litigation.

84. **“Liquidating Assets”** shall mean the assets of Fairfield, including without limitation its equity interests in the First Tier Subsidiaries, and their respective assets, excluding the Reorganized Fairfield Assets, and including, but not limited to, all Causes of Action, including all Avoidance Actions, the Tax Election Claim and the contracts listed on the Assumed Contracts Schedule and any other assets acquired by the Fairfield Trust after the Effective Date or pursuant to the Plan.

85. **“Liquidating Trust Agreement”** shall mean the liquidating trust agreement for the Fairfield Trust, which is included in the Plan Supplement as Exhibit G.

86. **“Liquidating Trustee”** shall mean that individual appointed by the Committee and Capmark Finance, solely in his or her capacity as the trustee of the Fairfield Trust or any of his or her successors.

87. **“Local Rules”** shall mean Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

88. **“Management”** shall mean Chris Hashioka, Greg Pinkalla, Ted Bradford, Jim Hribar, Perry Raptis and Don Byerly.

89. **“Management Investment”** shall mean the investment of not less than \$1.5 million in Newco by Management or a Person collectively owned by Management in exchange for Membership Interests on the Effective Date.

90. **“Membership Interests”** shall mean the membership interests in Newco to be issued on the Effective Date.

91. **“Minimum Cash Balance”** shall be the following Cash to be held by the Fairfield Trust: (i) \$30 million beginning on the Effective Date through December 20, 2010; (ii) \$25 million beginning on December 21, 2010 through December 20, 2011; (iii) \$15 million beginning on December 21, 2011 through December 20, 2012; and (iv) \$10 million thereafter until such time as the Liquidating Trustee makes the final Distribution from the Fairfield Trust; provided, however, that the Liquidating Trustee, with the consent of the Trust Oversight Committee, may reduce the Minimum Cash Balance beginning on January 1, 2013, so long as anticipated liquidated and contingent liabilities of the Liquidating Trustee are adequately provided for by such lesser amount.

92. **“MJC”** shall mean MJC Associates LLC.

93. **“New Money Definitive Documents”** shall mean the Operating Agreement, the Asset Purchase Agreement, the Asset Management Agreement and any applicable employment agreements, each as acceptable in form and substance to each of the New Money Investors.

94. **“New Money Investment”** shall mean the New Money Investors’ investment in Newco in exchange for Membership Interests in accordance with the New Money Definitive Documents.

95. **“New Money Investors”** shall mean OZ, or OZ and CalSTRS.

96. **“Newco”** means, collectively, New Fairfield LLC, which shall hold, directly or indirectly, all of the equity interests of Reorganized FF Properties, and a separate affiliate of New Fairfield LLC, which shall hold any new joint venture projects of Reorganized Fairfield.

97. **“Newco Contracts Schedule”** shall mean the list of assumed and assigned Executory Contracts to be included in the Reorganized Fairfield Assets, which list is included in the Plan Supplement as Exhibit H. The Newco Contracts Schedule shall be subject to the approval of each of the New Money Investors.

98. **“Non-Debtor Affiliate”** shall mean any entity in which any of the Debtors, either directly or indirectly, has an ownership interest or voting right.

99. **“Operating Agreement”** shall mean the Operating Agreements of Newco attached as Exhibit I to the Plan Supplement.

100. **“Organization Documents”** shall mean any certificate filed with the Secretary of State prior to the Effective Date, including any certificate of incorporation or certificate of formation, and any amendments or restatements thereto, and the bylaws or limited liability company agreements, as applicable, and any amendments and restatements thereto, of each of the Debtors.

101. **“OZ”** means Och-Ziff Real Estate Acquisitions LP or its designated affiliate; provided, however, that such affiliate must provide evidence reasonably acceptable to the Committee and the Capmark Lenders (or otherwise approved by the Bankruptcy Court) of adequate capitalization to fund the New Money Investment and satisfy its obligations under the New Money Definitive Documents.

102. **“Person”** shall mean any individual, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government or any political subdivision thereof or other entity.

103. **“Petition Date”** shall mean December 13, 2009, the date the Debtors commenced the Chapter 11 Cases.

104. **“Plan”** shall mean the Second Amended Joint Chapter 11 Plan of Reorganization (as the same may be modified or amended by the Debtors [and the Committee](#) in accordance with the Bankruptcy Code and the Bankruptcy Rules) and any exhibits hereto and any documents incorporated herein by reference.

105. **“Plan Supplement”** means the supplement or supplements to the Plan containing certain documents relevant to the implementation of the Plan, including without limitation the Administration Agreement, the Guaranty Claims Protocol, the Liquidating Trust Agreement, the New Money Definitive Documents, the Newco Contracts Schedule, the Assumed Contracts Schedule and the Expense and Receivable Allocation Agreement.

106. **“Post-Confirmation Expense”** shall mean any fees, costs and expenses (including, without limitation, United States Trustee fees, Liquidating Trustee fees, attorneys’ fees, the fees of other professionals, and any taxes imposed on the Fairfield Trust or in respect of the Liquidating Assets) necessary to complete the reorganization of the Debtors, their Estates and the liquidation of the Liquidating Assets and Fairfield Trust after the Effective Date.

107. **“Priority Claim”** shall mean a Claim entitled to priority pursuant to section 507 of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

108. **“Priority Tax Claim”** shall mean a Claim of the kind specified in section 507(a)(8) of the Bankruptcy Code or a tax Claim afforded secured status pursuant to section 506 of the Bankruptcy Code.

109. **“Professional”** shall mean a Person (i) employed by the Debtors and/or the Committee pursuant to a Final Order in accordance with sections 327, 328 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (ii) for which compensation and reimbursement has been Allowed under section 503(b)(4) of the Bankruptcy Code by the Bankruptcy Court pursuant to a Final Order. This term excludes Persons that may be selected and employed by the Liquidating Trustee, the Fairfield Trust or the Trust Oversight Committee on and after the Effective Date.

110. **“Professional Fee Claim”** shall mean (i) all fees and expenses claimed by Professionals accrued on or before the Effective Date which remain unpaid as of the Effective Date and (ii) any fees and expenses accrued by counsel to the Debtors or counsel to the Committee subsequent to the Effective Date in connection with the prosecution, including prosecution or resolution of any dispute or objection, of any final application for fees and expenses.

111. **“Project”** shall mean real estate owned in whole or in part by a Debtor or an entity in which a Debtor owns an interest, directly or indirectly.

112. **“Proof of Claim”** shall mean a proof of claim filed in the Chapter 11 Cases pursuant to section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

113. **“Pro Rata”** shall mean the proportion that the Face Amount of a Claim in a particular Class or Classes bears to the aggregate Face Amount of all Claims (including Disputed Claims, but excluding Disallowed Claims) in such Class or Classes, unless the Plan provides otherwise.

114. **“Protected Party”** shall mean any of the Debtors, the Liquidating Trustee, the Capmark Lenders, any Holders of Guaranty Claims that agree to the Allowance of Guaranty Claims pursuant to the Guaranty Claims Protocol (provided that such Holders have funded to the Project entity amounts owing to the Debtors as of the Effective Date for Development Fees or General Contractor Fees), the Steering Committee, the Estates, the Fairfield Trust, the Committee, Reorganized Fairfield, the New Money Investors and the Trust Oversight Committee and their respective officers, directors, current (but not former) employees,

members, shareholders, advisors, attorneys, representatives, professionals and other agents.

115. **“Reorganized Fairfield”** shall mean Reorganized FF Properties and Newco, collectively.

116. **“Reorganized Fairfield Assets”** shall mean: (i) the limited partnership and general partnership interests in FF Properties (provided, however, that FF Properties’ Cash, accounts receivable, short-term investments due from Affiliates, and intercompany receivables will be transferred to the Fairfield Trust on the Effective Date), (ii) any contracts for rehabilitation, construction or development work executed by FF Development on or after March 1, 2010 on projects that Newco will not be paid a trust asset management fee, (iii) all employees of FF Properties (other than those employees to be terminated pursuant to the Debtors’ staffing plan or otherwise approved by each of the New Money Investors, the Capmark Lenders and the Committee), (iv) all furniture, fixtures and equipment and ~~all other tangible and intangible personal property of any Debtor (including~~ Intellectual Property (subject to the royalty-free, paid-up, non-exclusive, non-transferable license granted to the Fairfield Trust to use the Intellectual Property) of any Debtor, but exclusive of Cash on hand as of the Effective Date), (v) those Executory Contracts listed on the Newco Contracts Schedule, (vi) an unrestricted right of access to and copies of all plans, specifications, drawings and other work-product, work for hire or similar material produced or provided by employees, contractors, professionals, consultants, or other third parties in connection with the development, redevelopment or potential future development or redevelopment of real estate that are not otherwise contained on the Newco Contracts Schedule and (vii) an unrestricted right of access to and copies of all books and records of Fairfield and the Retained Subsidiary Debtors as necessary to conduct the business of Newco.

117. **“Reorganized FF Properties”** shall mean FF Properties in the form that it shall have on the Effective Date after implementation of the Plan.

118. **“Responsible Person”** shall have the meaning set forth under Tax Code Section 6672(a).

119. **“Retained Subsidiary Debtors”** shall mean all Debtors except Fairfield and FF Properties.

120. **“Scheduled”** with respect to any Claim, shall mean listed on the Schedules.

121. **“Schedules”** shall mean the Statements of Financial Affairs and Schedules of Assets and Liabilities filed by the Debtors with the Bankruptcy Court in the Chapter 11 Cases under Bankruptcy Rule 1007, as such Statements of Financial Affairs and Schedules of Assets and Liabilities have been or may be amended or supplemented from time to time.

122. **“Second Tier Subsidiaries”** shall mean Fairview Homes, Inc., Fairfield Residential L.P., Fairview Residential WA LLC, and Fairview Residential CA L.P.

123. **“Secretary of State”** shall mean the Secretary of State of the State of Delaware.

124. **“Steering Committee”** shall mean the steering committee of unsecured creditors that existed prior to the Petition Date.

125. **“Subordinated Intercompany Claim”** shall mean a Claim of any Non-Debtor Affiliate against a Debtor.

126. **“Subsequent Distribution”** means any Distribution made after the Effective Date Distribution.

127. **“Tax Election Claim”** shall mean a Cause of Action, to the extent that any exists under applicable law, arising from an adverse tax or financial consequence to the Fairfield Trust (including any tax liabilities of Fairfield as a result of the election that have the effect of reducing the amount of the Liquidating Assets as compared to what such assets would have been absent the election) as a result of Fairfield’s election as of May 31, 2009 to be treated as a corporation for federal income tax purposes. A Tax Election Claim may only be asserted to avoid the election or against a Person that received a direct financial benefit (including a reduction in tax liabilities as compared to what such liabilities would have been absent the election) as a result of Fairfield’s election as of May 31, 2009 to be treated as a corporation for federal tax purposes.

128. **“Trust Oversight Committee”** shall mean the trust oversight committee of Creditors formed on the Effective Date upon the dissolution of the Committee and composed of five (5) Persons, consisting of four (4) Persons selected by the Committee and one (1) Person who is selected by Capmark Finance. Such members will be identified in the Plan Supplement filed prior to the Confirmation Hearing.

129. **“Voting and Claims Agent”** shall mean Kurtzman Carson Consultants LLC, the Court appointed claims, noticing and balloting agent in these jointly administered Chapter 11 Cases.

130. **“Wachovia”** shall mean Wachovia Finance Co.

131. **“Wachovia Facility”** shall mean that certain credit agreement dated December 14, 2007 by and among Fairfield and Wachovia, as amended or supplemented from time to time.

132. **“Wachovia Claim”** shall mean all claims of Wachovia against any of the Debtors and/or their Estates that arise from or relate to the Wachovia Facility.

133. **“Wachovia Real Estate”** shall mean the real estate securing the Wachovia Facility.

134. **“Wind-down Reserve Account”** shall mean one or more reserve accounts to be established on the Effective Date by the Liquidating Trustee in accordance with Article IV.B of the Plan, to hold at least the Minimum Cash Balance.

B. 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 article, section or clause contained in the Plan. A reference to an “Article” refers to an Article, or referenced portion thereof, of the Plan. A term used herein that is not defined herein shall have the meaning ascribed to that term, if any, in or by the Bankruptcy Code. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply in constructing the Plan.

C. EXHIBITS

All Exhibits to the Plan and the Plan Supplement are incorporated by reference into and are made a part of the Plan as if set forth in full herein.

ARTICLE XVIII.

CONCLUSION

The Debtors believe that confirmation and implementation of the Plan is in the best interests of all creditors, and urge holders of Impaired Claims in Classes 2.A, 2.B, 2.C, 2.D, 2.E, 2.F and 3 to vote to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received no later than 4:00 p.m. (prevailing Eastern Time) on April 14, 2010.

Dated: March __, 2010

Wilmington, Delaware

Respectfully submitted,

Fairfield Residential LLC

By: /s/
Its: _____

FF Development, Inc.

By: /s/
Its: _____

FF Development L.P.

By: /s/
Its: _____

FF Properties, Inc.

By: /s/
Its: _____

FF Properties L.P.

By: /s/
Its: _____

Fairview Residential LLC

By: /s/
Its: _____

FF Realty LLC

By: /s/ _____
Its: _____

Fairfield Financial A LLC

By: /s/ _____
Its: _____

FF Investments LLC

By: /s/ _____
Its: _____

Fairview Investments LLC

By: /s/ _____
Its: _____

Fairfield Affordable Housing LLC

By: /s/ _____
Its: _____

Fairview Homes, Inc.

By: /s/ _____
Its: _____

Fairview Residential L.P.

By: /s/ _____
Its: _____

Fairfield Residential WA LLC

By: /s/ _____

Its: _____

Fairfield Residential CA L.P.

By: /s/ _____

Its: _____

Prepared by:

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Facsimile: (312) 499-6100

Counsel for the Debtors and Debtors in Possession

Exhibit A
Debtors' Chapter 11 Plan

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FAIRFIELD RESIDENTIAL LLC, ET
AL.,

**JOINTLY ADMINISTERED
CASE NO. 09-14378**

Debtors.

(includes:

FF Development, Inc.;	09-14385
FF Development L.P.;	09-14386
FF Properties, Inc.;	09-14381
FF Properties L.P.;	09-14382
Fairview Residential LLC;	09-14379
FF Realty LLC;	09-14392
Fairfield Financial A LLC;	09-14389
FF Investments LLC;	09-14383
Fairview Investments LLC;	09-14387
Fairfield Affordable Housing LLC;	09-14380
Fairview Homes, Inc.;	09-14388
Fairview Residential L.P.;	09-14384
Fairview Residential WA LLC;	09-14391
Fairview Residential CA L.P.)	09-14390

Chapter 11 Cases
Judge Brendan Linehan Shannon

**THE DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

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Counsel for the Debtors and Debtors in Possession

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INTRODUCTION

Debtors Fairfield Residential LLC, FF Development, Inc., FF Development L.P., FF Properties, Inc., FF Properties L.P., Fairview Residential LLC, FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC, Fairview Investments LLC, Fairfield Affordable Housing LLC, Fairview Homes, Inc., Fairview Residential L.P., Fairview Residential WA LLC, and Fairview Residential CA L.P. propose this Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code. The Plan effects a substantive reorganization of certain of the Debtors and a liquidation of the remaining Debtors as more fully set forth in this Plan. The estates of the First Tier Subsidiaries and the estate of Fairfield shall be substantively consolidated, but the estates of the Second Tier Subsidiaries shall not be substantively consolidated.

ARTICLE I.

DEFINITIONS

A. Defined Terms

Unless otherwise provided in this Plan, all terms used herein shall have the meanings assigned to such terms in the Bankruptcy Code or the Bankruptcy Rules. For the purposes of this Plan, the following terms (which appear in this Plan in capitalized form) shall have the meanings set forth below, and such meanings shall be equally applicable to the singular and to the plural form of the terms defined, unless the context otherwise requires.

1. **“ACH”** shall mean an automated clearing house transaction through a domestic bank.
2. **“Administrative Budget”** shall mean (i) the initial budget for the period from the Effective Date to December 31, 2010, setting forth in reasonable detail the anticipated Post-Confirmation Expenses of the Fairfield Trust, as prepared by the Liquidating Trustee and approved by the Trust Oversight Committee pursuant to Article **IV.O** of this Plan; and (ii) any budget for a subsequent six-month period, setting forth in reasonable detail the anticipated Post-Confirmation Expenses of the Fairfield Trust, together with any amendments or modifications thereto, as prepared by the Liquidating Trustee and approved by the Trust Oversight Committee pursuant to Article **IV.O** of this Plan.
3. **“Administrative Claim”** shall mean any Claim for costs and expenses of administration of these Chapter 11 Cases incurred during the period up to and including the Effective Date with priority under Bankruptcy Code section 507(a)(2), including, without limitation, costs and expenses allowed under Bankruptcy Code section 503(b), the actual and necessary costs and expenses of preserving the Estates of the Debtors, any Claim arising under Bankruptcy Code section 503(b)(9) with respect to which an Administrative Expense Request was filed on or prior to the Bar Date established for Claims or the Administrative Expense Request Deadline, as applicable, any claim relating to the right of reclamation to the extent afforded such priority under the Bankruptcy Code, any Professional Fee Claims, and any fees or charges assessed against the Estates of the Debtors under 28 U.S.C. § 1930.

4. **“Administrative Expense Request”** shall mean a request or motion for allowance and/or payment of an Administrative Claim.

5. **“Administrative Expense Request Deadline”** shall mean the date set by the Confirmation Order as the deadline for filing Administrative Expense Requests for Administrative Claims (excluding Professional Fee Claims) that are not subject to the Bar Date Order, which deadline shall be thirty (30) days after the Effective Date unless otherwise ordered by the Bankruptcy Court.

6. **“Administration Agreement”** shall mean the Administration Agreement between the Administrator, the Fairfield Trust and Newco included in the Plan Supplement as Exhibit A.

7. **“Administrator”** shall have the meaning set forth in the Plan Supplement.

8. **“Affiliate”** has the meaning set forth at section 101(2) of the Bankruptcy Code.

9. **“Allowed Claim”** or **“Allowed Interest”** shall mean, respectively, a Claim or Interest that: (a) has been allowed by a Final Order of the Bankruptcy Court; (b) has been Scheduled, other than a Claim that is scheduled as disputed, contingent or unliquidated; (c) is the subject of a timely Proof of Claim that has been filed as of the relevant Bar Date and no objection thereto, or motion or proceeding to subordinate, disallow or otherwise limit recovery, has been filed; or (d) has been allowed in accordance with the Guaranty Claims Protocol. An Allowed Claim shall not include interest on the amount of any Claim except (i) with respect to an Allowed Claim filed pursuant to Bankruptcy Code section 506(b), (ii) as specifically provided in this Plan, (iii) as contemplated and allowed in accordance with the Guaranty Claims Protocol, or (iv) as provided by Final Order of the Bankruptcy Court. If the Debtors, the Committee, the Trust Oversight Committee or the Liquidating Trustee shall object to any Claim in accordance with section 502(d) of the Bankruptcy Code, such Claim shall not be an Allowed Claim until the avoidable transfer is returned, a Final Order has been entered that no avoidable transfer exists, or an agreement or settlement is reached that is approved by the Bankruptcy Court or pursuant to provisions in the Plan.

10. **“Allowed [_____] Claim”** or **“Allowed [_____] Interest”** shall mean an Allowed Claim or Allowed Interest, as the case may be, of a specified Class or an Allowed Claim that is an Administrative Claim, Priority Tax Claim, Priority Claim, General Unsecured Claim, Convenience Class Claim or Interest Related Claim, as the case may be.

11. **“Alternative Transaction”** means a transaction or series of related transactions involving an equity or debt investment or sale of all or substantially all of Fairfield’s assets that is approved by the Bankruptcy Court as a higher or otherwise better alternative to the New Money Investment.

12. **“Applicable Outstanding Loan Balance”** means the aggregate principal loan balance (at the project level without double counting) outstanding with regard to all real estate assets in which the Fairfield Trust has any direct or indirect ownership or economic interest. The loan balance of assets in which the Fairfield Trust no longer has any direct or

indirect ownership or economic interest (as a result of a sale, other disposal of such assets or other termination of the Fairfield Trust's interest in such assets or entity, or from the appointment of a receiver or fiduciary that ceases to pay fees or disposes of the Project) shall be excluded; provided that such loans that have been amended, modified, refinanced or restructured shall be included to the extent they remain outstanding as long as the Fairfield Trust retains an ownership or economic interest in the underlying asset or entity. For purposes of calculating the Applicable Outstanding Loan Balance, the amended, modified, refinanced or restructured principal balance shall not exceed the original principal balance prior to such amendment, modification, refinance or restructure. The Applicable Outstanding Loan Balance shall be recalculated for each calendar quarter (for purposes of determining all servicing fees payable under the Asset Management Agreement during such calendar quarter) as of the close of business on the last Business Day of the immediately preceding calendar quarter.

13. **“Asset Management Agreement”** shall mean that certain asset management agreement by and between the Fairfield Trust and Reorganized Fairfield included in the Plan Supplement as Exhibit B pursuant to which Reorganized Fairfield will provide management services to the Fairfield Trust in exchange for an asset management fee and Reorganized Fairfield will provide a royalty-free, paid up, non-exclusive, non-transferable license to the Fairfield Trust to use the Intellectual Property and unrestricted access to and copies of the books and records of Fairfield and the Retained Subsidiary Debtors as necessary to conduct the business of the Fairfield Trust, or investigate, assert and pursue the Causes of Action or defend against any Claims.

14. **“Asset Purchase Agreement”** shall mean that certain asset purchase agreement by and among FF Properties, Inc. and Fairfield, on one hand, and Newco, on the other hand, included in the Plan Supplement as Exhibit C, pursuant to which FF Properties, Inc. and Fairfield sell the Reorganized Fairfield Assets to Newco.

15. **“Assumed Contracts Schedule”** shall mean the list of Executory Contracts assumed by the Fairfield Trust, which list is included in the Plan Supplement as Exhibit D.

16. **“Assumed Liabilities”** shall mean the liabilities assumed by Newco under the Asset Purchase Agreement.

17. **“Assumption Objection Deadline”** shall mean the day that is seven (7) days after the Debtors file and serve the Newco Contracts Schedule or the Assumed Contracts Schedule, as applicable.

18. **“Avoidance Action(s)”** shall mean all claims and Causes of Action arising under chapter 5 of the Bankruptcy Code, including without limitation, any Avoidance Action related to the Tax Election Claim.

19. **“Bankruptcy Code”** shall mean the Bankruptcy Reform Act of 1978, as amended and codified in Title 11 of the United States Code, as in effect on the Petition Date or thereafter amended and applicable to the Chapter 11 Cases, as the case may be.

