

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

IN RE: : CHAPTER 11  
: :  
GELT PROPERTIES, LLC, : :  
: : CASE NO. 11-15826 (MDC)  
: :  
Debtor. : :

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IN RE: : CHAPTER 11  
: :  
GELT FINANCIAL CORPORATION, : :  
: : CASE NO. 11-15827 (MDC)  
: :  
Debtor. : :

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**FIRST MODIFIED FOURTH AMENDED PLAN OF REORGANIZATION  
PROPOSED BY THE DEBTORS**

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Dated:

Gelt Properties, LLC ("Gelt Properties") and Gelt Financial Corporation ("Gelt Financial") (Gelt Properties and Gelt Financial shall be individually referred to as the "Debtor" and collectively referred to as the "Debtors"), as debtors and debtors-in-possession hereby submit and propose the following First Modified Fourth Amended Plan of Reorganization (the "Plan") under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. (the "Bankruptcy Code"). The Plan provides for the reorganization of the Debtors by restructuring their secured obligations. The Plan contemplates the substantive consolidation of the Debtors' bankruptcy cases and businesses and the continuation of the Debtors' reorganized business.

## **ARTICLE I** **Definitions**

For the purposes of the Plan, the following terms shall have the respective meanings hereinafter set forth, such meanings to be equally applicable to the singular and plural forms of the terms defined except as the context otherwise requires. Any term defined in the Bankruptcy Code and not otherwise defined herein shall have the meaning specified in the Bankruptcy Code unless the context otherwise requires.

Section 1.1. "**ACCOUNTS RECEIVABLE**" means any account as that term is defined in section 9106 of the Pennsylvania Uniform Commercial Code, 13 Pa.C.S.A. § 1101, et seq. (the "PA U.C.C."), and includes any right of the Debtors to payment for goods sold or leased or for services rendered which is not evidenced by an instrument or chattel paper (as those terms are defined in the PA U.C.C.), whether or not it has been earned by performance.

Section 1.2. "**ADMINISTRATIVE CLAIM**" means a Claim incurred by the Debtors, on or after the Petition Date and before the Effective Date, for a cost or expense of administration of the Bankruptcy Case allowable under section 503(b) of the Bankruptcy Code and entitled to priority under section 507(a)(1) of the Bankruptcy Code.

Section 1.3. "**ADMINISTRATIVE CLAIMANT**" means the holder of an Administrative Claim.

Section 1.4. "**ALLOWANCE DATE**" means the date a Claim or Interest becomes an Allowed Claim or Allowed Interest, respectively.

Section 1.5. "**ALLOWED**" means, with reference to a Claim or Interest (e.g., "Allowed Unsecured Claim") one which (a) is listed in the Schedules or list of equity security holders (including any amendments thereto) filed in this case as of the Confirmation Date and (i) not listed therein as disputed, contingent or unliquidated and (ii) not objected to by the Debtors, or another party-in-interest; (b) is set forth in a proof of claim or Interest properly filed in this case on or before the date fixed by the Bankruptcy Court (or by applicable rule or statutes) as the last day for filing such proof, and as to which no objection is filed; or (c) is determined to be allowed in a Final Order.

Section 1.6. "**ALLOWED CLAIM**" means (a) a Claim that has been allowed by a Final Order; (b) a Claim which is specified herein to be an Allowed Claim; or (c) a Claim timely filed with the Office of the Clerk of the Court or scheduled by the Debtors in its Schedules as neither unliquidated, disputed or contingent and as to which Claim (i) no objection

with respect to the allowance thereof has been or shall be interposed within the period of time fixed by the Bankruptcy Code, the Bankruptcy Rules or orders of the Court, or (ii) as to which Claim either an objection to the Claim or an application to amend the Schedules with respect to a scheduled Claim has been interposed, which objection or application has been resolved by a Final Order to the extent such objection or application is determined in favor of the holder of such Claim. Unless otherwise specified, "Allowed Claim" shall not include interest on the principal amount of such Claim accruing from or after the Petition Date.

Section 1.7. "**ASSETS**" means all of the Debtors' property, real and personal, tangible and intangible, including without limitation Accounts Receivable, goods, chattel paper, documents, instruments, money, fixtures, contract rights, Causes of Action, claims and rights of any kind, wherever situated, together with the proceeds thereof.

Section 1.8. "**AVOIDANCE CLAIMS**" means all Causes of Action arising under sections 544, 547, 548, 550, 551, 553 or other sections of the Bankruptcy Code, and claims to set aside transfers voidable under state law or to recover damages on account of such transfers.

Section 1.9. "**BANKRUPTCY CASES**" means, collectively, the cases of the Debtors under Chapter 11 of the Bankruptcy Code presently captioned "In re Gelt Properties, LLC, 11-15826 (MDC)" and "In re Gelt Financial Corporation 11-15827 (MDC)" currently pending in the United States Bankruptcy Court for the Eastern District of Pennsylvania.

Section 1.10. "**BANKRUPTCY CODE**" or "**CODE**" means Title 11 of the United States Code, as amended from time to time, applicable to this case as of the Petition Date.

Section 1.11. "**BANKRUPTCY COURT**" or "**COURT**" means the United States Bankruptcy Court for the Eastern District of Pennsylvania.

Section 1.12. "**BANKRUPTCY RULES**" means, collectively, the Federal Rules of Bankruptcy Procedure, as amended from time to time promulgated by the Supreme Court of the United States.

Section 1.13. "**BAR DATE**" means that certain deadline fixed and established by Order of the Court for the filing of proofs of claim pursuant to Rule 3003(c) of the Federal Rules of Bankruptcy Procedure, subject to section 502(b)(9) of the Bankruptcy Code relating to governmental units.

Section 1.14. "**BUSINESS DAY**" means any day except a Saturday, Sunday, or other day on which commercial banks located in Philadelphia, Pennsylvania are authorized by law to close.

Section 1.15. "**CAUSES OF ACTION**" means all claims and causes of action now owned or hereafter acquired by the Debtors, whether arising under the Bankruptcy Code or other federal or state law, including, without limitation, the Lender Liability Litigation.

Section 1.16. "**CLAIM**" means a claim against the Debtors within the meaning of section 101(5) of the Bankruptcy Code and is intended to include, without limitation, any right

to payment, claim, suit, demand, note, liability, setoff, recoupment or charge, and any claim for reimbursement, contribution, indemnity or exoneration.

Section 1.17. "**CLAIMANT**" means a person or entity holding a Claim or Interest (including, his, her or its successors, assigns, heirs, executors, or personal representatives).

Section 1.18. "**CLASS**" means a group of Claims, consisting of Claims which are substantially similar to each other, as classified pursuant to the Plan.

Section 1.19. "**CONFIRMATION DATE**" means the date on which the Confirmation Order is entered.

Section 1.20. "**COLLECTION EFFORTS**" means the conclusion to sale and deficiency judgment action of any foreclosure proceeding against any collateral.

Section 1.21. "**CONFIRMATION HEARING**" means the hearing at which the Court considers confirmation of this Plan.

Section 1.22. "**CONFIRMATION ORDER**" means the Order of the Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

Section 1.23. "**CONTESTED CLAIM**" means any Claim as to which the Debtors or any other party in interest has interposed an objection, in accordance with the Bankruptcy Code and Bankruptcy Rules, which objection has not been determined by a Final Order or a Claim which is scheduled as unliquidated, disputed or contingent.

Section 1.24. "**CREDITOR**" means the holder of a Claim against the Debtors within the meaning of section 101(10) of the Bankruptcy Code.

Section 1.25. "**DISTRIBUTION AMOUNT**" means Fifty percent of the amount of cash received on any sale of real estate or loan payoff determined by deducting the carrying cost of the loan plus reasonable legal fees, costs, insurance, repairs and taxes from the sale or payoff proceeds. The costs, insurance, repairs and taxes deducted from the Distribution amount are those costs incurred to third parties that are necessary to complete the transaction at hand, insurance premiums actually paid by the Debtor on behalf of the Debtor's borrower covering the property in question, reasonable and necessary repairs connected to the property in question, and the portion of the real estate taxes normally attributable to the seller of the property and/or necessary to eliminate any lien or encumbrance on the property.

Section 1.26. "**DISTRIBUTION RECIPIENT**" means those individuals or entities receiving payments or other distributions under the Debtor's Plan.

Section 1.27. "**DEFICIENCY CLAIM**" means, with reference to a Creditor having an Allowed Secured Claim, that portion of the Creditor's Allowed Claim that is not an Allowed Secured Claim only because (a) the monetary benefit derived from the exercise of any available right of setoff and the application to the Claim of the net proceeds available from disposition of Assets securing the Creditor's Allowed Claim is insufficient to permit payment in

full of the Allowed Claim, or (b) a Final Order entered in a proceeding to determine the extent of the Secured Claim provides that part of the Creditor's Allowed Claim is not an Allowed Secured Claim based on a valuation of the Creditor's interest in the Debtors' interest in the Assets securing the Claim.

Section 1.28. **"DISPUTED CLAIM"** means any Claim which is scheduled as disputed, contingent or unliquidated, or which is objected to in whole or in part before the Effective Date.

Section 1.29. **"DISTRIBUTION"** means any payment by the Debtor to a Creditor on account of a Claim as called for under the Plan.

Section 1.30. **"EFFECTIVE DATE"** means the first business day after the Confirmation Order becomes a Final Order. At the option of the Debtors, however, a Confirmation Order subject to a pending appeal or certiorari proceeding may be considered a Final Order provided no order has been entered by any court of competent jurisdiction staying the effect of the Confirmation Order.

Section 1.31. **"ESTATE"** means the Debtors' estate in the Bankruptcy Case as defined in section 541 of the Bankruptcy Code and the property of the Debtor and the estate to be administered under the Plan.

Section 1.32. **"FEE CLAIM"** means a claim under section 330 or 503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in the Bankruptcy Case.

Section 1.33. **"FINAL ORDER"** means (a) a judgment, order or other decree issued and entered by the Court, which judgment, order or other decree (i) has not been reversed or stayed and as to which the time to appeal has expired and as to which no appeal or petition for review, rehearing or certiorari is pending or (ii) with respect to which any appeal has been finally decided and no further appeal or petition for certiorari can be taken or granted; and (b) a stipulation or other agreement entered into which has the effect of any such judgment, order or other decree described in clause (a) above.

Section 1.34. **"IMPAIRED CLASS"** means any Class of Claims which is impaired within the meaning of section 1124 of the Bankruptcy Code.

Section 1.35. **"INSIDER"** means any "insider" as that term is defined in paragraphs (B), (E) or (F) of section 101(31) of the Bankruptcy Code.

Section 1.36. **"INTEREST"** means an "equity security" as defined in section 101(16) of the Bankruptcy Code.

Section 1.37. **"LENDER LIABILITY LITIGATION"** means that certain litigation to be commenced by or on behalf of the Debtors against certain lenders.

Section 1.38. **"LENDER LIABILITY LITIGATION FUNDS"** means all cash received by the Debtors related to the Lender Liability Litigation.

Section 1.39. **"LIEN"** means "lien" as defined in section 101(37) of the Bankruptcy Code and, with respect to any of the Assets of the Debtors, any mortgage, lien, pledge, charge, security interest, or other security device (including a lease which is not a true lease) or encumbrance of any kind affecting such Asset.

Section 1.40. **"NECESSARY REPAIRS"** means repairs and/or maintenance or construction tasks that must be performed by the Debtors to warrant the subject dwelling habitable by the standards required for the issue of a Certificate of Occupancy.

Section 1.41. **"PERSON"** means a person within the meaning of section 101(41) of the Bankruptcy Code.

Section 1.42. **"PETITION DATE"** means July 25, 2011, the date upon which the Debtors filed their Petitions.

Section 1.43. **"PETITIONS"** means the Orders for Relief filed by the Debtors with the Court pursuant to Chapter 11 of the Bankruptcy Code commencing this Bankruptcy Case.

Section 1.44. **"PLAN"** means this Plan of Reorganization, as it may be further amended, modified or supplemented from time to time, and any exhibits and schedules thereto.

Section 1.45. **"PLAN PROPONENTS" or "PROPONENTS"** means the Debtors.

Section 1.46. **"PRIORITY NON-TAX CLAIM"** means a Claim or a portion of a Claim for which priority is asserted under section 507(a)(3), (4), (5), (6) or (7) of the Bankruptcy Code.

Section 1.47. **"PRIORITY TAX CLAIM"** means a Claim or a portion of a Claim for which priority is asserted under section 507(a)(8) of the Bankruptcy Code.

Section 1.48. **"PRO RATA"** means with respect to any distribution to the holder of an Allowed Claim of a particular Class of the Plan on a particular date, the same proportion that the amount of such Allowed Claim bears the aggregate amount of all Claims of such Class, including Contested Claims.

Section 1.49. **"REJECTION CLAIM"** means any claim for amounts due as a result of the rejection of any executory contract or unexpired lease which is rejected by the Debtors by Final Order.

Section 1.50. **"SCHEDULES"** means the schedules of assets and liabilities heretofore filed by the Debtors with the Office of the Clerk of the Court pursuant to Bankruptcy Rule 1007, as they may be amended from time to time.

Section 1.51. **"SECURED CLAIM"** means a Claim that is (a) secured by a valid, perfected and enforceable Lien on Assets of the Debtors, to the extent of the value of the interest of the holder of such Secured Claim in such Assets; or (b) a claim which is specified

herein as an Allowed Secured Claim, to the extent of the value of the interest of the holder of such secured claim in such assets.

Section 1.52. **"UNIMPAIRED CLASS"** means any Class of Claims which is not impaired within the meaning of section 1124 of the Bankruptcy Code.

Section 1.53. **"UNSECURED CLAIM"** means any Claim, whether or not disputed, liquidated or contingent, including a Rejection Claim or a Deficiency Claim arising out of any default of the Debtors under a contract entered into by the Debtors prior to the Petition Date, other than an Administrative Claim, Priority Non-Tax Claim, Priority Tax Claim or Secured Claim.

## **ARTICLE II**

### **Classification of Claims and Interests**

For the purpose of this Plan, Claims are divided into the following classes. A proof of claim asserting a Claim which is properly included in more than one class is included in each such class to the extent that it qualifies within the description of such class.

Section 2.1. **Class 1. Secured Claim of Beneficial Savings Bank.** Class 1 is impaired. The holder of a Class 1 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.2. **Class 2. Secured Claim of New Century Bank.** Class 2 is impaired. The holder of a Class 2 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.3. **Class 3. OMITTED.**

Section 2.4. **Class 4. Secured Claim of National Penn Bank.** Class 4 is impaired. The holder of a Class 4 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.5. **Class 5. Secured Claim of Bucks County Bank.** Class 5 is impaired. The holder of a Class 5 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.6. **Class 6. Secured Claim of Fox Chase Bank.** Class 6 is impaired. The holder of a Class 6 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.7. **Class 7. Secured Claim of Republic First Bank.** Class 7 is impaired. The holder of a Class 7 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.8. **Class 8. Secured Claim of East Coast Financial.** Class 8 is impaired. The holder of a Class 8 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.9. **Class 9. Secured Claim of Univest National Bank.** Class 9 is impaired. The holder of a Class 9 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.10. **Class 10. Secured Claim of Dov Junik.** Class 10 is impaired. The holder of a Class 10 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.11. **Class 11. Secured Claims of Insiders.** Class 11 is impaired. The holder of a Class 11 Allowed Claim is entitled to vote to accept or reject the Plan. Class 11 consists of two subclasses. Class 11A is the Secured Claim of Uri and Rachel Shoham and Class 11B is the Secured Claim of Ari and Sara Miller.