20. **“Bankruptcy Court”** shall mean the United States District Court for the District of Delaware with jurisdiction over the Chapter 11 Cases and, to the extent of any reference made pursuant to 28 U.S.C. § 157, the United States Bankruptcy Court for the District of Delaware, or any court having competent jurisdiction to enter the Confirmation Order.

21. **“Bankruptcy Rules”** shall mean the Federal Rules of Bankruptcy Procedure effective in accordance with the provisions of 28 U.S.C. § 2075, as in effect on the Petition Date or thereafter amended and applicable to the Chapter 11 Cases, as the case may be.

22. **“Bar Date”** shall mean March 15, 2010, and such other date(s) fixed by order(s) of the Bankruptcy Court, by which all Persons, excluding governmental units, asserting a Claim must have filed a Proof of Claim or be forever barred from asserting such Claim.

23. **“Bar Date Order”** shall mean that certain order of the Bankruptcy Court dated as of February 1, 2010, establishing March 15, 2010 as the Bar Date for filing Proofs of Claim, with only those exceptions permitted thereby.

24. **“Business Day”** shall mean a day other than Saturday, Sunday, a legal holiday as defined in Bankruptcy Rule 9006(a) or other day on which the Bankruptcy Court is authorized or required by law to close.

25. **“CalSTRS”** means the California State Teachers’ Retirement System or its designated affiliate; provided, however, that such affiliate must provide evidence reasonably acceptable to the Committee and the Capmark Lenders (or otherwise approved by the Bankruptcy Court) of adequate capitalization to fund the New Money Investment and satisfy its obligations under the New Money Definitive Documents.

26. **“Capmark Claims”** shall mean all Claims of any of the Capmark Lenders in such capacity against any of the Debtors and/or their Estates, which arise solely from the Capmark Facility and which shall be Allowed in the aggregate amount of \$79,509,741, plus reasonable third-party professional fees of Dechert LLP, J. H. Cohn and Connolly Bove and reasonable actual expenses of Dechert LLP, J. H. Cohn and Connolly Bove incurred through and including the Effective Date that shall be paid solely from the Capmark Retainer.

27. **“Capmark Facility”** shall mean that certain credit agreement dated December 27, 2005 by and among Fairfield, as borrower, the First Tier Subsidiaries, as guarantors, Capmark Finance as administrative agent, and the Capmark Lenders, as amended or supplemented from time to time. The obligations under the Capmark Facility are secured *inter alia* by a pledge of Fairfield’s equity ownership of the First Tier Subsidiaries.

28. **“Capmark Finance”** shall mean Capmark Finance Inc.

29. **“Capmark Lenders”** shall mean Capmark Finance and the other lenders party to the Capmark Facility.

30. **“Capmark Retainer”** shall mean the retainer in the amount of \$1.3 million held by Capmark Finance which was paid by the Debtors prior to the Petition Date.

31. **“Cash”** shall mean cash and cash equivalents (including, but not limited to, bank deposits, security deposits paid by any Debtor that are maintained in a segregated or earmarked account, security deposits paid to any Debtor that have been comingled, checks, similar items and securities or instruments of the type permitted under section 345 of the Bankruptcy Code) in certified or immediately available funds.

32. **“Causes of Action”** shall mean, without limitation, all actions, proceedings, controversies, rights, suits, damages, claims, causes of action, rights of payment or recovery, third-party claims, counterclaims, crossclaims, judgments and demands (including but not limited to any Causes of Action described in the Disclosure Statement) of the Debtors and/or their Estates that accrued as of, are pending on the Effective Date or may be instituted after the Effective Date against any Person.

33. **“Chapter 11 Cases”** shall mean the above-captioned chapter 11 cases of the Debtors pending in the Bankruptcy Court and jointly administered under Case No. 09-14378 (BLS).

34. **“Claims”** shall mean any claim(s) against the Debtors or any of them as such term is defined in section 101(5) of the Bankruptcy Code.

35. **“Class”** shall mean each category of Holders of Claims or Interests specified in Article II.B of this Plan.

36. **“Closing Payment”** shall mean (i) the \$10 million cash payment that Newco shall make to FF Properties, Inc. and Fairfield pursuant to the Asset Purchase Agreement as consideration for the Reorganized Fairfield Assets, which funds shall become Distributable Cash and (ii) the \$1 million Cash payment that Newco shall make to the Fairfield Trust that shall be used exclusively to pay the Professional Fee Claims of MJC and Imperial Capital.

37. **“Committee”** shall mean the Official Committee of Unsecured Creditors appointed by the United States Trustee in the Chapter 11 Cases, as its composition may change from time to time.

38. **“Confirmation Date”** shall mean the date on which the Confirmation Order is entered on the docket in the Chapter 11 Cases by the Bankruptcy Court.

39. **“Confirmation Hearing”** shall mean the hearing at which the Bankruptcy Court considers confirmation of this Plan.

40. **“Confirmation Order”** shall mean the order of the Bankruptcy Court confirming this Plan and approving the transactions contemplated herein, pursuant to section 1129 of the Bankruptcy Code.

41. **“Convenience Class Claims”** are General Unsecured Claims of a single holder of a type that (A) would otherwise be included in Class 2.A or 2.B that are either (i) \$1,000 or less in the aggregate or (ii) greater than \$1,000 in the aggregate, but as to which the holder thereof has made a Convenience Class Election or (B) would otherwise be included in

Class 2.C, 2.D, 2.E or 2.F that are either (i) \$100 or less in the aggregate or (ii) greater than \$100 in the aggregate, but as to which the holder thereof has made a Convenience Class Election.

42. **“Convenience Class Election”** shall mean the election on the ballot for voting to accept this Plan by a single holder of General Unsecured Claims that are greater than \$1,000 in the aggregate (for Claims in Classes 2.A or 2.B) or \$100 in the aggregate (for Claims in Classes 2.C, 2.D, 2.E or 2.F) to have such General Unsecured Claims treated as a Convenience Class Claim.

43. **“Creditor”** shall have the meaning set forth in section 101(10) of the Bankruptcy Code.

44. **“Debtors”** shall mean, collectively, Fairfield Residential LLC, FF Development, Inc., FF Development L.P., FF Properties, Inc., FF Properties L.P., Fairview Residential LLC, FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC, Fairview Investments LLC, Fairfield Affordable Housing LLC, Fairview Homes, Inc., Fairview Residential L.P., Fairview Residential WA LLC, and Fairview Residential CA L.P.

45. **“Development Fees”** shall mean those fees earned by FF Development L.P. pursuant to contracts as the developer of the Projects.

46. **“Disallowed Claim”** shall mean a Claim or any portion thereof that (a) has been disallowed by a Final Order, (b) is Scheduled as zero or as contingent, disputed or unliquidated and as to which no Proof of Claim or Administrative Expense Request has been timely filed or deemed timely filed with the Bankruptcy Court, (c) is not Scheduled and as to which no Proof of Claim or Administrative Expense Request has been timely filed or deemed timely filed with the Bankruptcy Court, (d) has been withdrawn by agreement of the Holder thereof and the Debtors or the Fairfield Trust, or (e) has been withdrawn by the Holder thereof.

47. **“Disbursing Agent”** shall mean the Liquidating Trustee, unless another Person is designated to be the Disbursing Agent by the Trust Oversight Committee.

48. **“Disclosure Statement”** shall mean the First Amended Disclosure Statement dated March 9, 2010, and all exhibits thereto, filed in connection with the Plan pursuant to section 1125 of the Bankruptcy Code and approved by the Bankruptcy Court.

49. **“Disputed Claim”** shall mean a Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim, including, without limitation, all Claims that (i) have not been Scheduled by the Debtors or have been Scheduled as unknown, contingent, unliquidated, disputed or at zero, and no Proof of Claim has been filed with respect to such Claim, or (ii) are the subject of an objection, Cause of Action or other challenge filed with the Bankruptcy Court, which has not been withdrawn or overruled by a Final Order of the Bankruptcy Court; provided, however, that a Claim shall not be a Disputed Claim to the extent it becomes an Allowed Claim or a Disallowed Claim.

50. **“Distributable Cash”** shall mean the amount of available Cash in the Fairfield Trust (y) with respect to the Effective Date Distribution that exceeds as of the Effective Date the Minimum Cash Balance after (i) payment of the Allowed Administrative Claims,

Allowed Priority Claims, Allowed Convenience Class Claims and Allowed Priority Tax Claims, (ii) retention of amounts determined by the Liquidating Trustee after consultation with the Trust Oversight Committee needed to (a) reserve for Disputed Claims, and (b) pay or reserve for the Administrative Budget for the initial period of the Effective Date through December 31, 2010, and ~~(iii) payment of Distributions to Holders of Allowed Claims in accordance with this Plan including, without limitation, Effective Date Distributions and~~ (z) with respect to Subsequent Distributions that exceed as of January 1, 2011 and from time to time thereafter the Minimum Cash Balance after ~~(i) payment of the Allowed Administrative Claims, Allowed Priority Claims, Allowed Convenience Class Claims and Allowed Priority Tax Claims,~~ (ii) retention of amounts determined by the Liquidating Trustee after consultation with the Trust Oversight Committee needed to (a) reserve for Disputed Claims, and (b) pay or reserve for the Administrative Budget for the then current period, and ~~(iii)~~ (iii) payment of prior Distributions to Holders of Allowed Claims in accordance with this Plan including, without limitation, Effective Date Distributions.

51. **“Distribution”** shall mean the distribution, in accordance with this Plan, of Cash or other property, as the case may be, or the Cash or other property as distributed.

52. **“Distribution Fund”** shall mean the fund which shall be established on the Effective Date by the Liquidation Trustee to pay (in the event any payments are to be made to holders of such Claims) Class 1.A, 1.B, 1.C, 1.D, and 1.E Priority Claims, Class 2.A Capmark Claims, Class 2.B, 2.C, 2.D, 2.E and 2.F General Unsecured Claims and Class 4.A, 4.B, 4.C, 4.D and 4.E Convenience Class Claims. After the Effective Date, Distributable Cash shall be held in the Distribution Fund.

53. **“Effective Date”** shall mean the first Business Day after the Confirmation Order has become a Final Order.

54. **“Effective Date Distribution”** shall mean the Distribution of Distributable Cash by the Fairfield Trust to Holders of Class 2.A Capmark Claims and Class 2.B General Unsecured Claims on the Effective Date.

55. **“Estates”** shall mean the estates of the Debtors created by section 541 of the Bankruptcy Code.

56. **“Executory Contract”** shall mean any executory contract or unexpired lease subject to section 365 of the Bankruptcy Code, between any Debtor and any other Person.

57. **“Expense and Receivable Allocation Agreement”** shall mean the Expense and Receivable Allocation Agreement dated as of the Effective Date between the Fairfield Trust and Newco attached to the Plan Supplement as Exhibit E whereby those parties agree to true-up expenses paid (including without limitation expenses relating to taxes, payroll, prepaid accounts (excluding prepaid accounts of FF Properties) and Post-Confirmation Expenses for the Reorganized Fairfield Assets paid by the Fairfield Trust or Newco) and receivables collected during a 90-day period beginning on the Effective Date.

58. **“FF Properties”** shall mean FF Properties L.P.

59. **“Face Amount”** shall mean (i) when used in reference to a Disputed or Disallowed Claim, the full stated liquidated amount, not including interest, claimed by the Holder of such Claim in any Proof of Claim timely filed with the Claims Agent or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (ii) when used in reference to an Allowed Claim, the allowed amount of such Claim.

60. **“Fairfield”** shall mean Fairfield Residential LLC.

61. **“Fairfield Trust”** shall mean a Delaware statutory trust described more fully in Article **IV.B** of the Plan.

62. **“Fairview CA”** shall mean Fairview Residential CA L.P.

63. **“Fairview L.P.”** shall mean Fairview Residential L.P.

64. **“Fairview WA”** shall mean Fairview Residential WA LLC.

65. **“Final Decree”** shall mean the decree contemplated under Bankruptcy Rule 3022.

66. **“Final Order”** shall mean an order or judgment of the Bankruptcy Court as entered on the docket of the Chapter 11 Cases that has not been reversed, stayed, modified or amended and as to which the time to appeal, petition for certiorari, or to seek reargument, reconsideration, amended findings or conclusions, or rehearing has run or as to which any right to appeal, reargue, petition for certiorari or to seek rehearing, reconsideration, amended findings or conclusions, has been waived in writing or, if an appeal, petition for certiorari, request for reargument, reconsideration, amended findings or conclusions, or rehearing thereof has been pursued or granted then such an appeal, reargument, reconsideration, request for amended findings or conclusions, petition for certiorari or rehearing has been denied, and the time to take any further appeal or to seek certiorari or further reargument, reconsideration, amended findings or conclusions, or rehearing has expired. Notwithstanding, and in lieu of the foregoing, insofar as the Confirmation Order confirming this Plan is concerned, Final Order means such order or judgment with respect to which no stay is in effect.

67. **“First Tier Subsidiaries”** shall mean the following Fairfield first-tier subsidiaries: FF Development, Inc., FF Development L.P., FF Properties, Inc., FF Properties L.P., Fairview Residential LLC, FF Realty LLC, Fairfield Financial A LLC, FF Investments LLC, Fairview Investments LLC, and Fairfield Affordable Housing LLC.

68. **“First Tier Subsidiary Claims”** means the Allowed General Unsecured Claims of all Creditors of the First Tier Subsidiaries other than the Capmark Lenders or Wachovia, except for Holders who receive or elect to receive treatment under the Plan as a Convenience Class Claim.

69. **“General Contractor Fees”** shall mean those fees earned by FF Development L.P. pursuant to contracts to perform general contractor services for the Projects.

70. **“General Unsecured Claim”** shall mean any Claim that is not an Administrative Claim, Priority Claim, Priority Tax Claim, [Capmark Claim](#), Wachovia Claim, Convenience Class Claim, Intercompany Claim or Interest Related Claim, including without limitation Fairfield/First Tier Subsidiary Claims.

71. **“Governmental Bar Date”** shall mean June 11, 2010 at 5:00 p.m. prevailing Eastern time.

72. **“Guaranty Claims”** are Claims (excluding the Capmark Claims) based upon guaranty or surety obligations undertaken with respect to Projects, including without limitation loan payment guaranties, nonrecourse carve out guaranties, and construction completion guaranties.

73. **“Guaranty Claims Protocol”** shall mean the procedures established for the liquidation of the Claims of Creditors holding Guaranty Claims against the Debtors as set forth in the Plan Supplement as Exhibit F.

74. **“Holder”** shall mean the owner or holder of any Claim, Membership Interest or Interest.

75. **“Homes”** shall mean Fairview Homes, Inc.

76. **“Impaired”** shall have the meaning set forth in section 1124 of the Bankruptcy Code.

77. **“Imperial Capital”** shall mean Imperial Capital, LLC.

78. **“Intellectual Property”** shall mean collectively, patents, copyrights, trademarks, service marks, tradenames, trademark registrations, service mark registrations, licenses and know-how and the right to use the Fairfield name.

79. **“Intercompany Claim”** shall mean a Claim of any Debtor against any other Debtor, regardless of whether such Claim arose before, on or after the Petition Date.

80. **“Interest”** shall mean, with respect to any Debtor, any “equity security” as such term is defined in section 101(16) of the Bankruptcy Code. Interest shall also include, without limitation, all stock, partnership, membership interest, warrants, options or other rights to purchase or acquire any equity interests in the Debtors.

81. **“Interest Related Claim”** shall mean any Claim, including pursuant to section 510(b) of the Bankruptcy Code, against the Debtors arising from the purchase or sale of an Interest in the Debtors, or any Claim against the Debtors by a Person that asserts equitable or contractual rights of reimbursement, contribution or indemnification arising from such Claim.

82. **“IRS”** shall mean the Internal Revenue Service.

83. **“Lien”** shall mean any lien, mortgage, charge, security interest, right of first refusal, option, nonexecutory purchase agreement, pledge or other encumbrance against or interest in property to secure payment or performance of a claim, debt or litigation.

84. **“Liquidating Assets”** shall mean the assets of Fairfield, including without limitation its equity interests in the First Tier Subsidiaries, and their respective assets, excluding the Reorganized Fairfield Assets, and including, but not limited to, all Causes of Action, including all Avoidance Actions, the Tax Election Claim and the contracts listed on the Assumed Contracts Schedule and any other assets acquired by the Fairfield Trust after the Effective Date or pursuant to this Plan.

85. **“Liquidating Trust Agreement”** shall mean the liquidating trust agreement for the Fairfield Trust, which is included in the Plan Supplement as Exhibit G.

86. **“Liquidating Trustee”** shall mean that individual appointed by the Committee and Capmark Finance, solely in his or her capacity as the trustee of the Fairfield Trust or any of his or her successors.

87. **“Local Rules”** shall mean Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

88. **“Management”** shall mean Chris Hashioka, Greg Pinkalla, Ted Bradford, Jim Hribar, Perry Raptis and Don Byerly.

89. **“Management Investment”** shall mean the investment of not less than \$1.5 million in Newco by Management or a Person collectively owned by Management in exchange for Membership Interests on the Effective Date.

90. **“Membership Interests”** shall mean the membership interests in Newco to be issued on the Effective Date.

91. **“Minimum Cash Balance”** shall be the following Cash to be held by the Fairfield Trust: (i) \$30 million beginning on the Effective Date through December 20, 2010; (ii) \$25 million beginning on December 21, 2010 through December 20, 2011; (iii) \$15 million beginning on December 21, 2011 through December 20, 2012; and (iv) \$10 million thereafter until such time as the Liquidating Trustee makes the final Distribution from the Fairfield Trust; provided, however, that the Liquidating Trustee, with the consent of the Trust Oversight Committee, may reduce the Minimum Cash Balance beginning on January 1, 2013, so long as anticipated liquidated and contingent liabilities of the Liquidating Trustee are adequately provided for by such lesser amount.

92. **“MJC”** shall mean MJC Associates LLC.

93. **“New Money Definitive Documents”** shall mean the Operating Agreement, the Asset Purchase Agreement, the Asset Management Agreement and any applicable employment agreements, each as acceptable in form and substance to each of the New Money Investors.

94. **“New Money Investment”** shall mean the New Money Investors’ investment in Newco in exchange for Membership Interests in accordance with the New Money Definitive Documents.

95. **“New Money Investors”** shall mean OZ, or OZ and CalSTRS.

96. **“Newco”** means, collectively, New Fairfield LLC, which shall hold, directly or indirectly, all of the equity interests of Reorganized FF Properties, and a separate affiliate of New Fairfield LLC, which shall hold any new joint venture projects of Reorganized Fairfield.

97. **“Newco Contracts Schedule”** shall mean the list of assumed and assigned Executory Contracts to be included in the Reorganized Fairfield Assets, which list is included in the Plan Supplement as Exhibit H. The Newco Contracts Schedule shall be subject to the approval of each of the New Money Investors.

98. **“Non-Debtor Affiliate”** shall mean any entity in which any of the Debtors, either directly or indirectly, has an ownership interest or voting right.

99. **“Operating Agreement”** shall mean the Operating Agreements of Newco attached as Exhibit I to the Plan Supplement.

100. **“Organization Documents”** shall mean any certificate filed with the Secretary of State prior to the Effective Date, including any certificate of incorporation or certificate of formation, and any amendments or restatements thereto, and the bylaws or limited liability company agreements, as applicable, and any amendments and restatements thereto, of each of the Debtors.

101. **“OZ”** means Och-Ziff Real Estate Acquisitions LP or its designated affiliate; provided, however, that such affiliate must provide evidence reasonably acceptable to the Committee and the Capmark Lenders (or otherwise approved by the Bankruptcy Court) of adequate capitalization to fund the New Money Investment and satisfy its obligations under the New Money Definitive Documents.

102. **“Person”** shall mean any individual, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government or any political subdivision thereof or other entity.

103. **“Petition Date”** shall mean December 13, 2009, the date the Debtors commenced the Chapter 11 Cases.

104. **“Plan”** shall mean this Second Amended Joint Chapter 11 Plan of Reorganization (as the same may be modified or amended by the Debtors [and the Committee](#) in accordance with the Bankruptcy Code and the Bankruptcy Rules) and any exhibits hereto and any documents incorporated herein by reference.

105. **“Plan Supplement”** means the supplement or supplements to the Plan containing certain documents relevant to the implementation of the Plan, including without limitation the Administration Agreement, the Guaranty Claims Protocol, the Liquidating Trust Agreement, the New Money Definitive Documents, the Newco Contracts Schedule, the Assumed Contracts Schedule and the Expense and Receivable Allocation Agreement.

106. **“Post-Confirmation Expense”** shall mean any fees, costs and expenses (including, without limitation, United States Trustee fees, Liquidating Trustee fees, attorneys’ fees, the fees of other professionals, and any taxes imposed on the Fairfield Trust or in respect of the Liquidating Assets) necessary to complete the reorganization of the Debtors, their Estates and the liquidation of the Liquidating Assets and Fairfield Trust after the Effective Date.

107. **“Priority Claim”** shall mean a Claim entitled to priority pursuant to section 507 of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

108. **“Priority Tax Claim”** shall mean a Claim of the kind specified in section 507(a)(8) of the Bankruptcy Code or a tax Claim afforded secured status pursuant to section 506 of the Bankruptcy Code.

109. **“Professional”** shall mean a Person (i) employed by the Debtors and/or the Committee pursuant to a Final Order in accordance with sections 327, 328 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (ii) for which compensation and reimbursement has been Allowed under section 503(b)(4) of the Bankruptcy Code by the Bankruptcy Court pursuant to a Final Order. This term excludes Persons that may be selected and employed by the Liquidating Trustee, the Fairfield Trust or the Trust Oversight Committee on and after the Effective Date.

110. **“Professional Fee Claim”** shall mean (i) all fees and expenses claimed by Professionals accrued on or before the Effective Date which remain unpaid as of the Effective Date and (ii) any fees and expenses accrued by counsel to the Debtors or counsel to the Committee subsequent to the Effective Date in connection with the prosecution, including prosecution or resolution of any dispute or objection, of any final application for fees and expenses.

111. **“Project”** shall mean real estate owned in whole or in part by a Debtor or an entity in which a Debtor owns an interest, directly or indirectly.

112. **“Proof of Claim”** shall mean a proof of claim filed in the Chapter 11 Cases pursuant to section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

113. **“Pro Rata”** shall mean the proportion that the Face Amount of a Claim in a particular Class or Classes bears to the aggregate Face Amount of all Claims (including Disputed Claims, but excluding Disallowed Claims) in such Class or Classes, unless this Plan provides otherwise.