Section 2.12. **Class 12. Secured Claim of VFC Partners 6.** Class 12 is impaired. The holder of a Class 12 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.13. **Class 13. Secured Claim of VIST Bank.** Class 13 is impaired. The holder of a Class 13 Allowed Claim is entitled to vote to accept or reject the Plan.

Section 2.14. **Class 14. Priority and Administrative Non-Tax Claims.** Class 14 is not impaired and the holder of a Class 14 Allowed Claim is deemed to accept the Plan. The holder of a Class 14 Allowed Claim is not entitled to vote to accept or reject the Plan.

Section 2.15. **Class 15. General Unsecured Claims.** Class 15 is impaired. The holders of Class 15 Allowed Claims are entitled to vote to accept or reject the Plan.

Section 2.16. **Class 16. Real Estate Taxes.** Class 16 shall include real estate taxes or municipal liens on properties owned by the Debtors. Class 16 is impaired. The holder of Class 16 and all subclasses shall be entitled to vote to accept or reject the Plan.

Section 2.17. **Class 17. Equity Interests.** Class 17 is impaired. Class 17 includes all equity, ownership or stock interests in the Debtors including all warrants, options, or rights to acquire shares whether issued or not and whether contained in a single document or part of a loan document or debt instrument. The holder of a Class 17 Allowed Claim is not entitled to vote to accept or reject the Plan and is deemed to have rejected the Plan.

Section 2.18. **Administrative and Priority Tax Claims.** As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified for purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately as unclassified Claims pursuant to the terms set forth in Article IV of this Plan.

### **ARTICLE III** **Treatment of Classes of Claims**

Section 3.1. **Class 1. Secured Claim of Beneficial Savings Bank.** Class 1 includes all claims, damages or charges which are or could be asserted by the Class 1 creditor against either Debtor.

On or about November 29, 2006, Beneficial Mutual Savings Bank extended to Gelt Financial Corporation (“Borrower”) a line of credit loan of up to a maximum principal amount of \$3,000,000 pursuant to a Loan and Security Agreement dated November 29, 2006, which was modified by a Modification Agreement dated as of September 2010 (as so modified, the “LC



Loan”; and the Loan and Security Agreement as modified, the “Master Loan Agreement”). The LC Loan is evidenced by a Master Promissory Note dated November 29, 2006 executed by Borrower in favor of Seller in the face amount of \$3,000,000 (the “LC Note”). The LC Loan is secured by (1) seven “Open End Mortgage Commercial Mortgage, Security Agreement and Assignment of Leases and Rents” on properties owned by Gelt Financial Corporation and as listed on Exhibit A-1 (collectively the “LC Mortgages”) and (2) fifteen “Collateral Assignment of Mortgage, Note and Other Loan Documents, including Assignments of Rents and Lease” with respect to loans made by Borrower to third parties, also as listed on Exhibit “A-1” (collectively, the “LC Collateral Security”) and (3) a Guaranty and Suretyship Agreement dated November 29, 2006, from H. Jack Miller, Uri Shoham and M. Ari Miller (collectively, the “Guarantors”), to Beneficial Savings Bank, as listed on Exhibit A-1.

In addition to the LC Loan, Seller made the following six loans to Gelt Properties, LLC:

- (1) A Loan (“125 Loan”) in the original principal amount of \$119,000, made pursuant to Mortgage Loan Agreement dated March 24, 2009, and evidenced by a Term Loan Note (the “125 Note”) and secured by an Open End Mortgage and Security Agreement (“125 Mortgage”) of even date therewith, pursuant to which Gelt Properties granted, conveyed and mortgaged to Beneficial Savings Bank that certain premises located at 125 W. Rittenhouse Street, Philadelphia, Pennsylvania 19144.
- (2) A loan (“1250 Loan”) in the original principal amount of \$53,250, as evidenced by a Commercial Note dated September 15, 2008 (the “1250 Note”), and secured by an Open End Mortgage and Security Agreement (the “1250 Mortgage”) of even date therewith, pursuant to which Gelt Properties granted, conveyed and mortgaged to Beneficial Savings Bank that certain premises located at 1250 North Newkirk Street, Philadelphia, Pennsylvania 19121.
- (3) A loan (“204 Loan”) in the original principal amount of \$176,250, as evidenced by a Commercial Note dated June 5, 2008, and secured by a Mortgage and Security Agreement (the “204 Mortgage”) of even date therewith, pursuant to which Gelt Properties granted, conveyed and mortgaged to Beneficial Savings Bank that certain premises located at 204 19th Avenue, Irvington, Essex County, New Jersey 07111.
- (4) A loan (“7049 Loan”) in the original principal amount of \$236,250, as evidenced by a Commercial Note (the “7049 Note”) dated September 24, 2008, and secured by an Open End Mortgage and Security Agreement (the “7049 Mortgage”) of even date therewith, pursuant to which Gelt Properties granted, conveyed and mortgaged to Beneficial Savings Bank that certain premises located at 7049 Lincoln Drive, Philadelphia, Pennsylvania 19119.
- (5) A loan (“909 Loan”) in the original principal amount of \$262,500, as evidenced by a Commercial Note (the “909 Note”) dated June 30, 2008, and secured by an Open End Mortgage and Security Agreement (the “909 Mortgage”) of even date therewith, pursuant to which Gelt Properties granted, conveyed and mortgaged to Beneficial Savings Bank that certain premises located at 909 South 21st Street, Philadelphia, Pennsylvania 19146.

(6) A loan ("1509 Loan") in the original principal amount of \$82,500, as evidenced by a Commercial Note (the "1509 Note") dated June 5, 2008, and secured by an Open End Mortgage and Security Agreement (the "1509 Mortgage") of even date therewith, pursuant to which Gelt Properties granted, conveyed and mortgaged to Beneficial Savings Bank those certain premises located at 1509 and 1509 ½ Airbrake Avenue, Turtle Creek Borough, Allegheny County, Pennsylvania 15145.

The LC Loan together with the 125 Loan, 1250 Loan, 204 Loan, 7049 Loan, 909 Loan and 1509 Loan are collectively hereafter called the "Loans"; and the LC Note together with the 125 Note, 1250 Note, 204 Note, 7049 Note, 909 Note and 1509 Note are collectively hereafter called the "Notes"; and the LC Loan Documents, together with the 125 Loan Documents, 1250 Loan Documents, 204 Loan Documents, 7049 Loan Documents, 909 Loan Documents and 1509 Loan Documents are collectively hereinafter called the "Loan Documents."