114. **“Protected Party”** shall mean any of the Debtors, the Liquidating Trustee, the Capmark Lenders, any Holders of Guaranty Claims that agree to the Allowance of Guaranty Claims pursuant to the Guaranty Claims Protocol (provided that such Holders have funded to the Project entity amounts owing to the Debtors as of the Effective Date for Development Fees or General Contractor Fees), the Steering Committee, the Estates, the Fairfield Trust, the Committee, Reorganized Fairfield, the New Money Investors and the Trust Oversight Committee and their respective officers, directors, current (but not former) employees, members, shareholders, advisors, attorneys, representatives, professionals and other agents.

115. **“Reorganized Fairfield”** shall mean Reorganized FF Properties and Newco, collectively.

116. **“Reorganized Fairfield Assets”** shall mean: (i) the limited partnership and general partnership interests in FF Properties (provided, however, that FF Properties’ Cash, accounts receivable, short-term investments due from Affiliates, and intercompany receivables will be transferred to the Fairfield Trust on the Effective Date), (ii) any contracts for rehabilitation, construction or development work executed by FF Development on or after March 1, 2010 on projects that Newco will not be paid a trust asset management fee, (iii) all employees of FF Properties (other than those employees to be terminated pursuant to the Debtors’ staffing plan or otherwise approved by each of the New Money Investors, the Capmark Lenders and the Committee), (iv) all furniture, fixtures and equipment and ~~all other tangible and intangible personal property of any Debtor (including~~ Intellectual Property (subject to the royalty-free, paid-up, non-exclusive, non-transferable license granted to the Fairfield Trust to use the Intellectual Property) of any Debtor, but exclusive of Cash on hand as of the Effective Date), (v) those Executory Contracts listed on the Newco Contracts Schedule, (vi) an unrestricted right of access to and copies of all plans, specifications, drawings and other work-product, work for hire or similar material produced or provided by employees, contractors, professionals, consultants, or other third parties in connection with the development, redevelopment or potential future development or redevelopment of real estate that are not otherwise contained on the Newco Contracts Schedule and (vii) an unrestricted right of access to and copies of all books and records of Fairfield and the Retained Subsidiary Debtors as necessary to conduct the business of Newco.

117. **“Reorganized FF Properties”** shall mean FF Properties in the form that it shall have on the Effective Date after implementation of this Plan.

118. **“Responsible Person”** shall have the meaning set forth under the Internal Revenue Code Section 6672(a).

119. **“Retained Subsidiary Debtors”** shall mean all Debtors except Fairfield and FF Properties.

120. **“Scheduled”** with respect to any Claim, shall mean listed on the Schedules.

121. **“Schedules”** shall mean the Statements of Financial Affairs and Schedules of Assets and Liabilities filed by the Debtors with the Bankruptcy Court in the Chapter 11 Cases under Bankruptcy Rule 1007, as such Statements of Financial Affairs and

Schedules of Assets and Liabilities have been or may be amended or supplemented from time to time.

122. **“Second Tier Subsidiaries”** shall mean Fairview Homes, Inc., Fairfield Residential L.P., Fairview Residential WA LLC, and Fairview Residential CA L.P.

123. **“Secretary of State”** shall mean the Secretary of State of the State of Delaware.

124. **“Steering Committee”** shall mean the steering committee of unsecured creditors that existed prior to the Petition Date.

125. **“Subordinated Intercompany Claim”** shall mean a Claim of any Non-Debtor Affiliate against a Debtor.

126. **“Subsequent Distribution”** means any Distribution made after the Effective Date Distribution.

127. **“Tax Election Claim”** shall mean a Cause of Action, to the extent that any exists under applicable law, arising from an adverse tax or financial consequence to the Fairfield Trust (including any tax liabilities of Fairfield as a result of the election that have the effect of reducing the amount of the Liquidating Assets as compared to what such assets would have been absent the election) as a result of Fairfield’s election as of May 31, 2009 to be treated as a corporation for federal income tax purposes. A Tax Election Claim may only be asserted to avoid the election or against a Person that received a direct financial benefit (including a reduction in tax liabilities as compared to what such liabilities would have been absent the election) as a result of Fairfield’s election as of May 31, 2009 to be treated as a corporation for federal tax purposes.

128. **“Trust Oversight Committee”** shall mean the trust oversight committee of Creditors formed on the Effective Date upon the dissolution of the Committee and composed of five (5) Persons, consisting of four (4) Persons selected by the Committee and one (1) Person who is selected by Capmark Finance. Such members will be identified in the Plan Supplement filed prior to the Confirmation Hearing.

129. **“Voting and Claims Agent”** shall mean Kurtzman Carson Consultants LLC, the Court appointed claims, noticing and balloting agent in these jointly administered Chapter 11 Cases.

130. **“Wachovia”** shall mean Wachovia Finance Co.

131. **“Wachovia Facility”** shall mean that certain credit agreement dated December 14, 2007 by and among Fairfield and Wachovia, as amended or supplemented from time to time.

132. **“Wachovia Claim”** shall mean all claims of Wachovia against any of the Debtors and/or their Estates that arise from or relate to the Wachovia Facility.

133. “Wachovia Real Estate” shall mean the real estate securing the Wachovia Facility.

134. “Wind-down Reserve Account” shall mean one or more reserve accounts to be established on the Effective Date by the Liquidating Trustee in accordance with Article IV.B of this Plan, to hold at least the Minimum Cash Balance.

B. Other Terms

The words “herein,” “hereof,” “hereto,” “hereunder” and others of similar import refer to this Plan as a whole and not to any particular article, section or clause contained in this Plan. A reference to an “Article” refers to an Article, or referenced portion thereof, of this Plan. A term used herein that is not defined herein shall have the meaning ascribed to that term, if any, in or by the Bankruptcy Code. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply in constructing this Plan.

C. Exhibits

All Exhibits to this Plan and the Plan Supplement are incorporated by reference into and are made a part of this Plan as if set forth in full herein.

ARTICLE II.

CLASSIFICATION AND TREATMENT OF CLAIMS

A. Summary

This Plan constitutes a separate chapter 11 plan of liquidation or reorganization for each of the following categories of Debtors: (i) Fairfield and the First Tier Subsidiaries; (ii) Homes; (iii) Fairview L.P.; (iv) Fairview WA; and (v) Fairview CA. Except for Administrative Claims, and Priority Tax Claims, all Claims against and Interests in a particular category of Debtors are placed in Classes for each category of the Debtors described above. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims or Priority Tax Claims, as described below.

B. Classification

The table below classifies Claims against and Interests of all Debtors for all purposes, including voting, confirmation and Distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Interest to be classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and a Claim or Interest shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that any such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

<u>CLASS</u>	<u>STATUS</u>	<u>ENTITLED TO VOTE</u>
Class 1.A: Fairfield/First Tier Subsidiary Priority	Not Impaired	No

<u>CLASS</u>	<u>STATUS</u>	<u>ENTITLED TO VOTE</u>
Claims		
Class 1.B: Homes Priority Claims	Not Impaired	No
Class 1.C: Fairview L.P. Priority Claims	Not Impaired	No
Class 1.D: Fairview WA Priority Claims	Not Impaired	No
Class 1.E: Fairview CA Priority Claims	Not Impaired	No
Class 2.A: Capmark Claims	Impaired	Yes
Class 2.B: Fairfield/First Tier Subsidiary	Impaired	Yes
General Unsecured Claims		
Class 2.C: Homes General Unsecured Claims	Impaired	Yes
Class 2.D: Fairview L.P. General Unsecured	Impaired	Yes
Claims		
Class 2.E: Fairview WA General Unsecured	Impaired	Yes
Claims		
Class 2.F: Fairview CA General Unsecured	Impaired	Yes
Claims		
Class 3: Wachovia Claims	Impaired	Yes
Class 4.A: Fairfield/First Tier Subsidiary	Not Impaired or	No
Convenience Class Claims	Impaired by	
	Agreement	
Class 4.B: Homes Convenience Class Claims	Not Impaired or	No
	Impaired by	
	Agreement	
Class 4.C: Fairview L.P. Convenience Class	Not Impaired or	No
Claims	Impaired by	
	Agreement	
Class 4.D: Fairview WA Convenience Class	Not Impaired or	No
Claims	Impaired by	
	Agreement	
Class 4.E: Fairview CA Convenience Class	Not Impaired or	No
Claims	Impaired by	
	Agreement	
Class 5.A: Fairfield/First Tier Subsidiary	Impaired	No
Intercompany Claims		
Class 5.B: Homes Intercompany Claims	Impaired	No
Class 5.C: Fairview L.P. Intercompany Claims	Impaired	No
Class 5.D: Fairview WA Intercompany Claims	Impaired	No
Class 5.E: Fairview CA Intercompany Claims	Impaired	No
Class 6.A: Fairfield /First Tier Subsidiary	Impaired	No
Subordinated Intercompany Claims		
Class 6.B: Homes Subordinated Intercompany	Impaired	No
Claims		
Class 6.C: Fairview L.P. Subordinated	Impaired	No
Intercompany Claims		
Class 6.D: Fairview WA Subordinated	Impaired	No
Intercompany Claims		

<u>CLASS</u>	<u>STATUS</u>	<u>ENTITLED TO VOTE</u>
Class 6.E: Fairview CA Subordinated Intercompany Claims	Impaired	No
Class 7.A: Fairfield/First Tier Subsidiary Interest Claims	Impaired	No
Class 7.B: Homes Interest Claims	Impaired	No
Class 7.C: Fairview L.P. Interest Claims	Impaired	No
Class 7.D: Fairview WA Interest Claims	Impaired	No
Class 7.E: Fairview CA Interest Claims	Impaired	No

C. Unclassified Claims: Administrative Claims and Priority Tax Claims

As provided in Bankruptcy Code section 1123(a)(1), Administrative Claims and Priority Tax Claims shall not be classified for the purposes of voting or receiving distributions under this Plan. Rather, all such Claims shall be treated separately as unclassified Claims in accordance with the terms set forth in this Article **II.C**.

1. Administrative Claims

a. (i) Non-Professional Fee Claims

The Liquidating Trustee shall pay each Holder of an Allowed Administrative Claim against any Debtor (excluding Professional Fee Claims) the full amount of such Allowed Administrative Claim, without interest, in Cash, (a) as soon as practicable after the Effective Date but no later than twenty (20) days after the Effective Date, (b) within thirty (30) days after such Administrative Claim becomes an Allowed Claim or (c) when due in the ordinary course. Notwithstanding anything herein to the contrary, a Holder of an Allowed Administrative Claim against any Debtor may be paid on such other date or dates and upon such other terms as may be agreed upon by such Holder and the Liquidating Trustee. Without limiting the foregoing, all outstanding fees payable to the Office of the United States Trustee under 28 U.S.C. § 1930 that have not been paid as of the Effective Date shall be paid by the Liquidating Trustee no later than thirty (30) days after the Effective Date or when due in the ordinary course.

(ii) Administrative Claims and Administrative Expense Request Deadline

Each Holder of an Administrative Claim must file an Administrative Expense Request requesting payment of such Administrative Claim with the Bankruptcy Court by no later than the Administrative Expense Request Deadline for all other Administrative Claims that are not subject to the Bar Date Order; provided, however, that any such Administrative Expense Request need not be filed with a hearing date. Nothing herein extends a Bar Date established in the Bar Date Order. Capmark Finance and the Capmark Lenders shall not be required to file an Administrative Expense Request by the Administrative Expense Request Deadline in connection with any claims related to, arising under, or in connection with the Capmark Facility; provided however that any Administrative Expense Request by Capmark Finance and the Capmark Lenders shall not exceed the amount of the Capmark Retainer.

b. Professional Fee Claims

The Liquidating Trustee shall pay Professionals who are entitled to reimbursement or allowance of fees and expenses from each of the Debtors' Estates pursuant to ~~Bankruptcy Code~~ sections 327-330 and 503(b)(2) - (b)(6) of the Bankruptcy Code, in Cash, in the amount awarded to such Professionals by the interim fee application order or by Final Order of the Bankruptcy Court, as soon as practicable after the later of the Effective Date and the date upon which any order awarding fees and expenses becomes a Final Order, in accordance with the terms of any order entered by the Bankruptcy Court governing the payment of fees and expenses during the course of the Chapter 11 Cases, and after application of any retainer received by the Professionals. The New Money Investors have provided that \$1 million from the Closing Payment shall be used exclusively to pay, in part, the Professional Fee Claims of MJC and Imperial Capital.

The Plan Supplement shall include an estimate of fees and expenses for Professionals, including all retainers, holdbacks and fees and expenses accrued through the Effective Date in order to permit there to be an Effective Date Distribution.

Any final application for allowance of a Professional Fee Claim for services rendered and costs incurred through the Effective Date must be filed with the Bankruptcy Court and served on counsel for the Fairfield Trust, the Trust Oversight Committee and the Liquidating Trustee at the addresses listed in Article IX.Q of this Plan and on the Office of the United States Trustee so that it is received no later than forty-five (45) days after the Effective Date, unless otherwise extended by agreement of the claimant and the Liquidating Trustee, or such Professional Fee Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Fairfield Trust, the Liquidating Trustee and their successors, their assigns, the Liquidating Assets or the Reorganized Fairfield Assets. Allowed Professional Fee Claims must be paid in full or reserved in full in Cash pending allowance by the Bankruptcy Court prior to any payment to Holders of Allowed Claims in Class 2.A Capmark Claims and Classes 2.B through 2.F (General Unsecured Claims).

2. Priority Tax Claims

The Liquidating Trustee shall pay, at the Liquidating Trustee's discretion, each Holder of an Allowed Priority Tax Claim against any Debtor in full in Cash at the later of (a) as soon as practicable after the Effective Date, or (b) within thirty (30) days after such Priority Tax Claim becomes an Allowed Claim. Notwithstanding the immediately preceding sentence, with respect to claims of a kind specified in section 507(a)(8) of the Bankruptcy Code, the Liquidating Trustee, may at his/her discretion elect to make payment on such claims in a series of periodic payments, the last of which payments shall be made on or before December 13, 2014, provided, however, that if the Liquidating Trustee elects to make payments in this manner, such claimants shall receive interest from the Effective Date through and including the date of the last periodic payment at the federal judgment interest rate in effect on the Effective Date. All Allowed Priority Tax Claims against the Debtors which are not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof. The Liquidating Trustee can prepay any Allowed Priority Tax Claim at any time after the Effective Date without any penalty or charge.

Holders of Allowed Priority Tax Claims will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with such Claims. Any Claim for any such penalty, or demand for any such penalty, will be deemed disallowed by confirmation of this Plan.

D. Classes of Claims and Interests: Classification, Treatment and Voting Rights

Holders of Claims and Interests are divided into Classes and treated as follows:

1. Classes 1.A through 1.E – Priority Claims –Not Impaired

a. Classification

Classes 1.A, 1.B, 1.C, 1.D and 1.E consist of all Allowed Priority Claims for such respective classes.

b. Treatment

The Liquidating Trustee shall pay each Holder of an Allowed Class 1.A Claim, Allowed Class 1.B Claim, Allowed Class 1.C Claim, Allowed Class 1.D Claim, or Allowed Class 1.E Claim in relative order of priority pursuant to Bankruptcy Code section 507, in full, in Cash, without interest, as soon as practicable but not later than thirty (30) days after the Effective Date.

c. Voting

Classes 1.A, 1.B, 1.C, 1.D and 1.E are not Impaired. Holders of Claims in Classes 1.A, 1.B, 1.C, 1.D and 1.E are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Claims in Classes 1.A, 1.B, 1.C, 1.D and 1.E are not entitled to vote to accept or reject this Plan.

2. Class 2.A Capmark Claims and Classes 2.B through 2.F – General Unsecured Claims – Impaired

a. Classification

Class 2.A Capmark Claims consist solely of all Capmark Claims, and Classes 2.B, 2.C, 2.D, 2.E and 2.F consist of all General Unsecured Claims for such respective classes.

b. Treatment

In full and final satisfaction of the Capmark Claims in Class 2.A and the Allowed General Unsecured Claims in Classes 2.B (which shall be counted as a pool), 2.C, 2.D, 2.E and 2.F, Holders of Capmark Claims and Holders of Allowed General Unsecured Claims in such classes shall receive:

(i) Class 2.A (Capmark Claims): the Holders of the Capmark Claims shall be entitled to:

A. Effective Date Distributions:

- a. 50% of the Closing Payment relating to the \$10 million Cash payment that Newco shall make to FF Properties, Inc. and Fairfield (or any larger amount received as a closing payment relating to an Alternative Transaction); then
- b. 60% of the Effective Date Distributions of all Distributable Cash until an aggregate of \$38.2 million has been distributed pursuant to this Article II(D)(2)(b)(i)(A)(b) and Article II(D)(2)(b)(ii)(A)(b) collectively (excluding any amounts paid from the \$10 million cash Closing Payment described above); then
- c. thereafter, 50% of the Effective Date Distributions of all Distributable Cash; and

B. Subsequent Distributions:

- a. 60% of Subsequent Distributions of Distributable Cash by the Fairfield Trust until the Holders of Capmark Claims have received an aggregate of \$39.75 million; then
- b. 55% of the Subsequent Distributions of Distributable Cash by the Fairfield Trust thereafter until such time as the aggregate value of all Distributions made to Holders of Capmark Claims equals the amount of such Allowed Claims~~;~~ and

C. Once all Class 2.B Claims have been paid in full, 50% of all Distributable Cash.

The timing and amount of the Distributions of Distributable Cash will be determined by the Liquidating Trustee after consultation with the Trust Oversight Committee. The aggregate value of all Distributions received by the Holders of Capmark Claims shall not exceed the Allowed Claims owed by the Debtors under the Capmark Facility, until all Class 2.B Claims have been paid in full. Thereafter, Holders of Class 2.A Capmark Claims shall receive 50% of all Subsequent Distributions.

On the Effective Date, provided that Capmark Finance provides an accounting to the Debtors and the Committee, Capmark Finance shall be authorized to apply the Capmark Retainer to the amount equal to all reasonable third-party professional fees of Dechert LLP, J.H. Cohn and Connolly Bove and reasonable actual expenses of Dechert LLP, J. H. Cohn and Connolly Bove incurred in connection with the Chapter 11 Cases through the Effective Date as well as an amount equal to the reasonably anticipated post-Effective Date third-party professional fees and expenses of Dechert LLP, J.H. Cohn and Connolly Bove directly related thereto (collectively, the “Fee Amount”). The balance, if any, of the Capmark Retainer in excess of the Fee Amount shall be applied as a setoff to the amount of the Effective Date Distribution otherwise payable on account of the Capmark Claim. In no event shall the Fee Amount exceed the amount of the Capmark Retainer.

(ii) Class 2.B (Fairfield/First Tier Subsidiary General Unsecured Claims): with respect to Holders of Class 2.B Claims (except for those who receive or elect to receive treatment and payment under a Convenience Class), a Pro Rata Distribution of Cash, based upon the amount of their Allowed Claim, of the following:

A. Effective Date Distributions:

- a. 50% of the Closing Payment relating to the \$10 million Cash payment that Newco shall make to FF Properties, Inc. and Fairfield (or any larger amount received as a closing payment relating to an Alternative Transaction); then
- b. 40% of the Effective Date Distributions of all Distributable Cash until an aggregate of \$38.2 million has been distributed pursuant to Article II(D)(2)(b)(i)(A)(b) and this Article II(D)(2)(b)(ii)(A)(b) collectively; (excluding any amounts paid from the \$10 million cash Closing Payment described above); then
- c. thereafter, 50% of the Effective Date Distributions of all Distributable Cash as of such Effective Date; and

B. Subsequent Distributions:

- a. 40% of Subsequent Distributions of Distributable Cash by the Fairfield Trust until the Holders of Capmark Claims have received an aggregate of \$39.75 million; then
- b. 45% of all Subsequent Distributions of Distributable Cash by the Fairfield Trust (provided, however, that such percentage shall increase to 100% when the aggregate value of all Distributions made to the Holders of Capmark Claims equals the amount of the Capmark Lenders Allowed Claims); and

C. Once all Class 2.2B Claims have been paid in full, 50% of all Distributable Cash.

Holders of Guaranty Claims shall have the amount of their Claims determined and Allowed by the Guaranty Claims Protocol. Each of the Debtors and the Fairfield Trust waives and releases any and all rights of reimbursement, contribution, indemnity and subrogation with respect to any and all of the Guaranty Claims and agrees that none of them shall have any such rights against any Person with respect to any or all of the Guaranty Claims.

All accrued, undisputed and unpaid Development Fees will be paid on or before the Effective Date and included in Distributable Cash to be distributed on the Effective Date. All accrued, undisputed and unpaid General Contractor Fees will be paid on or before the Effective Date and included in Distributable Cash to be distributed on the Effective Date. In the event that a Holder of Class 2.B Claims fails to fund the Project entity for accrued, undisputed and unpaid Development Fees and/or General Contractor Fees that are otherwise due and owing to the

Debtors, the amount of such unfunded fees with respect to such Project shall be set off against such Creditor's right to receive a Distribution on account of such Class 2.B Claim.

(iii) Class 2.C (Homes General Unsecured Claims): the Holders of Class 2.C Claims shall receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Homes in respect of their claims against Homes.

(iv) Class 2.D (Fairview L.P. General Unsecured Claims): the Holders of Class 2.D Claims shall receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Fairview L.P. in respect of their claims against Fairview L.P.

(v) Class 2.E (Fairview WA General Unsecured Claims): the Holders of Class 2.E Claims shall receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Fairview WA in respect of their claims against Fairview WA.

(vi) Class 2.F (Fairview CA General Unsecured Claims): the Holders of Class 2.F Claims will receive a Pro Rata Distribution in Cash of the proceeds received from the liquidation of Fairview CA in respect of their claims against Fairview CA.

c. Voting

Classes 2.A, 2.B, 2.C, 2.D, 2.E and 2.F are Impaired. Therefore, Holders of Allowed Class 2.A Claims and Allowed Class 2.B Claims are entitled to vote to accept or reject the substantively consolidated Plan for Fairfield and the First Tier Subsidiaries or choose the Convenience Class Election. Allowed Class 2.C Claims, Allowed Class 2.D Claims, Allowed Class 2.E Claims and Allowed Class 2.F Claims are entitled to vote to accept or reject this Plan for their respective Estates or choose the Convenience Class Election.

3. Class 3 – Wachovia Claims – Impaired

a. Classification

Class 3 consists of the Wachovia Claims.

b. Treatment

In full and final satisfaction of Wachovia's Allowed Class 3 Claim, Wachovia shall be entitled to (A) a recovery on their Claim through, at their option, (i) a sale of the Wachovia Real Estate to a third-party or (ii) the transfer of the Wachovia Real Estate to Wachovia; and (B) an Allowed General Unsecured Claim in Class 2B in the amount of the difference between the outstanding balance under the Wachovia Facility on the Petition Date and the value (as determined by the Bankruptcy Court or as otherwise mutually agreed between the Debtors and Wachovia, as may be reasonably acceptable to the Committee and the Capmark Lenders) of the collateral securing the Wachovia Facility.

c. Voting

Class 3 is Impaired. Therefore, Wachovia is entitled to vote to accept or reject the substantively consolidated Plan for Fairfield and the First Tier Subsidiaries.

4. Classes 4.A through 4.E – Convenience Class Claims (Includes Those Electing the Convenience Class Election) – Not Impaired or Impaired by Agreement

a. Classification

Classes 4.A, 4.B, 4.C, 4.D and 4.E consist of all Convenience Class Claims for such respective classes, including Claims of a single Holder of a type that (A) would otherwise be included in Class 2.A or 2.B that are either (i) \$1,000 or less in the aggregate or (ii) greater than \$1,000 in the aggregate, but as to which the holder thereof has made a Convenience Class Election or (B) would otherwise be included in Class 2.C, 2.D, 2.E or 2.F that are either (i) \$100 or less in the aggregate or (ii) greater than \$100 in the aggregate, but as to which the holder thereof has made a Convenience Class Election.

b. Treatment

The Disbursing Agent shall distribute to each Holder of an Allowed Class 4.A Claim, an Allowed Class 4.B Claim, an Allowed Class 4.C Claim, an Allowed Class 4.D Claim or an Allowed Class 4.E Claim, Cash equal to 100% of the Face Amount thereof up to a maximum of \$1,000 total payout in full and final satisfaction of such Claim for Allowed Class 4.A Claims or Allowed Class 4.B Claims and a maximum of \$100 total payout in full and final satisfaction of such Claim for an Allowed Class 4.C Claim, an Allowed Class 4.D Claim or an Allowed Class 4.E Claim.

c. Voting

Holders of Class 4.A Claims, Class 4.B Claims, Class 4.C Claims, Class 4.D Claims and Class 4.E Claims are conclusively deemed to have accepted the Plan either (i) pursuant to section 1126(f) of the Bankruptcy Code for such Claims within Article [II.D.4\(a\)\(A\)\(i\)](#) or Article [II.D.4\(a\)\(B\)\(i\)](#) of this Plan, or (ii) pursuant to an affirmative vote to accept the Plan for such Claims within Article [II.D.4\(a\)\(A\)\(ii\)](#) or Article [II.D.4\(a\)\(B\)\(ii\)](#) of this Plan who chose the Convenience Class Election.

5. Classes 5.A through 5.E – Intercompany Claims – Impaired

a. Classification

Classes 5.A, 5.B, 5.C, 5.D and 5.E consist of all Intercompany Claims for such respective class.

b. Treatment

Intercompany Claims in Classes 5.A, 5.B, 5.C, 5.D and 5.E shall be settled and forever discharged.

c. Voting

Holders of Intercompany Claims in Classes 5.A, 5.B, 5.C, 5.D and 5.E shall receive no distribution under this Plan and are conclusively deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

6. Classes 6.A through 6.E – Subordinated Intercompany Claims – Impaired

a. Classification

Classes 6.A, 6.B, 6.C, 6.D and 6.E consist of all Subordinated Intercompany Claims for such respective class.

b. Treatment

Subordinated Intercompany Claims in Classes 6.A, 6.B, 6.C, 6.D and 6.E shall be settled and forever discharged.

c. Voting

Holders of Subordinated Intercompany Claims in Classes 6.A, 6.B, 6.C, 6.D and 6.E shall receive no distribution under this Plan and are conclusively deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code.

7. Classes 7.A through 7.E – Interests and Interest Related Claims – Impaired

a. Classification

Classes 7.A, 7.B, 7.C, 7.D and 7.E consist of all Interests and Interest Related Claims for such respective class.

b. Treatment

On the Effective Date, all Interests in any of the Debtors shall be deemed canceled, null and void, and of no force and effect, and Holders of Interest Related Claims in Classes 7.A, 7.B, 7.C, 7.D and 7.E shall receive no Distributions with respect to such Claims; provided, however, that (i) the Interests in the First Tier Subsidiaries (excluding FF Properties) held by Fairfield shall be transferred to the Fairfield Trust as Liquidating Assets and (ii) the Interests in the Second Tier Subsidiaries held by the First Tier Subsidiaries shall survive and continue to be held by the applicable First Tier Subsidiary.

c. Voting

Classes 7.A, 7.B, 7.C, 7.D and 7.E will receive no distribution under this Plan. Holders of Interests and Interest Related Claims in Classes 7.A, 7.B, 7.C, 7.D and 7.E are conclusively deemed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Interests and Allowed Interest Related Claims in Classes 7.A, 7.B, 7.C, 7.D and 7.E are not entitled to vote to accept or reject this Plan.

ARTICLE III.

ACCEPTANCE OR REJECTION OF THIS PLAN

A. Impaired Classes of Claims Entitled to Vote

Except as otherwise provided in order(s) of the Bankruptcy Court pertaining to solicitation of votes on this Plan, Class 2.A (Capmark Claims), Classes 2.B, 2.C, 2.D, 2.E and 2.F (General Unsecured Claims) and Class 3 (Wachovia Claims) shall be entitled to vote to accept or reject this Plan. If and to the extent any other Class identified as being unimpaired is impaired (whether as a result of the terms of this Plan or any modification or amendment thereto), upon such determination, such Class shall then be entitled to vote to accept or reject this Plan.

B. Classes Deemed to Accept this Plan

Classes 1.A, 1.B, 1.C, 1.D and 1.E (Priority Claims) and Classes 4.A, 4.B, 4.C, 4.D and 4.E (Convenience Class Claims) are unimpaired by this Plan. Pursuant to section 1126(f) of the Bankruptcy Code, Classes 1.A, 1.B, 1.C, 1.D and 1.E and Classes 4.A, 4.B, 4.C, 4.D and 4.E are therefore conclusively presumed to have accepted this Plan, and the votes of Holders of Claims in Classes 1.A, 1.B, 1.C, 1.D, and 1.E and Classes 4.A, 4.B, 4.C, 4.D and 4.E will therefore not be solicited.

C. Classes Deemed to Reject this Plan

Holders of Classes 5.A, 5.B, 5.C, 5.D, and 5.E (Intercompany Claims), Classes 6.A, 6.B, 6.C, 6.D and 6.E (Subordinated Intercompany Claims) and Classes 7.A, 7.B, 7.C, 7.D and 7.E (Interests and Interest Related Claims) are not entitled to receive any distribution under this Plan. Pursuant to section 1126(g) of the Bankruptcy Code, Classes 5.A, 5.B, 5.C, 5.D, 5.E, 6.A, 6.B, 6.C, 6.D, 6.E, 7.A, 7.B, 7.C, 7.D and 7.E are conclusively presumed to have rejected this Plan, and the votes of Holders of Claims in Classes 5.A, 5.B, 5.C, 5.D, 5.E, 6.A, 6.B, 6.C, 6.D, 6.E, 7.A, 7.B, 7.C, 7.D and 7.E therefore will not be solicited.

D. Nonconsensual Confirmation

The Debtors intend to request that the Bankruptcy Court confirm this Plan pursuant to section 1129(b) of the Bankruptcy Code.

ARTICLE IV.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Implementation of Plan

The Debtors propose to implement and consummate this Plan on and after the Effective Date. The Plan is premised upon the substantive consolidation of the First Tier Subsidiaries and Fairfield for all purposes related to this Plan, including for purposes of voting, confirmation and distribution. The Second Tier Subsidiaries, however, shall not be substantively consolidated.

Prior to the Effective Date, the Debtors shall continue to operate their businesses subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. This Plan contemplates and is predicated upon transfer of the Liquidating Assets and certain of the Debtors' liabilities (other than Assumed Liabilities under the Asset Purchase Agreement that shall be assumed by Newco), including Claims, into the Fairfield Trust.

B. Formation of the Fairfield Trust

The Fairfield Trust shall be established as a Delaware statutory trust for the sole purpose of liquidating the Estates (except for the Reorganized Fairfield Assets) and making distributions to Holders of Allowed Claims and Interests, in accordance with this Plan with no objective to continue or engage in the conduct of a trade or business. Subject to definitive guidance from the IRS, all parties shall treat the Fairfield Trust as a partnership for federal income tax purposes. To the extent necessary, the Fairfield Trust shall make an election pursuant to Treasury Regulation 301.7701-3 to be treated as partnership for federal income tax purposes and the Liquidating Trustee (and any other required signatories) shall timely file IRS Form 8832 to ensure such classification from the date of formation of the Fairfield Trust.

On the Effective Date, Fairfield shall sell the Reorganized Fairfield Assets to Newco. Immediately thereafter, Fairfield shall liquidate and all of its assets (other than the Reorganized Fairfield Assets), including without limitation its equity interests in the First Tier Subsidiaries (excluding FF Properties), shall be transferred to the Fairfield Trust. A Responsible Person shall be appointed to file final tax returns and handle other administrative tasks on behalf of liquidated Fairfield. The First Tier Subsidiaries (excluding FF Properties) shall continue to hold the equity interests of the Second Tier Subsidiaries.

The Liquidating Trust Agreement shall contain provisions customary to trust agreements utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to govern the rights, powers, obligations and appointment and removal of the Liquidating Trustee and to ensure the treatment of the Fairfield Trust as a partnership for federal income tax purposes, all consistent with the Plan.

As set forth herein, the liquidation and winding up of the Fairfield Trust shall become the responsibility of the Liquidating Trustee, who shall thereafter have responsibility for the management, control and operation thereof, and who may use, acquire and dispose of the

Liquidating Assets free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, subject to any necessary oversight or approvals of the Trust Oversight Committee as may be required pursuant to the Plan and as provided in the Liquidating Trust Agreement. Subject to further order of the Bankruptcy Court, the Liquidating Trustee shall act as liquidating agent of and for the Fairfield Trust and the Estates (except for the Reorganized Fairfield Assets) from and after the Effective Date, subject to any necessary oversight or approvals of the Trust Oversight Committee as may be required pursuant to this Plan.

The Liquidating Trustee, at the direction of the Trust Oversight Committee, shall be permitted to make any investments. The Liquidating Trustee, at the direction of the Trust Oversight Committee, may expend the Cash of the Fairfield Trust (a) as reasonably necessary to meet liabilities and to maintain the value of the respective assets of the Fairfield Trust during liquidation, (b) to pay the respective reasonable administrative expenses (including, but not limited to, any United States Trustee fees, Liquidating Trustee fees, professional fees and taxes imposed on the Fairfield Trust), and (c) to satisfy other respective liabilities incurred by the Fairfield Trust in accordance with the Plan or the Liquidating Trust Agreement.

For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and Holders of Allowed Claims) shall treat the transfer of the Liquidating Assets and certain of the Debtors' liabilities to the Fairfield Trust in accordance with the terms of this Plan, as a transfer to Holders of Allowed Claims followed by a transfer by such Holders to the Fairfield Trust, and the beneficiaries of the Fairfield Trust shall be treated as partners and owners thereof. The beneficiaries of the Fairfield Trust shall be the Creditors of the Estates

C. Formation of Newco

Newco will be formed on or before the Effective Date by the New Money Investors and Management as a new entity, which will purchase and subsequently hold, directly or indirectly, all of the Reorganized Fairfield Assets. Newco will purchase the Reorganized Fairfield Assets from Fairfield and FF Properties, Inc. pursuant to the Asset Purchase Agreement in exchange for \$10 million of the Closing Payment. Reorganized Fairfield will assume those Executory Contracts set forth on the Newco Contracts Schedule and operating liabilities of FF Properties, as approved by each of the New Money Investors. Newco will also assume the Assumed Liabilities. As of the Effective Date, Reorganized Fairfield's reasonably projected expenses would not exceed its reasonably projected revenues.

Newco shall be structured for administrative and tax efficiency consistent with its two primary businesses: (i) providing management and other services, including managing the completion of construction of the Debtors' legacy assets and (ii) investing as a general partner in new projects.

D. Governance of Newco

Newco will be governed by the Operating Agreement and initially have a five member board of managers. Of the five managers, three will be selected by the New Money Investors (with a total of five votes), one will be selected by Management (with one vote), and

one will be selected by the Trust Oversight Committee (with one vote). The Trust Oversight Committee's board seat and vote will be given to CalSTRS on the last day of the first month in which the Applicable Outstanding Loan Balance is calculated to be zero (except to the extent CalSTRS no longer holds an equity interest in Newco at such time, in which case the Trust Oversight Committee's board seat and vote will be eliminated). The managers appointed by the Trust Oversight Committee shall not be precluded from also serving as members of the Trust Oversight Committee.

Major decisions, including annual budgets, business plans, capital calls and new co-investments, will require a majority vote subject to normal and customary shareholder rights, as set forth in the Operating Agreement. The Operating Agreement will delegate day-to-day operating authority, subject to the aforementioned budgets and business plans, to Management.

E. Terms of New Money Investment and Management Investment

Newco will acquire a New Money Investment on terms mutually agreed to by Management and the New Money Investors and consistent with the New Money Definitive Documents. The New Money Investment shall be subject to the approval of the Bankruptcy Court in connection with the Confirmation Order. The New Money Investors will make an investment pursuant to the New Money Definitive Documents in the aggregate of \$119.5 million in the following manner: (i) the New Money Investors will initially invest \$19.5 million in Newco on the Effective Date (which includes the amount necessary to make the Closing Payment); (ii) the New Money Investors will make a subsequent investment in Newco of \$50 million; and (iii) the New Money Investors will commit to co-invest \$50 million in acquisitions of multi-family residential real estate projects by Newco. At the same time that the New Money Investors make their initial \$19.5 million investment, Management will make the Management Investment. In exchange for the New Money Investment and the Management Investment, the New Money Investors and Management shall receive their proportionate share of Membership Interests.

Notwithstanding the foregoing, the management of Fairfield shall receive 10% of the Membership Interests and a promote interest equal to 15% of annual net Cash flow from management or other service related fees (i.e., excluding preferred and promote returns on co-investment) above a 15% return on the outstanding Cash balance to investors.

On the Effective Date, Newco will utilize the proceeds of the New Money Investment and the Management Investment to consummate the transactions contemplated by the Asset Purchase Agreement; provided that the New Money Investment is not being made on behalf of any existing Claims or Interests of Management.

F. Alternative Transaction

The Debtors and the Committee have agreed that, in the event that (a) prior to December 31, 2010, Fairfield consummates an Alternative Transaction and (b) OZ and CalSTRS have not otherwise breached their obligations under this Plan or the New Money Definitive Documents, or otherwise terminated in violation of the terms thereof the New Money Definitive Documents, then OZ and CalSTRS shall have the right to seek, pursuant to section 503(b) of the

Bankruptcy Code, (i) the payment of \$2.0 million to OZ and (ii) the reimbursement of actual and documented expenses incurred by OZ and CalSTRS in connection with or relating to the negotiation of the New Money Investment in an aggregate amount that does not exceed \$500,000. In the event that (x) the New Money Investment is not consummated prior to December 31, 2010 and (y) OZ and CalSTRS have not otherwise breached their obligations under this Plan or the New Money Definitive Documents, or otherwise terminated in violation of the terms thereof the New Money Definitive Documents, then OZ and CalSTRS shall have the rights to seek, pursuant to section 503(b) of the Bankruptcy Code, the reimbursement of their reasonable actual and documented expenses incurred in connection with or relating to the negotiation of the New Money Investment. The amounts described in this paragraph, if due and payable in accordance with the terms of a Bankruptcy Court order, shall be paid contemporaneously with the consummation of an Alternative Transaction or upon the effective date under a confirmed plan of reorganization or liquidation other than this Plan. Nothing set forth herein shall limit or restrict the rights of other parties to object to the payment of such amounts.

G. Other Issues

Entry of the Confirmation Order shall constitute the approval, pursuant to sections 105(a), 1123(a)(5)(B) and 1123(a)(5)(C) of the Bankruptcy Code, effective as of the Effective Date, of the transfer of the Liquidating Assets and certain of the Debtors' liabilities, including Claims, to the Fairfield Trust, the transfer of the Reorganized Fairfield Assets and Assumed Liabilities to Newco pursuant to the Asset Purchase Agreement.

Notwithstanding the reorganization provided for herein, each and every Debtor shall remain severally responsible for the payment of quarterly fees pursuant to 28 U.S.C. §1930 to the Office of the United States Trustee until such time as a particular case is closed pursuant to a Final Decree or other order of the Bankruptcy Court, dismissed, or converted.

H. Causes of Action

Except for those Causes of Action listed on Exhibit A to the Plan, all Causes of Action including Avoidance Actions and Tax Election Claims shall be transferred into the Fairfield Trust. Pursuant to section 1123 of the Bankruptcy Code, the Liquidating Trustee shall be authorized to commence all Causes of Action on behalf of all of the Debtors and/or their Estates (except for any Cause of Action that may be released pursuant to this Plan) with the consent of the Trust Oversight Committee. The authorization shall be approved without limitation, notwithstanding any other applicable law that could restrict any such transfer or authorization, all of which shall be determined by the Bankruptcy Court in the Confirmation Order to be void as against public policy. After the Effective Date, Causes of Action may be prosecuted, settled or abandoned with or without Court approval by the Liquidating Trustee with the consent of the Trust Oversight Committee. Notwithstanding anything to the contrary herein, no Distribution shall be made to the Holder of any Claim, including by way of setoff or recoupment by such claimant, if the Debtors, the Committee, the Trust Oversight Committee or the Liquidating Trustee has taken action to recover, or given notice to the applicable party of intent to take such action, on a Cause of Action against the Holder of such Claim (or the direct or indirect transferor to, or transferee of, such holder), until such Cause of Action is resolved by

Final Order or otherwise in accordance with this section. The Liquidating Trustee will be substituted as the party in interest instead of the Debtors or the Committee for all Causes of Action pending on the Effective Date. The Fairfield Trust shall succeed, on the Effective Date, in all respects to all of the rights, privileges and immunities of the Debtors, including without limitation, the attorney-client privileges and any other evidentiary privileges of the Debtors except with respect to the Reorganized Fairfield Assets.

Nothing in this Plan or the Confirmation Order shall limit, impair or otherwise restrict the rights of the Liquidating Trustee, with the consent of the Trust Oversight Committee, to bring any claim or Cause of Action against any Person (not otherwise released pursuant to this Plan) for any reason whatsoever, including, without limitation, the failure of this Plan to identify and/or describe such potential claim(s) or causes of action(s) with specificity. No Person may rely on the absence of a specific reference in the Plan or Disclosure Statement to any Cause of Action against them as an indication that the Debtors or the Liquidating Trustee will not pursue any and all available Causes of Action against them. In addition to the general reservation of rights and notwithstanding the language in section 1127(b) of the Bankruptcy Code, the Liquidating Trustee and the Trust Oversight Committee reserve the right to modify the Plan at any time prior to or after substantial consummation of the Plan to include such specificity, if necessary, or otherwise desirable; provided, however, that the Liquidating Trustee and the Trust Oversight Committee would comply with the notice requirements set forth in section 1127(b) of the Bankruptcy Code and Bankruptcy Rule 2002 in connection with any such modifications. Except as otherwise specifically released pursuant to the Confirmation Order, it is the Fairfield Trust's intent not to waive any Cause of Action.

Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, the Liquidating Trustee expressly reserves all Causes of Action for later adjudication. Therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation Order. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against a Person shall vest in the Fairfield Trust.

I. Appointment and Term of the Liquidating Trustee

A super-majority of the vote by the members of the Committee and Capmark Finance (6 votes of the 8 Persons) shall appoint and designate the initial Liquidating Trustee. The Committee and the initial Liquidating Trustee shall have entered into a Liquidating Trustee employment agreement to be filed with the Bankruptcy Court at least ten (10) days prior to the Confirmation Hearing. The Liquidating Trustee shall be compensated for its reasonable fees and actual and necessary expenses incurred prior to the Effective Date pursuant to section 330 of the Bankruptcy Code and thereafter without further order of the Court. The initial Liquidating Trustee, and each successor Liquidating Trustee, shall serve until the earlier of (i) the later to occur of (a) the entry of the Final Decree, (b) the dissolution of the Fairfield Trust, and (c) the payment of the final distributions to Holders of Allowed [Capmark Claims](#), Allowed General Unsecured Claims, Allowed Wachovia Claims and Allowed Convenience Class Claims pursuant to the Plan; or (ii) the expiration of the term of such Liquidating Trustee's employment

agreement or such Liquidating Trustee's resignation, death, incapacity, removal or termination by the Trust Oversight Committee pursuant to the Liquidating Trust Agreement or order of the Bankruptcy Court. The Liquidating Trustee may also be removed by the Bankruptcy Court upon motion for good cause shown by any Creditor.

Upon creation of the Fairfield Trust, the Liquidating Trustee shall be the trustee of the Fairfield Trust for all purposes and in all respects, with all necessary and appropriate power to act for, on behalf of and in the name of the Fairfield Trust.