The Class 1 Allowed Claim shall be treated in accordance with the Settlement Agreement approved by this Court on October 29, 2013 and identified as Docket Item 990. The salient points of the treatment of the Class 1 Allowed Claim are as follows: The Debtors and Sureties, as that term is defined in the Settlement Agreement, acknowledge and agree that: (1) the Loan Documents are valid, binding and enforceable against the Debtors and Sureties, and all of the terms and conditions thereof are binding upon the Debtor and Sureties; (2) the Judgments were properly entered, validly existing and not subject to any defense, setoff or recoupment, and (3) to the extent that the Debtors and/or Sureties have any defenses, setoffs, claims, or counterclaims to repayment of the Loans or against Beneficial or any collateral for the Loans, such defenses, setoffs, claims, and counterclaims are hereby waived. Moreover, the Debtors and Sureties acknowledge and agree that pursuant to the Loan Documents and Judgments, they were and are indebted and liable to Beneficial as of the Petition Date in the aggregate amount of \$3,690,692.92, plus continuing interest, costs and fees all as may be recoverable under Bankruptcy Code Section 506 (the "Obligation").

The Debtors shall make payments to Beneficial as follows:

- a. \$425,000.00 on or before October 31, 2013; and
- b. \$575,000.00 on or before December 31, 2013.

Proceeds or payments received by Beneficial pursuant to the terms of the Settlement Agreement shall be applied at Beneficial's discretion in accordance with the Loan Documents. Provided there is no Event of Default (as defined herein) and Debtors make all of the payments as and when required by the Settlement Agreement, in full, then the total payoff for the Loans shall be reduced to \$1,000,000.00, with the payments referenced above to be applied to satisfy this reduced payoff, and Beneficial shall satisfy the Judgments and release its liens on any collateral securing the Loans. HOWEVER, if an Event of Default (as defined herein) occurs under the Settlement Agreement, Beneficial shall retain all amounts paid by or on behalf of Debtors under the Settlement Agreement and Beneficial shall retain all of its rights, including, without limitation, those under the Loans, Loan Documents and liens and Judgments, as such rights existed prior to the execution of the Settlement Agreement and as though the Settlement Agreement had not been executed.

Provided there is no Event of Default under the Settlement Agreement and Debtors timely make all of the payments required by the Settlement Agreement, in full as and when due, then

Beneficial shall accept payment of \$1,000,000.00, in full satisfaction of its secured claim in the Debtors' pending bankruptcy case. Beneficial, however, shall then be deemed to hold an allowed unsecured claim of \$500,000. Beneficial shall vote to accept a Plan proposed by the Debtors which reflects and incorporates the terms of this settlement and does not otherwise impair or impact Beneficial (unless Beneficial provides written consent to such impairment or impact).

**Events of Default.** The occurrence of any of the following shall, unless waived in writing by Beneficial, constitute an event of default (each an "Event of Default") hereunder:

(a) The Debtors shall fail to keep, observe or perform any of their agreements or undertakings hereunder including, but not limited to, all payment obligations contained herein as and when due. The Debtors have no right to prior notice of default or any right to cure under the terms of the Settlement Agreement;

(b) The Debtor and/or Sureties shall knowingly furnish or knowingly make any false, inaccurate or materially incomplete representation, warranty, certificate, report or summary in connection with or under the Settlement Agreement;

(c) The Settlement Agreement or any part of it is invalidated, annulled, modified or amended for any reason resulting in the return or disgorgement of any payment received by Beneficial under the Settlement Agreement; and

(d) Any person or entity shall successfully contest any lien or security interest of Beneficial, file any claim, complaint, adversary proceeding, suit, demand, action or cause of action against Beneficial, or shall seek to have any court invalidate, annul, modify or amend any part of the Settlement Agreement.

Section 3.2 **Class 2. Secured Claim of New Century Bank.** In its Schedules, Gelt Financial listed New Century Bank ("New Century") as the holder of a disputed secured claim in the amount of \$160,000.00 with respect to various loans and mortgages. New Century filed a proof of claim alleging a Claim in the amount totaling \$204,254.36 and asserting that the Claim was secured. The Claim of New Century has been challenged by the Debtors and is the subject of a lender liability action. The Class 2 Allowed Claim shall be reduced by any Lender Liability Claims and all payments made by the Debtor or Debtor's borrowers to this Class prior to the Confirmation Hearing. Finally, the Debtor continues to investigate New Century's failure to assign back to the Debtors certain collateral assignments, despite receipt of the proper payoff.

The Class 2 Allowed Claim shall be treated as follows: The Class 2 Secured Claim shall be reduced by the full amount of all adequate protection payments, principal payments and payoffs made to the lender to maintain the subject Collateral from the Petition Date to the Effective Date. The remaining Class 2 Secured Claim shall be paid in full within eighty four (84) months of the Effective Date (the "Maturity Date"). The Class 2 Secured Claim shall accrue interest at the rate of Prime plus .50% not to exceed 5% or fall below 2%. The Debtors shall make regular monthly payments of principal and interest, based upon a 20 year amortization schedule, on the Class 2 Secured Claim commencing thirty days after the Effective Date until the Maturity Date. The Debtors shall, as funds are collected attributable to principal by the Debtors, pay one hundred percent (100%) of any payoff or sale proceeds up to the amount

of any sub-note attributable to the sold or paid off property.<sup>1</sup> No legal fees or costs or appraisal fees or costs shall accrue with respect to the Class 2 Allowed Claim during the Bankruptcy Case. In the event of a default, the Class 2 Creditor shall first seek and obtain relief from the automatic stay to reach collateral securing Debtors' obligation to Class 2 creditor and exhaust all collection efforts with respect to the collateral securing Debtors' obligation to class 2 creditor before taking any action against the guarantors of the Debtors' obligation to class 2 creditor. Any and all cross-default and confession of judgment provisions in the Class 2 Loan Documents shall be considered null and void as of the Confirmation Date. There shall be no further financial, loan to value or other covenants existing as of the Confirmation Date. Specifically, the only covenants existing as of the Confirmation Date address the Debtors' continuing obligation to maintain insurance, refrain from waste, provide unaudited financial statements to each lender and make the periodic payments in accordance with the Plan. The Class 2 claim may be repaid at any time prior to Maturity Date without penalty. Class 2 shall retain all security interests and liens on the unpaid sub-notes until paid.

**Foreclosure Treatment:** From time to time, the Debtor may foreclose on one of its Borrowers whose note is collateral to this Class and a sub-note within the Class. In such instance, the Debtor, upon obtaining the Sheriff's deed, shall immediately place a mortgage lien on the property for the benefit of this Class in the amount of the sub-note attributable to that property. That sub-note shall be paid at 4.5% interest commencing the later of ninety (90) days after delivery of the Sheriff's deed or after completion of repairs by the Debtor with a twenty (20) year amortization of principal and a five (5) year balloon payment.

The treatment and consideration to be received by the holder of a Class 2 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 2 Secured Claim, all liens and security interests of Class 2 shall be released.

Class 2 shall have the right to elect treatment under Section 1111(b). Such election shall be made at the conclusion of the hearing on the Disclosure Statement and the treatment so elected shall be as set forth in Section 5.10.

**Section 3.3 Class 3. OMITTED.**

**Section 3.4 Class 4. Secured Claim of National Penn Bank.** Class 4 includes all claims, damages or charges which are or could be asserted by the Class 4 creditor against either Debtor. Prior to the Petition Date, National Penn Bank ("NPB") made various loans to Gelt Financial and various sub loans (the "Pre-Petition Loans") as evidenced by various, documents, instruments, agreements, guarantees, collateral assignments, certificates and statements, and mortgages (collectively, the "Pre-Petition Loan Documents") including, but not limited to, the following:

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<sup>1</sup> Upon such payoff, lender shall release all liens pertaining to the sub-note attributable to the sold or paid off property.