J. Duties of the Liquidating Trustee

In addition to the duties as set forth elsewhere in this Plan and the Liquidating Trust Agreement, and his or her duties as the trustee of the Fairfield Trust, the Liquidating Trustee, in consultation with and, to the extent required by Article IV.N of this Plan or otherwise specifically set forth in this Plan, at the direction of the Trust Oversight Committee, shall have the following duties:

1. to manage all of the Fairfield Trust's assets, including but not limited to the low income housing tax credit portfolio, in order to maximize value for the beneficiaries of the Fairfield Trust (such management may include the continued operation of any asset and all income derived therefrom) until such time as the Liquidating Trustee determines, in its reasonable business judgment and given market conditions and other timing considerations determined to be appropriate, that a sale of such asset would produce the maximum value for the beneficiaries of the Fairfield Trust; for greater clarity, the Liquidating Trustee in consultation with the Trust Oversight Committee and Newco (solely in its capacity as asset manager pursuant to the Asset Management Agreement) will periodically review the value and liquidity of the assets in the low income housing tax credit portfolio in determining whether a sale or other disposition and the timing of such sale or other disposition of one or more of such assets would produce the maximum value for the beneficiaries of the Trust.
2. to recover any and all Liquidating Assets;
3. to collect and reduce to money the Liquidating Assets and close the Liquidating Trust as expeditiously as is compatible with the best interests of all the beneficiaries of the Fairfield Trust;
4. to manage, control and operate the Fairfield Trust;
5. to investigate and, if necessary and appropriate, to prosecute, enforce (or not prosecute or enforce), or to compromise, release or settle any Causes of Action on behalf of the Estates and the Fairfield Trust;
6. to invest the Liquidating Assets in accordance with Local Rule 4001-3;
7. to create the Wind-down Reserve Account and deposit funds to such reserve;

8. to file any and all reports, pleadings and other documents necessary to carry out the provisions of this Plan;

9. to make any and all distributions required or permitted to be made under this Plan;

10. to pay out of the Fairfield Trust any and all Distributions on account of Allowed Claims, liabilities, and losses, incurred in connection therewith;

11. to employ, supervise and compensate any professionals and independent contractors of the Fairfield Trust;

12. to make and file tax returns for any of the Debtors and the Fairfield Trust;

13. to commence and pursue dissolution or winding up proceedings for the Fairfield Trust;

14. to request the entry of a Final Decree;

15. to take any and all actions, including any action set forth in Article ~~IV~~FX hereof, necessary to dissolve and cancel the existence of each of the Debtors in the State of Delaware and in any other jurisdiction in which a Debtor is qualified to do business;

16. to determine reserve amounts for Post-Confirmation Expenses and Disputed Claims;

17. to decrease the amounts needed for the Minimum Cash Balance, as otherwise provided in the Plan; and

18. to take any and all other actions necessary or appropriate to implement this Plan and the reorganization of the Debtors, and the liquidation of the Fairfield Trust in accordance with applicable law, provided, that nothing herein shall permit the Liquidating Trustee to terminate or cancel the Debtors' director and officer liability insurance coverage relating to the period following the Petition Date; and provided further that, the Liquidating Trustee shall not renew or extend such insurance coverage, or other new or substitute coverage, without the approval of the Trust Oversight Committee.

In connection with the execution of his or her duties under this Plan, the Liquidating Trustee, in consultation with the Trust Oversight Committee, shall be authorized:

a. to execute such documents and to take such other actions as are necessary to effectuate this Plan and perform his or her duties as liquidating agent of and for the Estates and the Fairfield Trust, including to execute such documents and take such other action on behalf of the Fairfield Trust or any of the Debtors;

b. to open, close and manage bank accounts, and to enter into business transactions within or without the ordinary course of business;

c. to authorize and benefit from any insurance policies and rights of indemnification;

d. to retain and pay professionals (including any of the Debtors' or the Committee's former Professionals) or other Persons to assist the Liquidating Trustee in the liquidation of the Liquidating Assets, without prior Bankruptcy Court approval, and to designate another Person to be the Disbursing Agent, subject to the consent of the Trust Oversight Committee as set forth in Article VI of the Plan;

e. to incur any reasonable and necessary expenses (up to the amounts set forth in the Administrative Budget) in the performance of his or her duties as liquidating agent of and for the Estates and the Fairfield Trust;

f. to prepare and deliver to the Trust Oversight Committee the Administrative Budget of the Fairfield Trust with respect to each six-month period following the Effective Date and any amendments or modifications thereto;

g. to settle any Disputed Claim and implement the Guaranty Claims Protocol;

h. to settle any Cause of Action without notice or a hearing where the Cause of Action has an estimated value of \$500,000 or less or, after notice to any party affected by the settlement, and the Trust Oversight Committee, and a hearing to seek an order of the Bankruptcy Court approving the compromise, release or settlement of any Cause of Action that has an estimated value of greater than \$500,000; and

i. to employ such other procedures, not inconsistent with this Plan, necessary for the Liquidating Trustee to perform his or her duties hereunder.

The Liquidating Trustee shall be deemed the Estates' representative in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under section 1106 of the Bankruptcy Code (including, without limitation, commencing, prosecuting or settling Causes of Action and asserting claims, defenses, offsets and privileges), to the extent not inconsistent with this Plan or the status of the Fairfield Trust as a partnership for federal income tax purposes. In discharging the foregoing responsibilities, the Liquidating Trustee shall be entitled to exercise and rely upon his or her business judgment. The Liquidating Trustee shall not be obligated to take any action or to pursue any Causes of Action unless justified in his or her reasonable determination by fact and law, nor shall the Liquidating Trustee be obligated to take any action that could reasonably cause him or her personal liability. Without limiting the generality of the foregoing, the Liquidating Trustee may consider the interests of Holders of Allowed Claims in receiving prompt distributions and such other factors as may be reasonable in the exercise of his or her business judgment. Such authorization and benefits shall also extend to any, each and every successor Liquidating Trustee, without reservation or limitation.

The reasonable and necessary fees and actual and necessary expenses of the Fairfield Trust, the Liquidating Trustee, the Trust Oversight Committee and the professionals

retained by the Liquidating Trustee and the Trust Oversight Committee shall be paid by the Liquidating Trustee in accordance with the procedures established by the Trust Oversight Committee.

K. No Recourse to Liquidation Trustee

Notwithstanding that the Allowed amount of any particular Disputed Claim is reconsidered under the applicable provisions of the Bankruptcy Code and Bankruptcy Rules or is Allowed in an amount for which there is insufficient Cash in the relevant fund or reserve to provide a recovery equal to that received by other Holders of Allowed Claims in the relevant Class, no Holder of a Claim shall have recourse to the Protected Parties, or their successors or assigns, or the Holder of any other Claim, or any of their respective property. However, nothing in the Plan shall modify any right of a Holder of a Claim under section 502(j) of the Bankruptcy Code. **THUS, THE COURT'S ENTRY OF AN ESTIMATION ORDER MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.**

L. Transfer Free and Clear of Taxes

Any and all transfers of real or personal property owned by the Fairfield Trust or any Debtor shall be free of any and all state and local stamp taxes and similar taxes pursuant to section 1146(a) of the Bankruptcy Code.

M. Liability, Indemnification

No Protected Party shall be liable for the act or omission of any other Protected Party. Neither the Liquidating Trustee nor any member of the Trust Oversight Committee shall be liable for any act or omission taken or omitted to be taken in his or her capacity as Liquidating Trustee or as a member of the Trust Oversight Committee, as the case may be, other than acts or omissions resulting from the Liquidating Trustee's or Trust Oversight Committee member's willful misconduct, gross negligence or fraud. The Liquidating Trustee and the Trust Oversight Committee may, in connection with the performance of their functions, and in their sole and absolute discretion, consult with their respective attorneys, accountants, financial advisors and agents, and the Liquidating Trustee and the Trust Oversight Committee shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons other than acts or omissions resulting from the willful misconduct, gross negligence or fraud of the Liquidating Trustee or the members of the Trust Oversight Committee, as the case may be. Notwithstanding such authority, the Liquidating Trustee and the Trust Oversight Committee shall not be under any obligation to consult with their respective attorneys, accountants, financial advisors or agents, and any determination not to do so shall not result in the imposition of liability on the Liquidating Trustee or the members of the Trust Oversight Committee, as the case may be, and their respective designees, unless such determination is based on willful misconduct, gross negligence or fraud. The Fairfield Trust shall indemnify, defend and hold harmless the Liquidating Trustee, the Trust Oversight Committee and their respective designees and professionals, and all duly designated agents and representatives thereof (in their capacity as such), from and against and in respect of all liabilities, losses, damages, claims, costs and expenses (including, but not limited to, attorneys'

fees and costs) arising out of or due to such actions or omissions, or consequences of their actions or omissions with respect or related to the performance of the duties of the Liquidating Trustee or the Trust Oversight Committee, as the case may be, or the implementation or administration of this Plan; provided, however, that no such indemnification will be available to such Persons for such actions or omissions if a court of competent jurisdiction has determined by final order that the challenged conduct occurred as a result of willful misconduct, gross negligence or fraud.

N. Administrator, Asset Management Agreement and Expense and Receivable Allocation Agreement

The Administrator will be formed by the Management of Fairfield to be available to act as the new administrative general partner (or administrative member) of the existing joint ventures in which the Fairfield Trust has an indirect interest. The Administrator's engagement as new administrative general partner (or administrative member) of a particular joint venture would occur only upon the joint request of the particular joint venture's existing partners (or members) and the particular joint venture's existing project lenders. Such engagement would be made pursuant to an administration agreement entered into among those parties and the Administrator. There will be no economics associated with such engagement. The Administrator would be independent of the Fairfield Trust and Reorganized Fairfield.

The Fairfield Trust and Newco will enter into the Asset Management Agreement on the Effective Date. Pursuant to the Asset Management Agreement, Newco will provide certain administrative and operational services for the Fairfield Trust. In exchange, the Fairfield Trust will pay Newco an asset management fee each month during the term of the Asset Management Agreement (i) of \$1.28 million per month, payable in advance each month, during the period from the Effective Date through December 31, 2010; and (ii) commencing January 1, 2011, an amount equal to 1/12 of the amount calculated as 29 bps of the Applicable Outstanding Loan Balance. Notwithstanding clause (ii) of the immediately preceding sentence, the Asset Management Agreement shall provide that the asset management fee shall be reduced by the first \$2.5 million of fees coming due during each of calendar years 2011 and 2012. Such reduction shall be made against the first monthly payments that would otherwise have been payable during each such calendar year (there shall be no offsetting increase in the asset management fees payable during the remainder of each such year as a result of such reduction). If the first monthly payment due during calendar years 2011 or 2012 (i.e., on January 1, 2011 or January 1, 2012) is less than \$2.5 million, then the remaining amount in such calendar year shall be reduced against the next monthly payments due by the Fairfield Trust until \$2.5 million of fees for such calendar year have been reduced. The Asset Management Agreement shall also provide that in the event that the Asset Management Agreement is terminated before the asset management fees paid in 2011 and 2012 are reduced by \$2.5 million in each of 2011 and 2012 or the Applicable Outstanding Loan Balance reduces so that the \$2.5 million reductions to be made during 2011 and 2012 exceed the amount of fees that would have been paid prior to any reduction, a termination payment equal to the difference between \$5 million and the amount of any prior reductions shall be paid by Newco to the Fairfield Trust.

The Fairfield Trust and Newco shall also enter into the Expense and Receivable Allocation Agreement on the Effective Date, whereby they will agree to periodic true-up

payments to account for expenses paid and receivables collected during a 90-day period after the Effective Date. Such true-up payments shall reflect the transfer of the Reorganized Fairfield Assets to Reorganized Fairfield as of the Effective Date.

O. Co-Investment Rights and Obligations

The New Money Investors will provide an aggregate commitment of \$50 million for investment in multifamily acquisitions; provided that each such acquisition must be acceptable to the New Money Investors. Any such investment will dilute the other Holders of Membership Interests except for Management.

For a period commencing on the Effective Date and ending upon the earlier of (i) December 31, 2010 or (ii) the date on which certificates of occupancy have been issued for those joint venture projects listed on Schedule B to the Operating Agreement amounting to more than 90% of the aggregate number of units under construction on December 31, 2009 as listed on Schedule B to the Operating Agreement (but excluding joint venture projects with respect to which the project lenders have suspended or ceased funding):

(a) The capitalization (including both debt and equity) of new joint venture projects provided by Newco shall not exceed \$500 million in the aggregate as to all such projects. Such capitalization may consist of: (A) new money equity investments made at the joint venture project level; (B) a portion of the Cash equity capitalization made in Newco (to the extent not needed for reasonable liquidity); and (C) joint venture project-level debt (nonrecourse to Newco); and

(b) In the case of any investment in a joint venture project owned in part by the Fairfield Trust, Newco will be permitted to make such investment only if such investment does not amend any rights or obligations under the governance documents of the joint venture project in a manner that is materially adverse to the Fairfield Trust. Such investment would not be subject to (or counted towards) the capitalization limits described above.

In the event that the Fairfield Trust makes an investment in any existing joint venture project so as not to experience a foreclosure or forfeiture of such interest, it will be required to maintain or replenish the Minimum Cash Balance.

Management of Newco is required to invest in Newco's multifamily acquisitions the lesser of (i) 10% of the total amount of general partner equity required for such acquisition or (ii) \$150,000 with respect to each such acquisition, up to an aggregate amount of \$1.5 million.

In addition, 10% of the project level promote received by Newco on an annual basis (net of any losses) on any new project will be placed in a pool for distribution to employees of Reorganized Fairfield.

P. Discharge of Debtors' Professionals

On the Effective Date, the Debtors' Professionals and agents shall be released and discharged from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to: (i) obligations arising under confidentiality

agreements, joint interest agreements and protective orders entered during the Chapter 11 Cases which shall remain in full force and effect according to their terms; (ii) applications for Professional Fee Claims; (iii) requests for compensation and reimbursement of expenses pursuant to section 503(b) of the Bankruptcy Code for making a substantial contribution in any of the Chapter 11 Cases; and (iv) any pending motions, or any motions or other actions seeking enforcement or implementation of the provisions of this Plan or the Confirmation Order. The Professionals retained by the Debtors and the respective members thereof shall not be entitled to compensation and reimbursement of expenses for services rendered to or on behalf of the Debtors after the Effective Date, except for services rendered in connection with applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed after the Effective Date; provided, however, that to the extent any such fees and expenses are incurred after the date that is fifteen business days prior to the deadline to file final fee applications, any such fees and expenses must be submitted to the Liquidating Trustee and the Trust Oversight Committee in accordance with Article IV.H of the Plan.

Q. Dissolution of the Committee

On the Effective Date, the Committee shall dissolve automatically, whereupon its members, Professionals and agents shall be released and discharged from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except with respect to: (i) obligations arising under confidentiality agreements, joint interest agreements and protective orders entered during the Chapter 11 Cases which shall remain in full force and effect according to their terms; (ii) applications for Professional Fee Claims and expense reimbursement requests for members of the Committee; (iii) requests for compensation and reimbursement of expenses pursuant to section 503(b) of the Bankruptcy Code for making a substantial contribution in any of the Chapter 11 Cases; and (iv) any pending motions, or any motions or other actions seeking enforcement or implementation of the provisions of this Plan or the Confirmation Order. The Professionals retained by the Committee and the respective members thereof shall not be entitled to compensation and reimbursement of expenses for services rendered to the Committee after the Effective Date, except for services rendered in connection with applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed after the Effective Date; provided, however, that to the extent any such fees and expenses are incurred after the date that is fifteen business days prior to the deadline to file final fee applications, any such fees and expenses must be submitted to the Liquidating Trustee and the Trust Oversight Committee in accordance with Article IV.H of the Plan.

R. Trust Oversight Committee

On or prior to the Effective Date, the Committee shall select four (4) Persons to serve on the Trust Oversight Committee and Capmark Finance shall select one (1) Person to serve on the Trust Oversight Committee. The Trust Oversight Committee shall have the duties set forth herein to maximize distributions to Holders of Allowed Claims. On the Effective Date, the Trust Oversight Committee shall succeed in all respects to all of the rights, privileges and immunities of the Committee, including, without limitation, the attorney-client privileges and any other evidentiary privileges of the Committee.

The Trust Oversight Committee shall have the duty to take actions in accordance with the provisions of this Plan and in furtherance of the execution of this Plan. Additionally, the Trust Oversight Committee shall have the following rights and duties:

1. to approve any release or indemnity in favor of any third party granted or agreed to by the Liquidating Trustee and
2. to authorize the Liquidating Trustee to commence any Cause of Action or Avoidance Action.

The duties and powers of the Trust Oversight Committee shall terminate upon the later to occur of (i) the entry of the Final Decree, and (ii) the dissolution of the Fairfield Trust.

S. Funding of the Plan

The Cash Distributions to be made pursuant to the Plan will be made and the Cash necessary to maintain the Minimum Cash Balance in the Wind-down Reserve Account will be derived from (i) Cash on hand on the Effective Date, (ii) Cash proceeds received by the Debtors from the liquidation of the Liquidating Assets, including, without limitation, accounts receivable, as of the Effective Date and other funds then available, (iii) the Closing Payment and (iv) any payments to be received by the Debtors or the Fairfield Trust from the prosecution and enforcement of Causes of Action, revenues from the Liquidating Assets, and other funds available after the Effective Date.

To the extent not otherwise provided for herein or ordered by the Court, the Liquidating Trustee, with the consent of the Trust Oversight Committee, shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for Disputed Claims, accrued expenses and for the payment of prospective expenses and liabilities of the Estates and the Fairfield Trust after the Effective Date. Without limitation, these reserves shall include funds for the Minimum Cash Balance, Professional Fee Claims, Administrative Claims, Priority Tax Claims, Priority Claims, Convenience Class Claims, Disputed Claims and all amounts due pursuant to 28 U.S.C. §1930.

Notwithstanding any contrary provision contained herein, the Liquidating Trustee shall not be obligated to physically segregate and maintain separate accounts for reserves or for the Distribution Fund except as it relates to the Second Tier Subsidiaries. Separate reserves and funds may be merely bookkeeping entries or accounting methodologies, which may be revised from time to time, to enable the Liquidating Trustee to determine Distributable Cash, reserves and amounts to be paid to parties in interest.

T. Wind-down Reserve Account

On the Effective Date, or as soon thereafter as reasonably practicable, the Liquidating Trustee shall create the Wind-down Reserve Account and shall hold at least the Minimum Cash Balance in such reserve account from the assets transferred by the Debtors to the Fairfield Trust. The Liquidating Trustee shall pay Plan administration costs and costs of holding and liquidating any non-Cash property, including but not limited to taxes and professional fees, from the Wind-down Reserve Account. To the extent that the Liquidating Trustee, in

consultation with the Trust Oversight Committee, determines that funds allocated to the Wind-down Reserve Account are insufficient for such purposes, the net proceeds of the continuing liquidation of the Liquidating Assets and any other Distributable Cash shall, to the extent necessary for such purposes, be allocated to the Wind-down Reserve Account. After all costs associated with the wind-down of the Fairfield Trust have been paid, and/or upon the reasonable determination of the Liquidation Trustee, in consultation with the Trust Oversight Committee, that the funds in the Wind-down Reserve Account exceed the amounts necessary to pay the expenses for which such fund is established, the remaining or excess funds, as applicable, in the Wind-down Reserve Account shall be designated as Distributable Cash.

U. Distributable Cash

Distributable Cash shall be allocated to the Distribution Fund. Distribution of Cash, if any, to Holders of Classes 1.A, 1.B, 1.C, 1.D, and 1.E Allowed Priority Claims and Class 2.A Capmark Claims and Classes 2.B, 2.C, 2.D, 2.E and 2.F Allowed General Unsecured Claims shall be made solely from the Distribution Fund. The Liquidating Trustee shall make the Effective Date Distribution and each Subsequent Distribution of Distributable Cash.

V. Employee Programs

To the extent not earlier terminated in accordance with their terms or assumed by Reorganized Fairfield, all employee programs, including but not limited to any retirement plans or agreements and health benefits and disability plans are deemed terminated as of the Effective Date in accordance with their terms with no further action required by the Debtors or the Liquidating Trustee, and to the extent any of such employee programs constitute distinct executory contracts with individual employees or otherwise, such contracts are deemed terminated as of the Effective Date. The Liquidating Trustee is not authorized to take any actions and make payment of the actual amount, if any, required to be contributed to or on account of an employee program to permit the termination of such programs and discharge all benefit liabilities to participants and beneficiaries of such programs, including, without limitation, continuation of the termination of the Debtors' 401(k) plan. Employee programs listed on the Newco Contracts Schedule will not terminate on the Effective Date and will be assumed by Newco. The Debtors do not maintain any programs for retirees. The transactions contemplated by the Asset Purchase Agreement shall not require notice or give rise to any Claim under the Worker Adjustment and Retraining Notification Act or other comparable applicable law.

W. Corporate and Limited Liability Company Action

On the Effective Date, the matters under this Plan involving or requiring corporate or limited liability company action of the Debtors, including, but not limited to, actions requiring a vote or other approval of the board of directors, members or shareholders, as applicable, and execution of all documentation incident to this Plan, notwithstanding any otherwise applicable non-bankruptcy law or the Organization Documents of the Debtors, shall be deemed to have been authorized by the Confirmation Order and to have occurred and be in effect from and after the Effective Date without any further action by the Bankruptcy Court or the officers, directors, members or shareholders, as applicable, of the Debtors.

X. Dissolution of the Fairfield Trust

After the liquidation and the winding up of the various Estates, the completion of Distributions under this Plan and the entry of the Final Decree, the Liquidating Trustee shall file any documents necessary and proper pursuant to applicable state law to dissolve the Fairfield Trust, and the Fairfield Trust shall dissolve and cease to exist.

Y. Saturday, Sunday or Legal Holiday

If any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

ARTICLE V.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Remaining Executory Contracts and Unexpired Leases

On the Confirmation Date, except for any Executory Contract that (i) previously expired or terminated by its own terms, (ii) was previously assumed or rejected by an order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, (iii) is assumed pursuant to this Plan or (iv) is the subject of a pending motion to assume or assume and assign as of the Confirmation Date, shall be deemed rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, effective as of the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejection pursuant to Bankruptcy Code sections 365 and 1123 as of the Confirmation Date.

B. Assumption and Cure of Executory Contracts

The Debtors will file the Newco Contracts Schedule identifying Executory Contracts to be assumed and assigned to Newco pursuant to the Plan and the Assumed Contracts Schedule identifying Executory Contracts to be assumed pursuant to the Plan in addition to those previously assumed by the Debtors by order of the Bankruptcy Court, provided that the Debtors reserve the right to amend both the Newco Contracts Schedule and the Assumed Contracts Schedule at any time up to three (3) Business Days before the Confirmation Hearing to delete any Executory Contract contained therein, or, with the consent of the affected counterparty, to add any Executory Contract to the Newco Contracts Schedule or the Assumed Contracts Schedule. The Debtors will provide notice of any amendments to the Newco Contracts Schedule or the Assumed Contracts Schedule to the parties to the Executory Contracts added or removed, the Committee and the Capmark Lenders. The Newco Contracts Schedule or the Assumed Contracts Schedule shall include a designation of the monetary cure amount the Debtors believe is owed with respect to each Executory Contract set forth in the Schedules. Except as provided elsewhere in this Plan, any non-Debtor party to an Executory Contract shall file and serve its objection thereto in writing no later than 4:00 p.m. (prevailing Eastern Time) on the day that is seven (7) days after the Debtors file and serve the Newco Contracts Schedule or the Assumed Contracts Schedule. The failure of any non-Debtor party to an Executory Contract to file and serve an objection to the assumption of the contract or lease, by the deadline therefore shall be

deemed consent to the assumption or assumption and assignment of the contract or lease and to such cure amount. On the Effective Date, in addition to all Executory Contracts that have been previously assumed by the Debtors by order of the Bankruptcy Court, each of the Executory Contracts of the Debtors that are identified in the Assumed Contracts Schedule, shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code and each of the Executory Contracts of the Debtors that are identified in the Newco Contracts Schedule shall be deemed assumed and assigned in accordance with the provisions and requirements of section 365 and 1123 of the Bankruptcy Code and the Confirmation Order shall constitute adequate assurance of the performance of such assumed contract. A condition to the Effective Date is that the aggregate amount of the cure Claims to be paid by Debtors and/or the Fairfield Trust for the Executory Contracts listed on the Newco Contracts Schedule shall not exceed \$200,000; Newco shall be responsible for all amounts of cure Claims for the Executory Contracts listed on the Newco Contracts Schedule in excess of \$200,000.