- (1) Revolving Mortgage Loan Agreement dated December 12, 2006 (the "Loan Agreement") in the principal sum of \$3,500,000.00;
- (2) Master Demand Note (the "Note") dated December 12, 2006 issued by Gelt Financial to NPB;
- (3) Security Agreement dated December 12, 2006 granting NPB a perfected security interest in various assets of Gelt Financial, including without limitation, loans, accounts, contract rights, chattel paper, instruments, and documents;
- (4) Forbearance and modification agreement dated December 31, 2009 (the "First Modification Agreement");
- (5) Second forbearance and modification agreement dated April 9, 2010 (the "Second Modification Agreement");
- (6) Third forbearance and modification agreement (the "Third Modification Agreement");
- (7) Various collateral assignments and mortgages from Debtor; and
- (8) Guarantees of H. Jack Miller, Uri Shoham, and Ari Miller.

As a result of Gelt Financial's Defaults, NPB entered judgment against Gelt Financial in the Court of Common Pleas, Bucks County Pennsylvania, docket number 2011-01504 (the "Bucks County Judgment"). NPB also confessed judgment against H. Jack Miller, Uri Shoham, and Ari Miller (collectively the "Sureties") in the Court of Common Pleas, Montgomery County Pennsylvania, docket number 11-05216 (the "Montgomery County Judgment"). Debtor and Sureties filed petitions to open or strike the Montgomery County Judgment and the Bucks County Judgment (the "Petitions") (the litigation actions in which the Montgomery County Judgment, the Bucks County Judgment and the Petitions have been filed are collectively the "Litigation"). The Debtor and Sureties acknowledge and agree that pursuant to the Pre-Petition Loan Documents and judgments entered in the Litigation, they are indebted and liable to NPB in the aggregate amount of \$1,988,512.96 (as of May 22, 2012), plus interest in the per diem amount of \$306.79 (the "Pre-Petition Obligation").

The Class 4 Allowed Claim shall be treated pursuant to that certain Stipulation and Agreement Regarding (A) Use of Cash Collateral; (B) Granting Liens, Security Interests, Super Priority Claims and Adequate Protection, (C) Lifting the Automatic Stay, and (D) Guaranty (the "NPB Stipulation"), dated June 26, 2013 and identified as Docket Item 465. The salient terms of the NPB Stipulation are as follows:

(e) Minimal Principal Payments. Debtor and Sureties shall make the following principal payments to NPB (the "Minimal Principal Payments"):

(i) Initial payment of \$100,000.00 immediately upon execution of Stipulation (“the Initial Payment”);

(ii) Payment of \$100,000.00 on or before December 31, 2012 (the “First Year Payment”);

(iii) Payment of \$200,000.00 on or before June 30, 2013;

(iv) Payment of \$200,000.00 on or before December 30, 2013;

(v) Payment of \$300,000.00 on or before June 30, 2014; and

(vi) Payment of \$300,000.00 on or before December 30, 2014 (the “Maturity Date”).

(f) The Debtor shall make monthly interest payments on the Pre-Petition Loans and each Mortgage Loan Sub-Note issued thereunder at the interest rate of 3.25%.

(g) Provided there is no Event of Default, as that term is defined in the NPB Stipulation, and the Debtor makes all of the payments required by the NPB Stipulation, in full, including the Minimal Principal Payments, then the total principal payoff shall be reduced to \$1,200,000.

(h) Finally, all principal payments received by the Debtor on account of the Approved Mortgage Loans, whether by payoff, refinance, or monthly payments, shall be paid to NPB and, provided there is no Event of Default, shall be applied to the Minimal Principal Payments.

Upon receipt by NPB of \$1,200,000, all security, liens, mortgages and guarantees shall be satisfied.

Foreclosure Treatment of Class 4: The Debtor may, from time to time, need to execute on the Collateral securing the Approved Mortgage Loans. Should Debtor foreclose on any Collateral, the parties to the NPB Stipulation agree as follows:

(a) Upon Debtor’s request, immediately prior to Sheriff’s sale of the Collateral, NPB shall reassign its mortgage lien on such foreclosed property to Gelt Financial in order to allow Gelt Financial to proceed with the Sheriff’s sale of the Collateral;

(b) Prior to NPB’s reassignment of its mortgage lien in accordance with paragraph 10 (a), above, Debtor shall provide NPB, in a form acceptable to NPB, a mortgage on the Collateral securing the Mortgage Loan Sub-Note, issued by the entity Debtor anticipates will take to title to the property following the Sheriff’s sale. NPB shall hold the Mortgage pending outcome of the Sheriff’s sale.

(c) Should NPB be the winning bidder at the Sheriff’s Sale, following the recording of the Sheriff’s deed, Debtor shall provide NPB a copy of the Sheriff’s Deed

immediately upon its receipt and NPB shall record the mortgage provided by Debtorr on the Collateral.

(d) Should the Debtor not be the winning bidder at the Sheriff's sale, the proceeds of the sale shall be immediately paid to the NPB.

(e) Unless otherwise agreed to by NPB, in writing, Debtor shall bid a sufficient amount at the Sheriff's sale to ensure the proceeds of the sale will be sufficient to pay NPB the amount due NPB under the corresponding Mortgage Loan Sub-Note.

The treatment and consideration to be received by the holder of a Class 4 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 4 Secured Claim, all liens and security interests of Class 4 shall be released.

**Section 3.5 Class 5. Secured Claim of Bucks County Bank.**

On or about July 23, 2007, GFC executed and delivered to Bucks County Bank ("BCB") a Demand Promissory Note (as amended, "Note") evidencing the obligation of GFC to repay to BCB all indebtedness owed under a loan facility ("Loan") in the maximum principal amount of \$2,000,000.00. At the request of GFC, BCB would make periodic "advances" to GFC to provide funding for transactions whereby GFC provided Secured Loans to third parties. For each Secured Loan, GFC would (a) obtain a mortgage on the real estate collateral pledged by GFC's borrower, and (b) assign such mortgage to BCB.

The Loan is subject to the terms and conditions of the Note and:

- i. a Business Line of Credit Loan Agreement, as amended, dated July 23, 2007 (the "Loan Agreement");
- ii. a Security Agreement dated July 23, 2007, from GFC, granting BCB a perfected security interest in various assets ("Collateral") of GFC, including without limitation, individual notes, mortgages loans, accounts, contract rights, chattel paper, instruments, and documents with regard to specific real estate properties ("Properties"), and all products and proceeds thereof including, but not limited to, the Properties and all income produced from such Properties;
- iii. a Surety Agreement dated July 23, 2007, from GPL pursuant to which GPL unconditionally guaranteed to BCB the due and punctual payment to BCB and performance of all of the obligations of GFC to BCB;
- iv. an Amendment to Business Line of Credit Loan Agreement dated September 30, 2008 (the "First Modification Agreement");
- v. an Amendment to Business Line of Credit Loan Agreement dated October 30, 2009 (the "Second Modification Agreement");

vi. an Amendment to Note Agreement dated June 9, 2010 (the “First Note Amendment”);

vii. an Amendment to Note Agreement dated June 18, 2010 (the “Second Note Amendment”);

viii. Collateral Assignment of Mortgage for each mortgage GFC received from its borrowers and for which BCB advanced funds under the Loan to GFC;

ix. Guarantees and or sureties of H. Jack Miller, Uri Shoham and M. Ari Miller (the “Sureties”); and

x. all documents described in and related to the foregoing (collectively the “Loan Documents”).