C. Cure of Defaults of Assumed Executory Contracts

The monetary cure amounts owed under each Executory Contract to be assumed or assumed and assigned pursuant to the Plan, as set forth in the Newco Contracts Schedule and the Assumed Contracts Schedule, or as otherwise established by the Bankruptcy Court at the Confirmation Hearing, shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the cure amount in Cash solely by the Debtors or the Fairfield Trust subject to a cap in the amount of \$200,000 (Newco shall pay such cure Claims in excess of \$200,000) with respect to the aggregate cure costs for the Executory Contracts listed in the Newco Contracts Schedule on the later of (i) the Effective Date (or as soon as practicable thereafter), (ii) as due in the ordinary course of business or (iii) on such other terms as the parties to such Executory Contracts may otherwise agree. In the event of a dispute regarding: (1) the amount of any cure payments, (2) ability of Reorganized Fairfield, the Fairfield Trust or any other assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or assigned, or (3) any other matter pertaining to assumption, (y) the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made on later of: (A) the applicable date set forth in clause (i), (ii), or (iii) above, and (B) fifteen (15) days following the entry of a Final Order authorizing the assumption of the Executory Contracts, or (z) Newco with respect to [the](#) Newco Contracts Schedule and the Fairfield Trust with respect to the Assumed Contracts Schedule may remove such Executory Contract from such schedule in which event such Executory Contract shall be deemed rejected.

D. Effect of Assumption Assignment

Each Executory Contract assumed or assumed and assigned pursuant to this Article V (or pursuant to Bankruptcy Court order) shall remain in full force and effect and be fully enforceable by the applicable Fairfield Trust or Reorganized Fairfield in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or assumption and assignment. To the extent applicable, all Executory Contracts assumed during the Chapter 11 Cases, including those assumed pursuant to Section V.1, (i) shall be deemed modified such that the transactions contemplated by the Plan shall not be a "change of control," however such term may be defined

in the relevant Executory Contract (ii) shall not constitute a breach of any anti-alienation provision thereof, and (iii) any required consent under any such contract or lease shall be deemed satisfied by the confirmation of the Plan.

E. Rejection Damages Bar Date

Except to the extent another Bar Date applies pursuant to an order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts under this Plan must be filed with the Voting and Claims Agent at the following applicable address:

Kurtzman Carson Consultants LLC 2335 Alaska Avenue El Segundo, CA 90245 Attn: Fairfield Claims Processing Center

and a copy served on counsel for Newco, the Debtors, counsel for the Committee, the Capmark Lenders, the Trust Oversight Committee and the Liquidating Trustee, within thirty (30) days from the entry of the Confirmation Order, or such Claim shall be forever barred and shall not be entitled to a Distribution or be enforceable against the Debtors, their Estates, the Fairfield Trust, the Liquidating Trustee, their successors, their assigns, the Liquidating Assets or the Reorganized Fairfield Assets. Any Claim arising from the rejection of an Executory Contract shall be treated as a Claim in the applicable Class 2.A Capmark Claims, and Classes 2.B, 2.C, 2.D, 2.E or 2.F (General Unsecured Claims). Nothing in this Plan extends or modifies any previously applicable Bar Date.

F. Insurance Policies

To the extent any or all of the insurance policies set forth on Exhibit B to this Plan are considered to be Executory Contracts, then notwithstanding anything contained in this Plan to the contrary, this Plan shall constitute a motion to assume and assign the insurance policies set forth on Exhibit B to this Plan to Reorganized Fairfield. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to Bankruptcy Code section 365(a) and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors, the Estates and all parties in interest in these Chapter 11 Cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy set forth on Exhibit B to this Plan. To the extent the Bankruptcy Court determines otherwise with respect to any insurance policy, the Debtors reserve the right to seek rejection of such insurance policy or other available relief. This Plan shall not affect contracts that have been assumed and assigned by order of the Bankruptcy Court prior to the Confirmation Date. For the avoidance of doubt, certain insurance policies (including any insurance policies that are not executory contracts, insurance policies that may have expired prior to the Petition Date, insurance policies in existence on the Petition Date and insurance policies entered into by the Debtors after the Petition Date) of the Debtors set forth on Exhibit B and all rights of the Debtors thereunder and rights under any other insurance policies under which the

Debtors may be beneficiaries (including the rights to make, amend, prosecute and benefit from claims) are retained by the Debtors and will be included in the Reorganized Fairfield Assets and handled accordingly pursuant to this Plan. To the extent that pending Claims that are covered by insurance exist as of the Effective Date, such coverage shall be used to reduce the amount of any Claims filed against the Debtors and such insurer may succeed to the Claim of such creditor by way of subrogation, but only to the extent, priority and class of such Claim, subject to any and all defenses and Causes of Action.

ARTICLE VI.

DISTRIBUTIONS

A. General Provisions Concerning Distributions

At the written request of the Fairfield Trust, any creditor holding multiple Allowed Claims shall provide the Fairfield Trust a single address to which any Distributions shall be sent.

In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day.

The Debtors and the Liquidating Trustee may, but shall not be required to, setoff against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Allowed Claim, any claims or Causes of Action of any nature whatsoever that the Debtors and/or the Liquidating Trustee may have asserted against the claimant, but neither the failure to do so nor the allowance of any Disputed Claim hereunder shall constitute a waiver or release by the Debtors, Reorganized Fairfield or the Fairfield Trust of any such claim or Cause of Action any may have against such claimant.

To the extent that any Allowed Claim entitled to a Distribution under the Plan consists of indebtedness and other amounts (such as accrued but unpaid interest thereon), such Distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to such other amounts.

B. Disbursing Agent

1. Liquidating Trustee as Disbursing Agent

The Liquidating Trustee shall be the Disbursing Agent, and the Disbursing Agent shall make all distributions under this Plan.

2. Alternative Disbursing Agent Qualification

No Person other than the Liquidating Trustee (or any successor Liquidating Trustee) shall be authorized by the Bankruptcy Court to serve as Disbursing Agent unless and until the Liquidating Trustee and the Trust Oversight Committee consent in writing to that

Person serving as Disbursing Agent and that Person (i) executes and files a statement with the Bankruptcy Court agreeing to perform all of the duties of the Disbursing Agent under this Plan and (ii) consents to the jurisdiction of the Bankruptcy Court in respect to all matters relating to the performance of his or her duties as the Disbursing Agent under this Plan or order of the Bankruptcy Court.

C. Time and Manner of Distributions

The Liquidating Trustee shall make initial distributions under the Plan not to exceed the Distributable Cash on account of Allowed Claims not later than 30 days after the Effective Date, except as otherwise ordered by the Bankruptcy Court. The Liquidating Trustee shall have the power, subject to Trust Oversight Committee consent, to make interim distributions to Holders of Allowed [Capmark Claims and Allowed](#) General Unsecured Claims if the Liquidating Trustee determines that such interim distributions are warranted and economical; provided that the Liquidating Trustee shall make interim distributions at least annually. Notwithstanding the foregoing, the Liquidating Trustee shall not make distributions that would exceed the amount of Distributable Cash. If the Liquidating Trustee determines to make interim distributions to Holders of Allowed Claims, the Liquidating Trustee will determine the amount to be distributed by taking into account such factors as ongoing expenses and costs, taxes and reserves necessary to provide for the resolution of Disputed Claims. Amounts withheld will be placed in an interest-bearing account, which interest shall be used by the Liquidating Trustee to fund ongoing expenses and costs relating to such reserves, including, without limitation, taxes in respect of Disputed Claims, if any.

At the option of the Liquidating Trustee, any distributions under this Plan may be made either in Cash, by check drawn on a domestic bank, by wire transfer or by ACH. Notwithstanding any other provisions of this Plan to the contrary, no payment of fractional cents will be made under this Plan. Cash will be issued to Holders entitled to receive a Distribution of Cash in whole cents (rounded to the nearest whole cent when and as necessary). With the exception of distributions to Holders of Allowed Convenience Class Claims, any distribution of less than \$25.00 will be considered de minimis, and Holders of Allowed Claims that are entitled to any distribution of less than \$25.00 may not receive any distribution unless and until the aggregate of such distributions exceeds \$25.00. To the extent that the aggregate of such distributions never exceeds \$25.00, such funds shall remain with and vest in the Fairfield Trust for distribution to other Holders of Allowed Claims.

D. Delivery of Distributions

Except as otherwise provided in this Plan, distributions to Holders of Allowed Claims shall be made by the Disbursing Agent (i) at the addresses set forth on the Proofs of Claim filed by such Holder (or at the last known addresses of such Holder if no motion requesting payment or Proof of Claim is filed or the Debtors, the Liquidating Trustee or the Voting and Claims Agent have been notified in writing of a change of address), (ii) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim, or (iii) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Liquidating Trustee has not received a written notice of a change of address.

E. Undeliverable Distributions

If a distribution to a Holder of a Claim is returned as undeliverable, no further distributions to such Holder of a Claim shall be made unless and until the Liquidating Trustee is notified of the then-current address of such Holder, at which time (subject to the terms of the last sentence of this Article VI.E) all missed distributions shall be made to such Holder without interest. Amounts in respect of undeliverable distributions shall be returned to the Liquidating Trustee until such distributions are claimed. All funds or other undeliverable distributions returned to the Liquidating Trustee in respect of any Claim and not claimed within four (4) months of return shall be forfeited and remain with and vest in the Fairfield Trust for distribution to other Holders of Allowed Claims. Any unclaimed funds held by the Fairfield Trust at the time the Final Decree is entered may be donated to a charity selected by the Liquidating Trustee and the Trust Oversight Committee, provided that such funds do not exceed \$10,000, without further order of the Court.

F. Claims Administration Responsibility

1. Reservation of Rights to Object to Claims

Unless a Claim is expressly described as an Allowed Claim pursuant to or under this Plan, or otherwise becomes an Allowed Claim prior to or after the Effective Date, the Fairfield Trust and the Liquidating Trustee (on behalf of the Estates) reserve any and all objections to any and all Claims and motions or requests for the payment of Claims, whether administrative expense, priority, secured or unsecured, including, without limitation, any and all objections to the validity or amount of any and all alleged Administrative Claims, Priority Tax Claims, Priority Claims, General Unsecured Claims, Intercompany Claims, Interest Related Claims, Interests, Liens and security interests, whether under the Bankruptcy Code, other applicable law or contract.

2. Objections to Claims

Prior to the Effective Date, the Debtors or any other party that filed such Claim objection shall be responsible for pursuing any objection to the allowance of any Claim. From and after the Effective Date, the Liquidating Trustee will retain responsibility for administering, disputing, objecting to, compromising or otherwise resolving and making Distributions, if any, with respect to all Claims subject to the other provisions of the Plan. Unless otherwise provided in this Plan or by order of the Bankruptcy Court, any objections to Claims by the Liquidating Trustee will be filed and served not later than 180 days after the Effective Date, provided that the Liquidating Trustee may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based upon a reasonable exercise of his or her business judgment. A motion seeking to extend the deadline to object to any Claim shall not be deemed an amendment to this Plan. The Liquidating Trustee shall be substituted for the Debtors with respect to any objections pending as of the Effective Date.

3. Filing of Objections

An objection to a Claim or Interest shall be deemed properly served on the Holder of such Claim or Interest if the Debtors or Liquidating Trustee effects service in accordance with Bankruptcy Rule 3007.

4. Determination of Claims

Except as otherwise agreed by the Liquidating Trustee, any Claim as to which a Proof of Claim or motion or request for payment was timely filed in the Chapter 11 Cases may be determined and (so long as such determination has become a Final Order) liquidated pursuant to (i) an order of the Bankruptcy Court, (ii) applicable bankruptcy law, (iii) agreement of the parties, (iv) applicable non-bankruptcy law, or (v) the lack of (a) an objection to such Claim, (b) an application to equitably subordinate such Claim, and (c) an application to otherwise limit recovery with respect to such Claim, filed by the Debtors or the Liquidating Trustee on or prior to any applicable deadline for filing such objection or application with respect to such Claim. Any such Claim so determined and liquidated shall be deemed to be an Allowed Claim for such liquidated amount and shall be satisfied in accordance with this Plan. Nothing contained in this Article VI.F shall constitute or be deemed a waiver of any claim, right or Cause of Action that the Debtors or the Liquidating Trustee may have against any Person in connection with or arising out of any Claim or Claims, including, without limitation, any rights under 28 U.S.C. § 157.

G. Procedures for Treating and Resolving Disputed and Contingent Claims

1. No Distributions Pending Allowance

No payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled, withdrawn, determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

2. Guaranty Claims Protocol

All Holders of Guaranty Claims as determined under the Guaranty Claims Protocol shall have an Allowed General Unsecured Claim in the amount determined pursuant to the Guaranty Claims Protocol.

3. Claim Estimation

The Debtors or the Liquidating Trustee may request estimation or liquidation of any Disputed Claim that is contingent or unliquidated pursuant to Bankruptcy Code section 502(c); provided, however, that the Bankruptcy Court shall determine (i) whether such Disputed Claim is subject to estimation pursuant to Bankruptcy Code section 502(c) and (ii) the timing and procedures for such estimation proceedings, if any.

H. Setoffs and Recoupment

The Liquidating Trustee may, pursuant to Sections 502(d), 553 and 558 of the Bankruptcy Code or applicable non-bankruptcy law, but shall not be required to, setoff against or

recoup from any Claim on which payments are to be made pursuant to this Plan, any claims or Causes of Action of any nature whatsoever the Debtors or their Estates may have against the Holder of such Claim; provided, however, that neither the failure to effect such offset or recoupment nor the allowance of any Claim shall constitute a waiver or release by the Debtors of any setoff or recoupment the Debtors may have against the Holder of such Claim, nor of any other claim or Cause of Action.

I. Allowance and Disallowance of Claims Subject to Section 502 of the Bankruptcy Code

Allowance and disallowance of Claims shall be in all respects subject to the provisions of section 502 of the Bankruptcy Code, including, without limitation, subsections (b), (d), (e), (g), (h) and (i) thereof.

J. Cancellation of Instruments and Agreements

Upon the occurrence of the Effective Date, except as otherwise provided herein, all promissory notes, shares, certificates, instruments, indentures, stock or agreements evidencing, giving rise to or governing any Claim or Interest shall be deemed canceled and annulled without further act or action under any applicable agreement, law, regulation, order or rule; the obligations of the Debtors under such promissory notes, share certificates, instruments, indentures or agreements shall be discharged and the Holders thereof shall have no rights against the Debtors, the Liquidating Trustee, the Estates or the Fairfield Trust; and such promissory notes, share certificates, instruments, indentures or agreements shall evidence no such rights, except the right to receive the distributions provided for in this Plan.

K. No Interest on Claims

Unless otherwise specifically provided for in this Plan, the Confirmation Order or a post-petition agreement in writing between the Debtors and a Holder of a Claim that has been approved by an order of the Bankruptcy Court, post-petition interest shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. In addition, and without limiting the foregoing, interest shall not accrue on or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim.

L. Withholding Taxes

The Liquidating Trustee shall be entitled to deduct any federal, state or local withholding taxes from any payments under this Plan. As a condition to making any distribution under this Plan, the Liquidating Trustee may require that the Holder of an Allowed Claim provide such Holder's taxpayer identification number and such other information and certification as the Liquidating Trustee may deem necessary to comply with applicable tax reporting and withholding laws.

M. Reports

From the Effective Date, until a Final Decree is entered, the Liquidating Trustee shall submit quarterly reports to the United States Trustee setting forth all receipts and disbursements of the Fairfield Trust as required by the United States Trustee guidelines.

ARTICLE VII.

EFFECT OF CONFIRMATION

A. Vesting of Assets

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, the Reorganized Fairfield Assets shall be released from the custody and jurisdiction of the Bankruptcy Court, and all of Reorganized Fairfield Assets shall vest in Reorganized Fairfield free and clear of all Claims, Liens, encumbrances, charges and other interests, except as provided in the Plan. From and after the Effective Date, Reorganized Fairfield may operate its business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, subject to the terms and conditions of the Plan.

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, the Liquidating Assets shall be released from the custody and jurisdiction of the Bankruptcy Court, and all of the Liquidating Assets shall vest in the Fairfield Trust free and clear of all Claims, Liens, encumbrances, charges and other interests, except as provided in the Plan. From and after the Effective Date, the Fairfield Trust may operate its business and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules, subject to the terms and conditions of the Plan and the Liquidating Trust Agreement.

B. Binding Effect

On and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Interest in, a Debtor and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan, whether or not such Holder has accepted the Plan and whether or not such Holder is entitled to a Distribution under the Plan.

C. Discharge of Claims and Termination of Interests

Except as provided in the Plan, the rights afforded in and the payments and Distributions to be made under the Plan shall terminate all Interests and discharge all existing debts and Claims of any kind, nature or description whatsoever against or in the Debtors, or their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in the Plan, upon the Effective Date, all existing Claims against the Debtors and Interests shall be, and shall be deemed to be, discharged and terminated, and all holders of such Claims and Interests shall be precluded and enjoined from asserting against Reorganized Fairfield or the Fairfield Trust, their successors or assignees or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other

activity of any kind or nature that occurred prior to the Effective Date, whether or not such Holder has filed a Proof of Claim or proof of interest and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date.

D. Injunction

Except as otherwise expressly provided in this Plan or in the Confirmation Order, and except in connection with the enforcement of the terms of this Plan or any documents provided for or contemplated in this Plan, all entities who have held, hold or may hold Claims against or Interests in the Debtors or the Estates that arose prior to the Effective Date are permanently enjoined from: (a) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against any Protected Party or any property of any Protected Party with respect to any such Claim or Interest; (b) the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree or order against any Protected Party or any property of any Protected Party with respect to any such Claim or Interest; (c) creating, perfecting or enforcing, directly or indirectly, any lien or encumbrance of any kind against any Protected Party or any property of any Protected Party with respect to any such Claim or Interest; (d) effecting, directly or indirectly, any setoff or recoupment of any kind against any obligation due to any Protected Party or any property of any Protected Party with respect to any such Claim or Interest, unless approved by the Bankruptcy Court; and (e) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan with respect to such Claim or Interest. Nothing contained in this Article VII.D of this Plan shall prohibit the Holder of a Claim or Interest with respect to which a Proof of Claim was timely filed from litigating its right to seek to have such Claim or Interest declared an Allowed Claim or Interest and paid in accordance with the distribution provisions of this Plan, or enjoin or prohibit the interpretation or enforcement by the Holder of such Claim or Interest of any of the obligations of the Debtors, the Liquidating Trustee or the Fairfield Trust under this Plan. The Confirmation Order shall also constitute an injunction enjoining any Person from enforcing or attempting to enforce any Causes of Action against any Protected Party or any property of any Protected Party based on, arising from or related to any failure to pay, or make provision for payment of, any amount payable with respect to any Priority Tax Claim on which the payments due under Article VI.L of this Plan have been made or are not yet due under Article VI.L of this Plan.

E. Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, this Plan or otherwise, and extant on the Confirmation Date, shall remain in full force and effect until the later of (i) entry of the Final Decree or (ii) the dissolution of the Fairfield Trust.

F. Exculpation and Releases

None of the Protected Parties shall have or incur any liability for, and each Protected Party is hereby released from, any claim, Cause of Action or liability to any other Protected Party, to any Holder of a Claim or an Interest only in their capacity as such, for any act or omission taken in connection with, arising from or relating to the Chapter 11 Cases, the

formulation, negotiation and/or pursuit of confirmation of this Plan, the consummation of this Plan, the administration of this Plan and/or the property to be distributed under this Plan, except for claims, Causes of Action or liabilities arising from the Tax Election Claim, the gross negligence, willful misconduct or fraud of any Protected Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction and provided that any Protected Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under this Plan and such reasonable reliance shall form an absolute defense to any such claim, cause of action or liability. Without limiting the generality of the foregoing, each Protected Party shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code.

On the Effective Date, the Debtors, the Fairfield Trust, the Liquidating Trustee, Reorganized Fairfield, the Committee and each of its members only in their capacity as such, shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all claims and Causes of Action, including Avoidance Actions, which they have or may have against Capmark Finance and the Capmark Lenders, and their respective directors, officers, shareholders, agents, employees, attorneys, professionals and property in connection with, related to, or arising under the Capmark Facility.

Each party to which this section applies shall be deemed to have granted the releases set forth in this section notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any statute or common law principle, which would limit the effect of such releases to those claims or Causes of Action, including Avoidance Actions, actually known or suspected to exist at the time of execution of the release.

G. Reservation of Causes of Action/Reservation of Rights

Nothing contained in the Plan shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that the Debtors or their Estates, Reorganized Fairfield or the Fairfield Trust may have or may choose to assert against any Person.

H. Avoidance Actions/Objections

Other than any releases granted herein, by the Confirmation Order and by Final Order of the Bankruptcy Court, as applicable, from and after the Effective Date, the Liquidating Trustee shall have the right to prosecute any and all avoidance or equitable subordination actions, recovery causes of action and objections to Claims under sections 105, 502, 510, 542 through 551, and 553 of the Bankruptcy Code that belong to the Debtors or their Estates.

ARTICLE VIII.

CONDITIONS PRECEDENT

A. Conditions Precedent to Effective Date

This Plan shall not become effective unless and until each of the following conditions shall have been satisfied in full in accordance with the provisions specified below:

1. The Confirmation Order shall be in form and substance acceptable to the Debtors, the Capmark Lenders, the Committee and the New Money Investors in their absolute discretion;

2. The Confirmation Order shall have been entered by the Bankruptcy Court and shall not be subject to any stay of effectiveness; the Confirmation Date shall have occurred and no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending;

3. The appointment of the Liquidating Trustee shall have been approved by order of the Bankruptcy Court;

4. The Liquidating Trust Agreement shall have been executed and all steps necessary to establish the Fairfield Trust in accordance with and pursuant to the terms of the Plan shall have occurred in a manner satisfactory to the Committee and Capmark;

5. Reorganized Fairfield's reasonably projected expenses do not exceed its reasonably projected revenues;

6. The aggregate amount of the cure Claims for the Executory Contracts included in the Newco Contracts Schedule to be paid by the Debtors ~~efor~~ the Fairfield Trust shall not exceed \$200,000;

7. A finding by the Bankruptcy Court that the value of the Liquidating Assets shall be less than the adjusted tax basis of the Liquidating Assets, all as determined as of the Effective Date for federal income tax purposes;

8. The Asset Management Agreement and the Administration Agreement shall have been entered into and executed to become effective as of the Effective Date; and

9. All necessary documents relating to the New Money Investment (including the Operating Agreement, any necessary employment agreements and the Asset Purchase Agreement) shall be executed and the Closing Payment shall have been made on or prior to the Effective Date.