The following amounts were due and payable to BCB as of the Petition Date in accordance with the terms and conditions of the Loan Documents:

Principal	\$1,354,893.15
Accrued Interest	13,730.27
Late Charges	<u>1,714.67</u>
Total:	\$1,370,338.09

The Class 5 Allowed Claim shall be treated pursuant to that certain Stipulation and Agreement among Gelt Financial Corporation, Gelt Properties, LLC and Bucks County Bank regarding (a) Use of Cash Collateral; and (b) Adequate Protection; (c) Relief from the Automatic Stay; and (d) Provisions of Plan of Reorganization and Order (the “BCB Stipulation”). The salient terms of the BCB Stipulation are as follows:

As of June 26, 2013, the unpaid principal balance of the Loan is \$1,169,339.17, together with accrued interest and other charges as provided in the Loan Documents. The total amount due BCB under the Loan Documents is hereafter referred to as the “Indebtedness.” The principal balance of the Indebtedness as of June 26, 2013 is \$1,169,339.17. As of June 26, 2013, the principal balance of the Secured Loan Indebtedness was \$815,850.17, and the principal balance of the REO Indebtedness was \$353,489. Notwithstanding any other payment term provided herein, all remaining unpaid Indebtedness shall be paid in full no later than the end of the 60th month following the date of the Final Order approving a Plan incorporating the terms of this Agreement.

Unless and until this Agreement is approved by a Final Order, interest on the Indebtedness shall continue to accrue at the rate provided in the Loan Documents. Upon the entry of a Final Order approving this Agreement, interest on the Indebtedness shall accrue from the effective date of such Final Order until payment of the Indebtedness in full at a rate equal to 1.5% above the Prime Rate (presently the Prime Rate is 3.25%) as published in the Wall Street Journal, which rate shall adjust simultaneously with every adjustment in the Prime Rate. On the



15<sup>th</sup> day of each calendar month, the Debtors shall pay to BCB all interest on the Secured Loan Indebtedness that was accrued and unpaid as of the 15<sup>th</sup> day of the current month. In addition to monthly installments of interest on the Secured Loan Indebtedness, on the 15<sup>th</sup> day of each month, the Debtors shall pay to BCB an amount equal to the principal amount paid by Debtors' borrowers on account of the Secured Loans for the preceding month. All such principal payments made to BCB shall be applied to the Indebtedness as determined by BCB in its discretion and, for the purpose of the allocations in the Schedule, shall be credited to the amounts allocated to the respective Secured Loans. In the event that a borrower ("GFC Borrower") under a Secured Loan pays off a Secured Loan in full to GFC ("Borrower's Pay-Off"), then the Debtors shall, immediately upon such payment, pay to BCB an amount equal to the lesser of (i) the Borrower's Pay-Off amount, or (ii) the principal sum of Borrower's Pay-Off for the applicable GFC Borrower's Secured Loan specified in the Schedule. Upon payment by the Debtors to BCB of an amount required hereunder from a Borrower's Pay-Off, BCB shall promptly release the BCB lien upon the Collateral allocated to such loan in the Schedule. If a Borrower's Pay-off of a Secured Loan to the Debtors results in shortfall of the amount required to pay the remaining balance allocated to such Secured Loan in the Schedule, then a portion of the Secured Loan Indebtedness equal to that shortfall amount shall be reallocated from Secured Loan Indebtedness to "Shortfall Indebtedness" by the amount of the shortfall and shall be amortized over fifteen (15) years in equal monthly payments of principal and interest.

**Foreclosure Treatment:** From time to time, the Debtor may foreclose on one of its Borrowers whose note is collateral to this Class and a sub-note within the Class. In such instance, the Debtor, upon obtaining the Sheriff's deed, shall immediately place a mortgage lien on the property for the benefit of this Class in the amount of the sub-note attributable to that property. That sub-note shall be paid at 4.5% interest commencing on the later of ninety (90) days after delivery of the Sheriff's deed or after completion of necessary repairs by the Debtor with a twenty (20) year amortization of principal and a five (5) year balloon payment.

The treatment and consideration to be received by the holder of a Class 5 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 5 Secured Claim, all liens and security interests of Class 5 shall be released.

Class 5 shall have the right to elect treatment under Section 1111(b). Such election shall be made at the conclusion of the hearing on the Disclosure Statement and the treatment so elected shall be as set forth in Section 5.10.

**Section 3.6 Class 6. Secured Claim of Fox Chase Bank.**

A. **Class 6A** In its schedules, Gelt Financial listed Fox Chase Bank ("Fox Chase") as the holder of a secured lien in the amounts and as identified by those addresses listed on Exhibit "G" to the Plan.

B. **Class 6B** In its schedules, Gelt Properties listed Fox Chase Bank as the holder of a secured lien in the amounts and as identified by those addresses listed on Exhibit "G" to the Plan.

The properties identified in class 6, sections A and B, are hereinafter referred to as the "Fox Chase Properties." Within twenty (20) days of the Effective Date and in support of its continuing obligations to the holder of the Class 6 claim, the Debtors will provide eighteen (18) month cash flow projections for each of the Fox Chase Properties.

With respect to the Fox Chase Properties that are owned by a party other than one of the Debtors in connection with which a mortgage was granted to one of the Debtors, as mortgagee, which mortgage was collaterally assigned to Fox Chase under and in connection with the Loan as collateral security, if (a) a given collateral assignment has not been recorded in the appropriate recorder's office, or (b) a given collateral assignment which has been recorded in the appropriate recorder's office is, in Fox Chase's reasonable discretion, defective as to its evidencing or otherwise giving effect to the Loan transaction agreed to between the parties, then in each such instance, Fox Chase shall be authorized to prepare and record, and the applicable Gelt Debtor shall execute and deliver same and generally cooperate with Fox Chase in good faith in such regard, such new collateral assignments as reasonably necessary to evidence and give effect to the Loan transaction agreed to between the parties.

In addition, the Debtor has taken ownership of certain parcels of real property by foreclosure, deed-in-lieu of foreclosure, or otherwise, in connection with which the parties originally agreed, under and in connection with the Loan transaction, that the Debtor would collaterally assign the applicable mortgages encumbering such properties to Fox Chase. As such properties are now Debtor-owned, in order to place Fox Chase in as close to the position originally agreed to by the parties under and in connection with the Loan transaction as possible at present, it is now necessary for Gelt, as mortgagor, to grant mortgages directly to Fox Chase, as mortgagee, encumbering all such properties. In all such instances, Fox Chase shall be authorized to prepare and record, and the Debtor shall execute and deliver same and generally cooperate with Fox Chase in good faith in such regard, such new mortgages as reasonably necessary to evidence and give effect to the Loan transaction agreed to between the parties. In all instances, both with respect to new collateral assignments and new mortgages, the Debtor shall be required to take all actions to ensure that the liens granted to Fox Chase are in the same priority as bargained for in the original loan documents on the collateral stated in the original loan documents. The Debtor shall not be required to substitute or provide new or additional collateral.

The Class 6A and Class 6B Allowed Claims shall be collectively referred to as the Class 6 Claim and treated, together, as follows: The Class 6 Secured Claim shall be reset on the Effective Date to \$1,540,000 (the "Reset Indebtedness") and the Debtor will make monthly payments of principal and interest, accruing at the rate of 5%, based upon a twenty (20) year amortization schedule for five (5) years commencing on the Effective Date with all principal due and owing on the last day of the fifth year. Within twenty (20) days of the Effective Date, holder of the Class 6 Claim and the Debtors shall enter into a modification of the underlying notes and guaranties (collectively the "Modified Loan Documents") executed to reflect the Reset Indebtedness and commemorate their mutual understanding and agreement that any amounts and

claims in excess of the Reset Indebtedness, including legal fees, costs and default charges, may be asserted as an Allowed Unsecured Claim of up to \$400,000 against the Debtors but are nonetheless waived against H. Jack Miller, Uri Shoham and Ari Miller (hereinafter collectively referred to as the "Guarantors").

Upon receipt of funds from a borrower, 100% of the net proceeds will be paid by the Debtor to Fox Chase. For the purposes of Class 6, the term "net proceeds" shall mean all proceeds received from a sale or refinance less costs of closing.

In the event of a post-confirmation default, the Class 6 Creditor does not need to request or move for relief from the automatic stay to reach collateral securing Debtors' obligation to Class 6 creditor and may take action against the Guarantors in connection with said post-confirmation default. Specifically, the only covenants existing as of the Confirmation Date address the Debtors' continuing obligation to maintain insurance, refrain from waste, provide unaudited financial statements to each lender and make the periodic payments in accordance with the Plan. All taxes which may be due on the Fox Chase Properties shall be paid pursuant to this Plan and unpaid taxes due prior to the Effective Date may not be an event of default. The Class 6 claim may be repaid at any time prior to Maturity Date without penalty. Class 6 shall retain all security and liens on the unpaid sub-notes until paid. Pursuant to the Modified Loan Documents and this Plan, the modified guaranties are triggered only by a default occurring after the Effective Date. Finally, all terms, conditions and covenants shall remain in effect except for Loan to Value and Debt Service Covenant Ratios default triggers which shall not exist in the Modified Loan Documents.

**Foreclosure Treatment:** From time to time, the Debtor may foreclose on one of its Borrowers whose note is collateral to this Class and a sub-note within the Class. In such instance, the Debtor, upon obtaining the Sheriff's deed, shall immediately place a mortgage lien on the property for the benefit of this Class in the amount of the sub-note attributable to that property. That sub-note shall be paid at 5% interest commencing on the later of ninety (90) days after delivery of the Sheriff's deed or after the completion of all necessary repairs by the Debtor with a twenty (20) year amortization of principal and a five (5) year balloon payment.

The treatment and consideration to be received by the holder of a Class 6 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s) against Borrowers. Upon satisfaction of the Class 6 Secured Claim, all liens and security interests of Class 6 shall be released.

**Section 3.7 Class 7. Secured Claim of Republic First Bank.** Republic First Bank ("Republic") is the holder of an Allowed Secured Claim secured by liens on the following properties of the Debtors: (1) 127 Cove Road, Wenonah, New Jersey; (2) 1702 W. 3<sup>rd</sup> Street, Wilmington, Delaware; (3) 603 W. 5<sup>th</sup> Street, Wilmington, Delaware; (4) 485-487 S. 18<sup>th</sup> Street, Newark, New Jersey; (5) 317-319 Main Street, Kerhonkson, New York; and (6) 1305 W. Claymont Street, Wilmington, Delaware. Republic's Allowed Secured Claim is further secured by assignments of loans/mortgages on the following properties: (1) 135 W. 63<sup>rd</sup> Street, Philadelphia Pennsylvania; and (2) 129 N. Rodney Street, Wilmington, Delaware. The foregoing

properties shall be referred to collectively as the "Republic Properties."

The treatment and consideration to be received by the holder of a Class 7 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 7 Allowed Secured Claim, all liens and security interests of Class 7 shall be released. Class 7 is impaired.

The Class 7 Allowed Claim shall be treated as follows:

(a) Within thirty (30) days of the Effective Date, the Debtors will surrender and/or deed over to Republic the following properties (collectively, the "Republic Surrendered Properties"): (1) 1702 W. 3<sup>rd</sup> Street, Wilmington, Delaware; (2) 603 W. 5<sup>th</sup> Street, Wilmington, Delaware; (3) 485-487 S. 18<sup>th</sup> Street, Newark, New Jersey; and (4) 317-319 Main Street, Kerhonkson, New York. The Debtors will fully cooperate with Republic's efforts to market and sell the Republic Surrendered Properties. In the event that, after investigation of the state of the Republic Surrendered Properties, Republic determines that it does not want to take title to any of the Republic Surrendered Properties, Republic will notify the Debtors in writing and the Debtors will be relieved of their obligation to surrender such property or properties to Republic.

(b) Within thirty (30) days of the Effective Date, the Debtors shall complete such steps as Republic deems necessary to continue Republic's first priority liens on the Republic Properties (such as the execution and recording of mortgages/assignments of mortgage and/or the delivery of original notes).

(c) On the Effective Date, \$11,783.73 in insurance proceeds (the "Republic Insurance Proceeds") Republic is holding from damage to the property located at 485-487 S. 18<sup>th</sup> Street, Newark, New Jersey shall be applied to Republic's Claim as Republic elects.

(d) After surrender of the Republic Surrendered Properties or Republic's written waiver of the same, and application of the Republic Insurance Proceeds, the outstanding, aggregate principal amount due on all of the notes and obligations to Republic shall be reset at \$200,000 (the "Republic Reset Claim Amount") with interest accruing at 3.5% per annum. Republic, with all amounts or claims in excess of \$200,000 waived as to the Debtors, shall receive equal monthly payments of principal plus interest (each in the amount of \$1,429.77) based upon a fifteen (15) year amortization, commencing on the 1<sup>st</sup> day of the month following reset of Republic's Class 7 Allowed Claim to the Republic Reset Claim Amount and continuing on the 1<sup>st</sup> day of each month thereafter, with all principal and accrued interest due and owing sixty (60) months from the Effective Date.

(e) Upon satisfaction of items (a)-(c), above, the principal balance due under those certain Guaranty and Surety Agreements dated March 3, 2006 executed by H. Jack Miller, Ari Miller and Uri Shoham shall be reduced to the Republic Reset Claim Amount.

(f) From time to time, the Debtors may foreclose on (1) 135 W. 63<sup>rd</sup> Street, Philadelphia Pennsylvania; and/or (2) 129 N. Rodney Street, Wilmington, Delaware. In such

instance, the Debtors, upon obtaining the Sheriff's deed, shall immediately place a mortgage lien on the property for the benefit of Republic in the amount of the Republic Reset Claim Amount as of such date.

(g) The Class 7 Claim may be repaid at any time prior to the Maturity Date without penalty. Class 7 shall retain all liens and security interests until paid in full.

(h) The treatment and consideration to be received by the holder of a Class 7 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 7 Secured Claim, all liens and security interests of Class 7 shall be released.

(i) Class 7 shall have the right to elect treatment under Section 1111(b). Such election shall be made at the conclusion of the hearing on the Disclosure Statement and the treatment so elected shall be as set forth in Section 5.10.

**Section 3.8 Class 8. Secured Claim of East Coast Financial.** In its schedules, Gelt Properties listed East Coast Bank ("East Coast") as the holder of a secured lien in the amount of \$167,999.00 on real estate located at 4433 Sansom Street, Philadelphia, Pennsylvania 19104. The Class 8 Allowed Claim shall be treated as follows: The Class 8 Secured Claim shall be paid in full within sixty (60) months of the Effective Date (the "Maturity Date"). The Class 8 Secured Claim shall be reset on the Effective Date and accrue interest at the rate of 3.5% for the first thirty-six (36) months after the Confirmation Date and at the rate of 4.55% for the following twenty-four (24) months.

East Coast has a separate claim in the amount of \$179,866.50 as a fifty percent loan participation in the Kozolska, Oxford and Stallworth loans identified as loan numbers 2170, 2694 and 2409 respectively. The participation agreement shall be assumed by the Debtor upon Confirmation.

The treatment and consideration to be received by the holder of a Class 8 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 8 Secured Claim, all liens and security interests of Class 8 shall be released.