B. Revocation, Withdrawal or Non-Consummation of Plan

If, after the Confirmation Order is entered, each of the conditions precedent to the Effective Date have not been satisfied or duly waived on or by ninety (90) days after the

Confirmation Date, then upon motion by the Debtors, the Capmark Lenders or the Committee, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if each of the conditions precedent to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. A condition precedent to the Effective Date may only be waived by a writing executed by both the Debtors and the Committee. If the Confirmation Order is vacated pursuant to this Article VIII.B, this Plan shall be null and void in all respects, and nothing contained in this Plan shall (i) constitute a waiver or release of any Claims against or Interests in the Debtors, (ii) prejudice in any manner the rights of the Holder of any Claim against or Interest in the Debtors, (iii) prejudice in any manner the rights of the Debtors in the Chapter 11 Cases, or (iv) constitute a release, indemnification or exculpation by the Debtors, the Estates or any other party pursuant to this Plan.

ARTICLE IX.

ADMINISTRATIVE PROVISIONS

A. Retention of Jurisdiction by the Bankruptcy Court

This Plan shall not in any way limit the Bankruptcy Court's post-confirmation jurisdiction as provided under the Bankruptcy Code. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and have exclusive jurisdiction (to the extent granted by applicable law, including any provisions permitting mandatory or discretionary withdrawal of such jurisdiction) over any matter arising out of or related to the Chapter 11 Cases and this Plan, including, without limitation, the following:

1. all matters relating to the assumption or rejection or the assumption and assignment of Executory Contracts, or Claims or disputes relating thereto;
2. all matters relating to the ownership of a Claim or Interest;
3. all matters relating to the distribution to holders of Allowed Claims and to the determination of Claims;
4. any and all matters involving the Liquidating Trustee and/or the Fairfield Trust and the Trust Oversight Committee;
5. all matters relating to or arising in connection with the allowance or estimation of Claims filed, both before and after the Confirmation Date, including any objections to the classification of any Claim;
6. to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified and/or vacated;
7. all matters relating to the construction and implementation of this Plan and the provisions thereof, and to hear and determine all requests for orders in aid of execution, implementation or consummation of this Plan;

8. all matters relating to disputes arising in connection with the interpretation, implementation or enforcement of this Plan or the Confirmation Order, including disputes arising under agreements, documents or instruments executed in connection with this Plan;

9. to consider any modifications of this Plan, to cure any defect or omission or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

10. all applications for allowance of compensation and reimbursement of Professional Fee Claims under Bankruptcy Code sections 328, 330, 331, 503(b), 1103 and 1129(a)(4);

11. to hear and determine all motions requesting allowance of an Administrative Claim;

12. to determine requests for the payment of Claims entitled to priority under section 507(a)(2) of the Bankruptcy Code, including compensation and reimbursement of expenses of parties entitled thereto;

13. all Causes of Action, Avoidance Actions and other suits and adversary proceedings to recover assets for the Fairfield Trust, as successor-in-interest to any of the Debtors and property of the Estates, wherever located, and to adjudicate any and all other Causes of Action, Avoidance Actions, suits, adversary proceedings, motions, applications and contested matters that may be commenced or maintained pursuant to the Chapter 11 Cases or this Plan, proceedings to adjudicate the allowance of Disputed Claims, and all controversies and issues arising from or relating to any of the foregoing;

14. all matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

15. any other matter not inconsistent with the Bankruptcy Code;

16. all disputes involving the existence, nature or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

17. to enter the Final Decree closing the Chapter 11 Cases; and

18. to enforce all orders previously entered by the Bankruptcy Court.

B. Payment of Statutory Fees

All fees through the Effective Date pursuant to 28 U.S.C. § 1930 shall be paid on or before the Effective Date to the extent that an invoice for such fees has been provided to the Debtors prior to the Effective Date. All fees invoiced after the Effective Date pursuant to 28 U.S.C. § 1930 shall be paid by the Liquidating Trustee out of the Liquidating Assets.

C. Headings

The headings of the articles, paragraphs and sections of this Plan are inserted for convenience only and shall not affect the interpretation hereof.

D. Binding Effect of Plan

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code on and after the Effective Date, the provisions of this Plan shall bind any Holder of a Claim against, or Interest in, the Debtors, the Estates, the Fairfield Trust and their respective successors or assigns, whether or not the Claim or Interest of such Holders is impaired under this Plan and whether or not such Holder has accepted this Plan. The rights, benefits and obligations of any entity named or referred to in this Plan, whose actions may be required to effectuate the terms of this Plan, shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign of such entity (including, without limitation, the Liquidating Trustee and any trustee appointed for the Debtors under chapters 7 or 11 of the Bankruptcy Code).

E. Final Order

Except as otherwise expressly provided in this Plan, any requirement in this Plan for a Final Order may be waived by the Debtors after consultation with the Committee [and Capmark Finance](#) and upon written notice to the Bankruptcy Court, provided that the Effective Date shall occur within 48 hours of the effectiveness of such waiver. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any order that is not a Final Order.

F. Withholding and Reporting Requirements

In connection with this Plan and all instruments issued in connection herewith and distributions hereunder, the Liquidating Trustee shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements.

Notwithstanding the above, each holder of an Allowed Claim or Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution. Any party issuing any instrument or making any Distribution under the Plan has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

G. Tax Exemption and Expedited Tax Determination

Pursuant to section 1146 of the Bankruptcy Code, any transfers from a Debtor or the Fairfield Trust or any subsidiary thereof to any other Person or entity pursuant to this Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' or the Fairfield Trust's real or personal property, including, without limitation, the Projects, or the issuance, transfer or exchange of any security under this Plan, or the execution, delivery or

recording of an instrument of transfer pursuant to, in implementation of or as contemplated by this Plan, including, without limitation, any transfers to the Fairfield Trust or by the Liquidating Trustee of the Debtors' or the Fairfield Trust's property in implementation of or as contemplated by this Plan (including, without limitation, any subsequent transfers of property by the Liquidating Trustee), shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

The Debtors and Reorganized Fairfield are authorized to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for any or all returns filed for, on or behalf of, the Debtors for any or all taxable periods (or portions thereof) ending after the Petition Date through and including the Effective Date.

H. Governing Law

Except to the extent a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless specifically stated, the rights, duties and obligations arising under this Plan, any agreements, documents and instruments executed in connection with this Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreements shall control), and, with respect to the Debtors incorporated or organized in Delaware and the Fairfield Trust, corporate and limited liability company governance matters shall be governed by, and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to conflicts of law principles.

I. Continuing Corporate Existence and Corporate Action

Subject to the other provisions of this Plan, after the Effective Date, each Debtor shall continue to exist in accordance with the law in the jurisdiction in which it is incorporated or organized and pursuant to its certificate of incorporation and bylaws or other applicable organizational documents in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws or other applicable organizational documents are amended or restated under the Plan.

On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the directors of a Debtor or Reorganized Fairfield, as the case may be, shall be in effect from and after the Effective Date pursuant to the applicable general corporation law of the State of Delaware, without any requirement of further action by the directors of the Debtors or Reorganized Fairfield. On the Effective Date, or as soon thereafter as is practicable Reorganized Fairfield shall, if required, file their amended articles of organization or certificates of incorporation, as the case may be, with the Secretary of State of Delaware, in accordance with the applicable general business law of such jurisdiction.

J. Plan Supplement

The Plan Supplement and the documents contained therein shall be in form, scope and substance satisfactory to the Debtors, the Committee and the Capmark Lenders (and, solely with respect to the New Money Investment and the New Money Definitive Documents (including, without limitation, the assumed liabilities schedule to the Asset Purchase Agreement), the New Money Investors) and shall be filed with the Bankruptcy Court no later than ten (10) Business Days before the deadline for voting to accept or reject the Plan, provided that the documents included therein may thereafter be amended and supplemented prior to execution, so long as no such amendment or supplement materially affects the rights of holders of Claims or Interests. The Plan Supplement and the documents contained therein are incorporated into and made a part of the Plan as if set forth in full herein.

K. Severability

After the Effective Date, should the Bankruptcy Court or any other court of competent jurisdiction determine that any provision in this Plan is either illegal on its face or illegal as applied to any Claim, such provisions shall be unenforceable either as to all Holders of Claims or as to the Holder of such Claim as to which the provision is illegal, respectively. Such a determination of unenforceability shall in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

L. Revocation

The Debtors reserve the right to revoke and withdraw this Plan prior to the Confirmation Date. If the Debtors revoke or withdraw this Plan, then this Plan shall be null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors, the Committee or any other Person or to prejudice in any manner the rights of the Debtors, the Committee or any Person in any further proceedings involving the Debtors, or be deemed an admission by the Debtors and/or the Committee.

M. Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

N. Construction

The rules of construction as set forth in section 102 of the Bankruptcy Code shall apply to the construction of this Plan. All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein.

O. Conflict

In the event and to the extent any provision of this Plan is inconsistent with any provision of the Disclosure Statement, the provisions of this Plan shall control and take

precedence. The terms of the Confirmation Order shall govern in the event of any inconsistency with the Plan or the summary of the Plan set forth in the Disclosure Statement.

P. Amendments and Modifications

The Debtors, the Capmark Lenders, the Committee and the New Money Investors jointly may agree to alter, amend or modify this Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing. After the Confirmation Date and prior to “substantial consummation” (as such term is defined in section 1101(2)) of the Bankruptcy Code of this Plan, any Debtor, the Committee or the Liquidating Trustee may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of this Plan, by the filing of a motion on notice to those parties set forth in Bankruptcy Rule 2002, and the solicitation of all Creditors and other parties-in-interest shall not be required. Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims or Interests.

Q. Notices

Any notices required under this Plan or any notices or requests of the Debtors by parties in interest under or in connection with this Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

To the Debtors:

Fairfield Residential LLC
c/o Andrew Hinkelman
5510 Morehouse Drive, Suite 200
San Diego, California 92121

With a copy to:

Richards, Layton & Finger, P.A.
Attn: Daniel J. DeFranceschi, Esq.
One Rodney Square
920 North King Street
Wilmington, DE 19801

Paul, Hastings, Janofsky & Walker, LLP
Attn: Kimberly D. Newmarch, Esq.
191 N. Wacker Dr., Suite 3000
Chicago, IL 60606

If to the Liquidating Trustee:

R. Filing of Additional Documents

On or before substantial consummation of this Plan, and without the need for any further order or authority, the Debtors may file with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

S. Direction to a Party

From and after the Effective Date, the Debtors or the Liquidating Trustee may apply to the Bankruptcy Court for the entry of an order directing any Person to execute or deliver or to join in the execution or delivery of any instrument or document reasonably necessary or reasonably appropriate to effect a transfer of properties dealt with by this Plan, and to perform any other act (including the satisfaction of any lien or security interest) that is reasonably necessary or reasonably appropriate for the consummation of this Plan.

T. Successors and Assigns

The rights, duties and obligations of any Person named or referred to in this Plan, including all Creditors, shall be binding on, and shall inure to the benefit of, the successors and assigns of such Person.

U. Waiver of Subordination

Notwithstanding any provision of this Plan to the contrary, all Holders of Claims shall be deemed to have waived any and all contractual subordination rights which they may have with respect to the distributions made pursuant to this Plan, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Holders of Claims from enforcing or attempting to enforce any such rights against any Person receiving distributions under this Plan.

Dated: March __, 2010
Wilmington, Delaware

Respectfully submitted,

Fairfield Residential LLC

By: /s/
Its: _____

FF Development, Inc.

By: /s/
Its: _____

FF Development L.P.

By: /s/
Its: _____

FF Properties, Inc.

By: /s/
Its: _____

FF Properties L.P.

By: /s/
Its: _____

Fairview Residential LLC

By: /s/
Its: _____

FF Realty LLC

By: /s/
Its: _____

Fairfield Financial A LLC

By: /s/
Its: _____

FF Investments LLC

By: /s/
Its: _____

Fairview Investments LLC

By: /s/
Its: _____

Fairfield Affordable Housing LLC

By: /s/
Its: _____

Fairview Homes, Inc.

By: /s/
Its: _____

Fairview Residential L.P.

By: /s/
Its: _____

Fairfield Residential WA LLC

By: /s/

Its: _____

Fairfield Residential CA L.P.

By: /s/

Its: _____

Prepared by:

RICHARDS, LAYTON & FINGER, P.A.

Daniel J. DeFranceschi (DE 2732)

Paul N. Heath (DE 3704)

One Rodney Square

Wilmington, Delaware 19801

Telephone: (302) 651-7700

Facsimile: (302) 651-7701

PAUL, HASTINGS, JANOFSKY &

WALKER LLP

Richard A. Chesley (Ill. Bar No. 6240877)

Kimberly D. Newmarch (DE 4340)

191 North Wacker Drive, 30th Floor

Chicago, Illinois 60606

Telephone: (312) 499-6000

Facsimile: (312) 499-6100

Counsel for the Debtors and Debtors in Possession

Exhibit A
Causes of Action

LEGAL_US_W # ~~61654177.48~~[61654177.49](#)

Exhibit B
Insurance

LEGAL_US_W # ~~61654177.48~~[61654177.49](#)

FAIRFIELD
RESIDENTIAL LLC

Master Insurance Program
Current Policy Register
Updated: 03/02/2010

Coverage	Company	AM Best Rating	Policy #	Effective Dates	Limits	Deductible
General Liability	New Hampshire Insurance Company (Chartis)	A XV	GL4573162	03/01/10 - 03/01/11	\$1,000,000	\$0
Excess Umbrella Liability	ACE Property & Casualty Insurance Company	A+ XV	XCOM00516740	03/01/10 - 03/01/11	\$25M vs \$1M	N/A - Self-Insured
Excess Liability (2nd Layer)	Everest National Insurance Company	A+ XV	710500042101	03/01/10 - 03/01/11	\$10M vs \$25M	Included
Excess Liability (3rd Layer)	Allied World Assurance Company (U.S.) Inc.	A XV	03053640	03/01/10 - 03/01/11	\$15M vs \$35M	Included
Excess Liability (4th Layer)	American Guarantee & Liability Insurance Company	A XV	AECS94177605	03/01/10 - 03/01/11	\$25M vs \$50M	Included
Auto (All States except Massachusetts)	New Hampshire Insurance Company (Chartis)	A XV	CA4576660	03/01/10 - 03/01/11	\$1,000,000	\$500
Auto (Massachusetts)	New Hampshire Insurance Company (Chartis)	A XV	CA4576306	03/01/10 - 03/01/11	\$1,000,000	\$500
Pollution Legal Liability (CA Division)	Ironshore Specialty Insurance Company	A- XI	000151801	03/01/10 - 03/01/11	\$2M Occ/ \$4M Agg	\$100,000
Directors & Officers Liability	Federal Insurance Company (Chubb)	A++ XV	68010967	06/30/09 - 06/30/10	\$5,000,000	\$0 Insuring Clause A; \$100,000 Insuring Clauses B & C
Directors & Officers Liability (2nd Layer)	XL Specialty Insurance Company	A XV	ELU11211109	06/30/09 - 06/30/10	\$5M vs \$5M	Included
Directors & Officers Liability (Comarstone A-Side)	XL Specialty Insurance Company	A XV	ELU13239809	06/30/09 - 06/30/10	\$2M vs \$10M	Included
Employment Practices Liability (EPLI)	Federal Insurance Company (Chubb)	A++ XV	01461209	06/30/09 - 06/30/10	\$10,000,000	\$100,000 All Other States/ \$250,000 California Only
Errors & Omissions (Misc Professional Liability)	ACE American Insurance Company	A+ XV	MPB621674369003	06/30/09 - 06/30/10	\$5,000,000	N/A - Self-Insured
Employee Dishonesty Liability (Crime)	Federal Insurance Company (Chubb)	A++ XV	01461209	06/30/09 - 06/30/10	\$5,000,000	\$50,000
Fiduciary Liability	Federal Insurance Company (Chubb)	A++ XV	01461209	06/30/09 - 06/30/10	\$10,000,000	\$10,000
Wausau Underwriters (All States Except ND, OH, WA, WY)	Wausau Underwriters Insurance Company	A XV	WCJ291429165019	12/31/09 - 12/31/10	\$1M/\$1M/\$1M	\$0
Primary Property/Builder's Risk (Includes EQ & Flood)	Axis Surplus Insurance Company	A XV	BAF72514810	03/01/10 - 03/01/11	\$10,000,000	\$100,000
Excess Property - Includes EQ & Flood (1st Layer 10%)	Stoddard Insurance Company / Lloyds Syndicate 1919	A XV	CP9190828 / 106SP1333285002	03/01/10 - 03/01/11	Part of \$40M vs \$10M	Included
Excess Property - Includes EQ & Flood (1st Layer 10%)	Lexington	A XV	19946513	03/01/10 - 03/01/11	Part of \$40M vs \$10M	Included
Excess Property - Includes EQ & Flood (1st Layer 12.5%)	Continental Casualty Company (CNA)	A XV	RMP2095826020	03/01/10 - 03/01/11	Part of \$40M vs \$10M	Included
Excess Property - Includes EQ & Flood (1st Layer 6.25%)	Arch Specialty Insurance Company	A XV	ESP0037660-00	03/01/10 - 03/01/11	Part of \$40M vs \$10M	Included
Excess Property - Includes EQ & Flood (1st Layer 5%)	Non-AZ: Ironshore Specialty Ins. Co. AZ: Ironshore Indemnity Inc.	A- XI	Non-AZ: 000164201 AZ: 000164101	03/01/10 - 03/01/11	Part of \$40M vs \$10M	Included
Excess Property - Includes EQ & Flood (2nd Layer 43.75%)	Underwriters at Lloyds	A XV	BL1003656	03/01/10 - 03/01/11	Part of \$16M vs \$10M	Included
Excess Property - Includes EQ & Flood (3rd Layer 13.16%)	Empire Indemnity Company	A XV	900211UX-1	03/01/10 - 03/01/11	Part of \$24M vs \$26M	Included
Excess Property - Includes EQ & Flood (3rd Layer 10%)	Employers Fire Insurance Company	A XIII	YSP 2767	03/01/10 - 03/01/11	Part of \$24M vs \$26M	Included
Excess Property - Includes EQ & Flood (3rd Layer 17.50%)	Underwriters at Lloyds	A XV	BL1003684	03/01/10 - 03/01/11	Part of \$24M vs \$26M	Included
Excess Property - Includes EQ & Flood (3rd Layer 3.09%)	Princeton E & S	A+ XV	2BA3XP0000001-00	03/01/10 - 03/01/11	Part of \$24M vs \$26M	Included
Excess Property - Includes EQ & Flood (only on 40 x 10) - Excludes Flood Excess of 50 (4th Layer 12.5%)	Wastchester Insurance Company	A XII	D37375767 001	03/01/10 - 03/01/11	Part of \$50M vs \$10M	Included
Excess Property - Includes EQ & Excludes Flood (5th Layer 29.5%)	Arch Specialty Insurance Company	A XV	ESP0037665-00	03/01/10 - 03/01/11	Part of \$50M vs \$50M	Included
Excess Property - Includes EQ & Excludes Flood (5th Layer 13%)	Employers Fire Insurance Company	A XIII	YSP 2766	03/01/10 - 03/01/11	Part of \$50M vs \$50M	Included
Excess Property - Includes EQ & Excludes Flood (5th Layer 36.45%)	Empire Indemnity Company	A XV	900211UX-1	03/01/10 - 03/01/11	Part of \$50M vs \$50M	Included
Excess Property - Includes EQ & Excludes Flood (5th Layer 0.59%)	Princeton E & S	A+ XV	2BA3XP0000001-00	03/01/10 - 03/01/11	Part of \$50M vs \$50M	Included
Excess Property - Excludes EQ & Flood (5th Layer 50%)	Travelers Excess & Surplus Lines Insurance Company	A+ XV	KTQXSP17250939-10	03/01/10 - 03/01/11	Part of \$50M vs \$100M	Included
Excess Property - Excludes EQ & Flood (6th Layer 30%)	Employers Fire Insurance Company	A XIII	YSP 2769	03/01/10 - 03/01/11	Part of \$50M vs \$100M	Included
Excess Property - Excludes EQ & Flood (6th Layer 20%)	RSUI Indemnity Insurance Company	A XII	NHT 365931	03/01/10 - 03/01/11	Part of \$50M vs \$100M	Included
Boiler & Machinery	The Charter Oak Fire Insurance Company	A+ XV	BME138818599	03/01/10 - 03/01/11	\$50,000,000	\$2,500
Terrorism	Underwriters at Lloyds	A XV	B0895VA005910002	03/01/10 - 03/01/11	\$85,000,000	\$100,000

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Exhibit B
Disclosure Statement Order

Exhibit C Chapter 7 Liquidation Analysis

Exhibit C

Fairfield Liquidating Trust
Comparison of Hypothetical Liquidation Scenarios

(\$ in thousands)

Low Scenario Recovery Summary						
	Total	Secured/	Unsecured			
	Claims	First Tier	Deficiency	Recovery	% Recovery	
Wachovia	\$ 18,168	\$ 18,168	\$ 15,110	\$ 3,265	18.0%	
Capmark	79,510	79,510	39,357	41,058	51.6%	
Unsecured Creditors ⁽¹⁾	1,558,972	-	1,558,972	21,462	1.4%	

High Scenario Recovery Summary						
	Total	Secured/	Unsecured			
	Claims	First Tier	Deficiency	Recovery	% Recovery	
Wachovia	\$ 18,168	\$ 18,168	\$ 12,936	\$ 5,565	30.6%	
Capmark	79,510	79,510	18,850	62,519	78.6%	
Unsecured Creditors ⁽¹⁾	1,134,714	-	1,134,714	29,297	2.6%	

Trust Scenario Recovery Summary						
	Total	Secured/	Unsecured			
	Claims	First Tier	Deficiency	Recovery	% Recovery	
Wachovia	\$ 18,168	\$ 18,168	\$ 11,890	\$ 7,380	40.6%	
Capmark	79,510	-	79,510	79,510	100.0%	
Unsecured Creditors	717,815	-	717,815	66,567	9.3%	

Footnotes:

(1) Represents the average unsecured creditor recovery across the debtor entities.

**Recoveries for Wachovia and Capmark represent the total recovery including both the secured and unsecured deficiency claim.*

***The High and Low liquidation do not assume consolidation of the 1st Tier. The Trust Scenario assumes consolidation of the 1st Tier.*

THE INFORMATION CONTAINED IN THIS MODEL IS PRELIMINARY AND FOR ILLUSTRATIVE PURPOSES ONLY. THIS INFORMATION IS SUBJECT TO ADDITIONAL REVIEW AND REVISION AND THE ULTIMATE RECOVERIES TO CREDITORS WILL DEPEND UPON MULTIPLE FACTUAL AND LEGAL FACTORS INCLUDING, BUT NOT LIMITED TO THE POTENTIAL SUBSTANTIVE CONSOLIDATION OF THE THE DEBTOR ENTITIES.

Exhibit C

Fairfield Liquidating Trust
Hypothetical Liquidation Analysis - Low Scenario

(in thousands)	Fairfield Residential LLC	FF Development LP	Fairview Residential LLC	FF Properties LP	FF Realty LLC	Fairfield Promiss A LLC	FF Investments LLC	Fairview Investments LLC	Fairfield Affordable Housing LLC	FF Development Inc.	FF Properties Inc.	Fairview Homes, Inc.	Fairview Residential WA LLC	Fairview Residential CA L.P.	Fairview Residential L.P.
Cash & Cash Equivalents	\$ 40,869	\$ 17,275	\$ 922	\$ 5,529	\$ 44	\$ 2,279	\$ 3,400	\$ 0	\$ 2,710	\$ 4	\$ 0	\$ 90	\$ 275	\$ 145	\$ 92
Due From Affiliates	-	-	-	1,322	-	1,955	-	-	-	-	-	-	30	-	-
Account and Other Receivables	-	0	-	0	-	-	-	-	3	-	-	-	-	-	-
Costs & Estimated Expenses in Process at Closing	-	-	-	-	-	-	-	-	-	-	-	-	80	-	-
Furniture, Equipment and Leasehold Improvements, net	-	24	-	94	-	-	-	-	-	-	-	-	-	-	-
Net Fairfield Fractional Equity Interest in Joint Venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Proceeds Available from Filing Entities (1)	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Asset Value From Wholly Owned Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest in Value From Wholly Owned Entities (2)	3,057	-	-	-	-	-	25,988	20,027	-	-	-	-	-	-	-
Secured Asset Level Debt	-	-	-	-	-	-	20,136	16,758	-	-	-	-	-	-	-
Unsecured Asset Level Debt	-	-	-	-	-	-	6,372	665	-	-	-	-	-	-	-
Net Asset Value From Wholly Owned Subsidiaries (3)	3,057	-	-	-	-	-	476	-	-	-	-	-	-	-	-
GP Proceeds from LHIC Asset Sales	-	-	-	-	-	-	-	25,201	-	-	-	-	-	-	-
Total Assets / Recovery	\$ 52,426	\$ 17,300	\$ 922	\$ 7,940	\$ 44	\$ 4,336	\$ 3,987	\$ 0	\$ 28,001	\$ 4	\$ 0	\$ 90	\$ 316	\$ 145	\$ 92
Administrative Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Claims to Estimated Wind-down Cost	13,362	7,360	72	1,441	33	606	3,027	0	1,012	2	5	7	26	15	7
Administrative Claims to First Pillion Construction Costs (4)	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds Available after Administrative costs	\$ 22,463	\$ 9,934	\$ 750	\$ 6,499	\$ 11	\$ 3,729	\$ 940	\$ -	\$ 26,989	\$ 2	\$ -	\$ 84	\$ 287	\$ 131	\$ 85
Net Secured Claims (Wholly Owned Entities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Washington/Walla Walla Secured Note Claims	\$ 16,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Deficiency (5)	15,110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Washington Secured Note Claims Recovery	\$ 1,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letters of Credit	2,506	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capmark Claim	\$ 70,510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Deficiency	36,367	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Capmark Claim Recovery from First Tier Subsidiaries	\$ 34,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds Available for Priority Claims	\$ 17,900	\$ 9,934	\$ 750	\$ 6,499	\$ 11	\$ 3,729	\$ 940	\$ -	\$ 26,989	\$ 2	\$ -	\$ 84	\$ 287	\$ 131	\$ 85
Priority Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds Available for Claims and Other Unsecured Claims	\$ 17,900	\$ 9,934	\$ 750	\$ 6,499	\$ 11	\$ 3,729	\$ 940	\$ -	\$ 26,989	\$ 2	\$ -	\$ 84	\$ 287	\$ 131	\$ 85
Washington/Walla Walla Secured Note Deficiency (6)	\$ 15,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capmark Claim	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510	70,510
Accounts Payable and Other Accrued Liabilities	272	1,730	36	3,488	71	4,927	3,378	337	633	7	0	0	187	0	0
Due To Affiliate Liability	-	15,040	-	-	-	-	405	-	0	-	-	-	-	-	-
Unsecured Portion of Non-Priority Employee Liabilities	-	-	-	3,461	-	-	-	-	-	-	-	-	-	-	-
Loan Guarantees	1,560,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Completion Guarantees	270,771	1,808	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Credit Guarantees	1,000	6,048	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent Construction Warranty Liability	-	24,500	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Claims and Contingencies	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Unsecured Claims (Including Capmark)	1,871,068	529,026	79,545	96,445	79,521	84,091	10,056	79,847	90,042	79,517	79,511	-	197	-	-
Total Proceeds (Deficiency) after Unsecured Claims	\$ (1,853,267)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ (493,232)	\$ 84	\$ 100	\$ 131	\$ 85
Additional Proceeds for FF Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84	\$ 100	\$ 131	\$ 85
Secured Recovery Information:															
Secured Claims and Capmark Claim	\$ 40,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Secured Claims Recovery and Capmark Recovery at First Tier	45,716	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Recovery - Secured Lender Group and Capmark	95.6%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsecured Recovery:															
Total Capmark Recovery	41,068	6,078	750	2,110	11	3,432	902	-	26,810	2	-	N/A	N/A	N/A	N/A
Recovery % - Capmark	61.4%	7.6%	0.9%	2.7%	0.0%	4.4%	1.1%	0.0%	21.7%	0.0%	0.0%	N/A	N/A	N/A	N/A
General Unsecured Recovery:															
Total General Unsecured Recovery	16,364	3,024	0	94	0	236	36	-	190	0	-	N/A	127	N/A	N/A
Recovery % - General Unsecured	1.1%	2.6%	0.0%	2.7%	0.0%	4.4%	1.1%	0.0%	21.7%	0.0%	0.0%	N/A	100.0%	N/A	N/A

Footnotes:
 (1) Includes equity proceeds from Fair View Homes, Fairview Residential WA LLC, Fairview Residential CA L.P., and Fairview Residential L.P.
 (2) Two wholly owned entities under FF Investments LLC are pledged to the Washington Secured Note at the Fairfield Residential LLC level. The portion of Washington's secured claims which is not paid at the Priority SPV level (the deficiency) is then transferred to an unsecured claim at the Fairfield Residential LLC level.
 (3) Includes the proceeds available to be distributed to the 1st Tier Subsidiaries after all SPV level secured and unsecured obligations have been satisfied.
 (4) Administrative claims for post-pillion construction costs are estimated at approximately 2 weeks the average weekly construction revenue projected from February 2010 to May 2010.

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Exhibit C

Fairfield Liquidating Trust
Hypothetical Liquidation Analysis - High Scenario

(in thousands)	Fairfield Residential LLC	FF Development LP	Fairview Residential LLC	FF Properties LP	FF Realty LLC	Fairfield Financial A LLC	FF Investments LLC	Fairview Investments LLC	Fairfield Affordable Housing LLC	FF Development Inc	FF Properties Inc	Fairview Homes, Inc	Fairview Residential WA LLC	Fairview Residential CA L.P.	Fairview Residential LP
Cash & Cash Equivalents	\$ 40,960	\$ 17,270	\$ 822	\$ 6,538	\$ 44	\$ 2,370	\$ 3,480	\$ 0	\$ 2,718	\$ 4	\$ 5	\$ 90	\$ 275	\$ 145	\$ 92
Due From Affiliates	-	-	-	1,406	-	2,216	-	-	-	-	-	-	-	-	-
Account and Other Receivables	-	8	-	76	-	-	-	-	33	-	-	-	-	-	-
Short Term Pre-Acquisition Costs, Deposits & Other Assets	22	26	0	44	0	6	14	1	4	0	0	-	0	-	-
Costs & Estimated Earnings in Excess of Bids	-	-	-	-	-	-	-	-	-	-	-	-	14	-	-
Furniture, Equipment and Leasehold Improvements, net	-	60	-	210	-	-	-	-	-	-	-	-	-	-	-
Net Fairfield Residential Equity Interest in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Proceeds Available from Filing Entities ⁽¹⁾	418	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Asset Value From Wholly Owned Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest in Value From Wholly Owned Entities ⁽²⁾	5,231	-	-	-	-	-	27,356	20,627	-	-	-	-	-	-	-
Secured Assets Level Debt	-	-	-	-	-	-	30,136	10,760	-	-	-	-	-	-	-
Unsecured Asset Level Debt	-	-	-	-	-	-	6,372	686	-	-	-	-	-	-	-
Net Asset Value From Wholly Owned Subsidiaries ⁽²⁾	5,231	-	-	-	-	-	1,948	-	-	-	-	-	-	-	-
GP Proceeds from LHFC Asset Sales	-	-	-	-	-	-	-	-	81,177	-	-	-	-	-	-
Total Assets / Recovery	\$ 54,000	\$ 17,360	\$ 822	\$ 8,074	\$ 44	\$ 4,801	\$ 6,340	\$ 2	\$ 43,952	\$ 4	\$ 5	\$ 90	\$ 325	\$ 145	\$ 92
Administrative Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Claims for Estimated Wind-down Cost	12,000	6,405	62	1,348	30	520	2,821	2	876	2	5	0	25	13	0
Administrative Claims for Post-Public Construction Costs ⁽³⁾	7,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds Available after Administrative Costs	\$ 35,000	\$ 10,955	\$ 760	\$ 7,106	\$ 14	\$ 4,076	\$ 2,736	\$ -	\$ 43,076	\$ 2	\$ -	\$ 94	\$ 299	\$ 132	\$ 92
Net Secured Claims (Wholly Owned Entities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wachovia / Wells Fargo Secured Note Claims	\$ 10,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Deficiency ⁽⁴⁾	12,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Wachovia Secured Note Claims Recovery	\$ 5,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Letters of Credit	2,506	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capmark Claim	\$ 79,510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Deficiency	19,850	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Capmark Claim Recovery From First Tier Subsidiaries	\$ 60,660	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds Available for Priority Claims	\$ 27,012	\$ 10,963	\$ 760	\$ 7,100	\$ 10	\$ 4,076	\$ 2,736	\$ -	\$ 43,066	\$ 2	\$ -	\$ 94	\$ 299	\$ 132	\$ 90
Priority Claims	-	-	-	4,205	-	-	-	-	-	-	-	-	-	-	-
Proceeds Available for Capmark and Other Unsecured Claims	\$ 27,012	\$ 10,963	\$ 760	\$ 2,895	\$ 10	\$ 4,076	\$ 2,736	\$ -	\$ 42,866	\$ 2	\$ -	\$ 94	\$ 299	\$ 132	\$ 86
Wachovia / Wells Fargo Secured Note Deficiency ⁽²⁾	12,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capmark Claim	79,510	-	-	79,510	79,510	79,510	79,510	79,510	79,510	79,510	79,510	-	-	-	-
Accounts Payable and Other Accrued Liabilities	272	1,750	36	3,466	71	4,927	3,378	327	633	7	1	-	187	-	-
Due To Affiliates Liability	-	7,530	-	-	-	-	495	-	0	-	-	-	-	-	-
Unsecured Portion of Non-Priority Employees Liabilities	-	-	-	3,451	-	-	-	-	-	-	-	-	-	-	-
Loan Guarantees	820,208	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Completion Guarantees	288,278	1,764	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Credit Guarantees	1,000	8,040	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent Construction Warranty Liability	-	12,360	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Claims and Contingencies	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Unsecured Claim	1,932,222	60,824	79,546	86,446	79,581	84,891	82,886	79,847	80,042	79,617	78,611	-	187	-	-
Total Proceeds (Deficiency) After Unsecured Claims	\$ (1,220,420)	\$ (177,291)	\$ (150,206)	\$ (103,051)	\$ (159,075)	\$ (190,225)	\$ (150,049)	\$ (159,357)	\$ (116,496)	\$ (159,024)	\$ (159,020)	\$ 94	\$ 112	\$ 132	\$ 90
Additional Proceeds for PFR Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84	\$ 112	\$ 132	\$ 86
Secured Recovery Information:															
Secured Claims and Capmark Claim	\$ 100,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Secured Claims Recovery and Capmark Recovery at First Tier	68,307	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Recovery - Secured Lender Group and Capmark	68.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capmark Recovery:															
Total Capmark Recovery	62,618	8,008	789	2,671	16	3,816	2,616	-	42,768	3	-	-	N/A	N/A	N/A
Recovery % - Capmark	78.6%	74.1%	7.9%	3.4%	0.0%	4.6%	3.3%	0.0%	53.6%	0.0%	0.0%	-	N/A	N/A	N/A
General Unsecured Recovery:															
Total General Unsecured Recovery	20,403	2,954	0	233	0	256	111	-	298	0	-	-	N/A	187	N/A
Recovery % - General Unsecured	2.3%	19.1%	7.6%	3.4%	0.0%	4.6%	3.3%	0.0%	53.6%	0.0%	0.0%	-	N/A	190.0%	N/A

Footnotes:

- (1) Includes equity proceeds from Fair View Home, Fairview Residential WA LLC, Fairview Residential CA L.P. and Fairview Residential LP.
- (2) Two wholly owned projects under FF Investments LLC are pledged to the Wachovia Secured Note at the Fairfield Residential LLC level. The portion of Wachovia's secured claim which is not paid at the Priority SPE level (the deficiency) is then transferred to an unsecured claim at the Fairfield Residential LLC level.
- (3) Includes the proceeds available to be distributed to the 1st Tier Subsidiaries after all SPE level secured and unsecured obligations have been satisfied.
- (4) Also includes claim for cost overruns construction costs are estimated at approx. 1% each of the average at entry construction reserve projected from February 2010 to May 2010.

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EXHIBIT C

Fairfield Liquidating Trust
Hypothetical Liquidation Analysis - Trust Scenario

(\$ in thousands)					
Description	Consolidated Debtor Entities	Fairview Homes, Inc.	Fairview Residential WA LLC	Fairview Residential CA L.P.	Fairview Residential L.P.
Cash & Cash Equivalents ⁽¹⁾	\$ 81,608	\$ 00	\$ 275	\$ 145	\$ 92
Due From Affiliates	4,918	--	39	--	--
Account and Other Receivables	368	--	--	--	--
Short Term Pre-Acquisition Costs, Deposits & Other Assets	119	--	2	--	--
Net Fairfield Fractional Equity/Interest in Joint Ventures	9,996	--	--	--	--
Equity Proceeds Available from Filing Entities ⁽²⁾	455	--	--	--	--
Net Asset Value From Wholly Owned Subsidiaries					
Interest in Value From Wholly Owned Entities ⁽³⁾	64,940	--	--	--	--
Secured Asset Level Debt	81,863	--	--	--	--
Unsecured Asset Level Debt	6,241	--	--	--	--
Net Asset Value From Wholly Owned Subsidiaries ⁽⁴⁾	7,637	--	--	--	--
OP Proceeds from LHTC Asset Sales	30,330	--	--	--	--
Interest Income on Cash Balance	1,110	--	--	--	--
Ch. 11 Contribution to Trust	10,000	--	--	--	--
Total Assets / Recovery	\$ 148,548	\$ 99	\$ 316	\$ 145	\$ 92
Administrative Costs					
Operating Disbursements From 13-Week Cash Flow	(15,604)	--	--	--	--
Operating Income From 13-Week Cash Flow	19,479	--	--	--	--
Restructuring Expenses	(3,316)	(0)	(0)	(0)	(0)
Proceeds Available after Administrative costs	\$ 137,828	\$ 99	\$ 316	\$ 145	\$ 91
Net Secured Claims (Wholly Owned Entities)					
Wachovia / Wells Fargo Secured Note Claims	\$ 18,168	\$ --	\$ --	\$ --	\$ --
Leica Deficiency (3)	11,890	--	--	--	--
Net Wachovia Secured Note Claims Recovery	\$ 8,278	\$ --	\$ --	\$ --	\$ --
Operation of the Trust					
Operating Income From the Trust	15,987	--	--	--	--
Operating Cash Flow from LHTC Portfolio	56,762	--	--	--	--
Operating Expenses From the Trust	87,423	--	--	--	--
Proceeds Available for Capmark and Other Unsecured Claims	\$ 146,877	\$ 99	\$ 316	\$ 145	\$ 91
Total Capmark Claim	\$ 79,519	\$ --	\$ --	\$ --	\$ --
Wachovia / Wells Fargo Secured Note Deficiency ⁽²⁾	\$ 11,890	\$ --	\$ --	\$ --	\$ --
Accounts Payable and Other Accrued Liabilities	14,773	--	187	--	--
Loan Guarantees	601,407	--	--	--	--
Completion Guarantees	85,446	--	--	--	--
Tax/Credit Guarantees	7,040	--	--	--	--
Contingent Construction Warranty Liability	12,260	--	--	--	--
Other Claims and Contingencies	5,000	--	--	--	--
Total Unsecured Claims	797,325	--	187	--	--
Total Proceeds (Deficiency) after Unsecured Claims	\$ (730,758)	\$ 99	\$ 129	\$ 145	\$ 91
Additional Proceeds for FFR Equity	\$ --	\$ 99	\$ 129	\$ 145	\$ 91
Secured Recovery Information:					
Gross Secured Claims	\$ 18,168	\$ --	\$ --	\$ --	\$ --
Total Secured Claims Recovery	8,278	--	--	--	--
Average Recovery % - Secured Lender Group	34.6%	NA	NA	NA	NA
Capmark Recovery:					
Initial Funding Recovery	\$ 29,864	NA	NA	NA	NA
Additional Recovery	49,646	NA	NA	NA	NA
Total Capmark Recovery	79,510	NA	NA	NA	NA
Recovery % - Capmark	100.0%	NA	NA	NA	NA
General Unsecured Recovery:					
Initial Funding Recovery	\$ 22,224	NA	NA	NA	NA
Additional Recovery	44,343	NA	NA	NA	NA
Total General Unsecured Recovery	66,567	NA	187	NA	NA
Recovery % - General Unsecured	9.3%	NA	100.0%	NA	NA

Footnotes

(1) Balances reflect the ending balances as of the Petition Date (December 13, 2009).

(2) Includes equity proceeds from Fair View Homes, Fairview Residential WA LLC, Fairview Residential CA L.P. and Fairview Residential L.P.

(3) Two wholly owned projects under FF Investments LLC are pledged to the Wachovia Secured Note at the Fairfield Residential LLC level. The portion of Wachovia's secured claims which is not paid at the Property SPE level (the deficiency) is then transferred to an unsecured claim at the Fairfield Residential LLC level.

(4) Includes the proceeds available to be distributed to the 1st Tier Suballiances after all SPE level secured and unsecured obligations have been satisfied.

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Exhibit D Financial Projections

Exhibit D

Trust Consolidated Cash Flow Projections (*\$ in thousands*)

Net Cash Receipts	8 Months Ending 2010	2011	2012	2013	2014-2016	Total
Beginning Cash	\$ 72,087	\$ 25,000	\$ 15,000	\$ 10,000	\$ 10,000	\$ 72,087
Och-Zif Capital Contribution [1]	10,000	-	-	-	-	10,000
Trust Beginning Cash Balance	82,087	-	-	-	-	82,087
Initial Distribution (on effective date)	(52,087)	-	-	-	-	(52,087)
Cash After Initial Distribution	30,000	-	-	-	-	30,000
Cash Receipts						
Construction						
Construction Fees	2,345	248	-	-	-	2,593
Deferred Construction Fees	3,310	-	-	-	-	3,310
Development						
Development Fees	1,155	79	-	-	-	1,234
Deferred Development Fees	4,304	-	-	-	-	4,304
Sales						
Disposition Fees	680	1,070	1,205	619	970	4,545
Subtotal	11,795	1,397	1,205	619	970	15,987
Cash Disbursements						
Asset Management Fee	10,240	8,329	4,517	4,862	7,542	35,489
G&A Expenses	717	518	281	302	469	2,287
Insurance & Taxes	660	421	382	787	-	2,249
Litigation Costs	1,333	500	-	-	-	1,833
Board of Director Fees	80	120	120	120	360	800
Professional Fees	7,513	2,500	1,500	1,000	2,250	14,763
Subtotal	20,543	12,388	6,800	7,071	10,621	57,423
Operating Cash Flow	\$ (8,749)	\$ (10,991)	\$ (5,594)	\$ (6,452)	\$ (9,651)	\$ (41,436)
Asset Recovery						
Due From Affiliates, net	4,424	492	-	-	-	4,916
Accounts Receivables	368	-	-	-	-	368
Investments & Advances in Unconsolidated Entities	2,067	1,589	1,945	1,798	2,600	9,998
Equity from 2nd Tier Filing Entities	455	-	-	-	-	455
Subtotal	7,433	2,080	1,945	1,798	2,600	15,855
Net Proceeds from Sale of Wholly Owned Real Estate	-	-	-	-	1,359	1,359
Subtotal	-	-	-	-	1,359	1,359
Non-Operating Cash Flow	\$ 7,433	\$ 2,080	\$ 1,945	\$ 1,798	\$ 3,959	\$ 17,215
Operating Cash Flow from LIHTC Portfolio	7,005	8,572	8,316	8,717	24,152	56,763
GP Proceeds from LIHTC Asset Sales	-	-	-	1,843	28,495	30,338
Interest Income on Cash Balance	220	250	174	130	336	1,110
Ending Cash (Cumulative Distributable Cash)	\$ 35,909	\$ 24,912	\$ 19,841	\$ 16,036	\$ 57,292	\$ 93,989
Distributions	(10,909)	(9,912)	(9,841)	(6,036)	(57,292)	(93,989)
Ending Cash (Cumulative Distributable Cash)	\$ 25,000	\$ 15,000	\$ 10,000	\$ 10,000	\$ -	\$ -

[1] An additional \$1.0 million contributed for the payment of professional fees by Och-Zif was included in the beginning cash balance.

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