**Section 3.9 Class 9. Secured Claim of Golf Financial.** In its amended schedules, Gelt Financial listed Univest National Bank ("Univest") as the holder of (a) a secured lien in the amount of \$619,137.00 on real estate located at 2611 East 61<sup>st</sup> Street, Kansas City, Missouri 64130; and (b) a secured claim in the amount of \$3,829,853.00 with respect to other loans and mortgages. In its schedules, Gelt Properties listed Univest as the holder of a secured lien in the amount of \$37,800.00 on real estate located at 196 Clay Street, Rochester, Pennsylvania 15074. The foregoing Univest loans were sold and assigned to Golf Financial ("Golf").

The Class 9 Allowed Claim shall be treated as follows: Univest agreed to permit the transfer of the underlying Real Property as part of the KC Settlement free and clear of its liens, claims and encumbrances and to reduce its entitlement to the \$675,000 proceeds of such transfer to \$400,000 (the "Up Front Payment"). The Up Front Payment shall be paid by the Debtor to

Univest within 5 days of the Debtor's receipt of payment pursuant to the City Settlement Agreement and/or the KC Settlement Agreement. The Up Front Payment shall be free and clear of any claims by any party receiving notice of this Motion and shall not be subject to any claim, demand, set-off or other reduction. The remaining \$275,000 shall be considered a carve-out from Univest collateral and available to the Debtor for administrative and other obligations as indicated in the Order Approving the settlement with Univest.

Finally, the Debtor made a payment to Univest in the sum of \$44,693.51, which payment represents amounts tendered to Univest post-petition for transactions of Univest collateral pre-petition, that were not subject to the Procedures Motions filed in this Court. Such sums had been returned earlier to the Debtor by Univest. The aforementioned sums were paid to Univest within 5 days of the entry of a final, non-appealable Order of this Court, approving the Univest Settlement. In return for the payments referenced above, Univest reduced the Univest Claims to \$3,000,000, which sum includes attorney's fees, interest and late fees as of the date of this Agreement (the "Reduced Indebtedness" and/or the Amended Univest Claims"). The Amended Univest Claims shall be deemed to be allowed, uncontested and secured. Should the Debtors' bankruptcy cases be converted, dismissed or the Debtors fail to propose a confirmable plan of reorganization, the Amended Univest Claims shall revert back to the full amount of the Indebtedness, with credit being given for the payments made and received and referenced above.

Pursuant to that certain Asset Sale Agreement dated December 14, 2012 between Brad Dressler (i.e. Golf Finance, Inc.) and Univest under which Golf Finance, Inc. purchased and was assigned loans from Univest to the Debtors as evidenced, inter alia, by the Debt Modification Agreement between Univest and the Debtors dated May 2, 2011 and promissory notes, guarantees and other loan and security documents related thereto as well as that certain Loan Modification Agreement to be entered into between Golf Finance, Inc. and the Debtors which restates the terms and obligations of the Debtors to Golf Finance, Inc. as the assignee of Univest Bank.

The Debtors and Golf intend to enter into standard loan documents, modifying and restating its prior obligations, consistent with the terms herein and inclusive of the following:

- (a) The Reduced Indebtedness will be paid over a seven year term, with payment of interest only at the rate of 3% for years 1-3 and 4% for years 4-7. A balloon payment of all remaining Reduced Indebtedness will be due at the end of the 7 year term.
- (b) As properties are sold that secure the Golf Loan, Golf will be paid 100% of its 70% advance for said property and said payment will be applied to principal. If any such sale does not result in a payment of 100% of the 70% advance, Golf shall have the deficiency paid from future sales that exceed the 100%/70% standard.
- (c) The Parties will reach agreement as to the timing and notice procedures of mortgage extensions.
- (d) The Reduced Indebtedness will be secured in the same manner as the Indebtedness and will be guaranteed by Gelt Properties, LLC, Uri Shoham, H. Jack Miller and M. Ari Miller. All guaranty documents will include confession of judgement provisions and will provide a 180 day cure period.

(e) The terms and conditions of the foregoing paragraphs a. - e. shall be incorporated in and subject to the Debtors' Plan of Reorganization. To the extent the Debtors' bankruptcy cases are converted, dismissed or the Debtors are unable to confirm a plan of reorganization, the foregoing revised payment terms will be *void ab initio* and the Indebtedness, with credit being given for the payments referenced above.

Further, Golf Finance, Inc. has indicated its willingness to extend post-petition financing to the Debtor, but only in accordance with and under the terms set forth in the Senior Secured Super Priority Debtor in Possession Financing Agreement (the "DIP Agreement"), the salient terms of which are summarized as follows:<sup>2</sup>

Borrower: Gelt Properties, LLC  
Gelt Financial Corporation

DIP Agreement Amount: \$700,000 Term Loan

Repayment/Security/Priority:

Commencing on the Effective Date and on the last day of every month thereafter for eighteen (18) months, the Company shall make monthly payments of interest only on the then outstanding balance of the Term Loan to the Lender at an interest rate of ten percent (10%) per annum. Payments not made on or before the date on which they are due shall be subject to a late fee equal to ten percent (10%) of the amount due, which such late fee shall be immediately due and payable. In addition, the Company shall pay to Lender within three (3) business days of receipt one hundred percent (100%) of any principal amount received by the Company that relates to the Collateral, including, but not limited to, funds received from monthly amortized payments, prepayments, refinancing payments and payoffs, and Lender shall apply such payments as follows: seventy percent (70%) to the Term Loan and thirty percent (30%) to pay down the principal under the Existing Financing Agreement. After the repayment in full of the Term Loan, the Collateral shall remain collateral for the Existing Financing Agreement and the Company shall pay to Lender within three (3) business days of receipt one hundred percent (100%) of any principal amount received by the Company that relates to the Collateral, including, but not limited to, monthly amortized payments, prepayments, refinancing payments and payoffs, and Lender shall, absent

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This summary is qualified in its entirety by reference to the provisions of the Credit Facility.

an Event of Default, apply or pay, as the case may be, such payments as follows: (a) apply seventy percent (70%) (or, in the event of default, one hundred percent (100%)) of such payments to repay Company's obligations under the Existing Financing Agreement in accordance with the terms thereof, and (b) pay thirty percent (30%) (or, in the event of default, nothing) to the Company, which the Company may use for general operations. The Term Loan shall be due and payable in full eighteen (18) months following the Effective Date of this Agreement. All funds paid to Lender on account of the Term Loan shall be applied as follows: (a) first, to payment of fees and expenses of Lenders payable or reimbursable by Company under this Agreement, (b) second, to payment of all accrued unpaid interest, (c) third, to payment of principal, (d) to payment of all other Obligations then outstanding, including, but not limited to, under the Existing Financing Agreement, and (e) fifth, to payment of all other obligations and liabilities require by the terms of the Financing Orders.

Further, the Debtors represent, warrant and covenant that, upon the entry by the Bankruptcy Court of the Final Order, all of the Obligations: (a) shall at all times constitute a Super-priority Claim having priority pursuant to Section 364(c)(1) of the Bankruptcy Code, over any claims of any Person, whether now existing or hereafter arising, including any claims, under Sections 105(a), 326, 330, 328, 331, 503(a), 503(b), 506(c), 507, 546(c), 546(d), 726, 1113 and 1114 of the Bankruptcy Code, on the Collateral subject only to Permitted Tax Liens; and (b) pursuant to Section 364(c) and Section 364(d) of the Bankruptcy Code shall at all times be secured by a first priority perfected lien on the Collateral. The liens securing the Obligations shall not be subject to Section 551 of the Bankruptcy Code.

Representations, Warranties  
and Covenants:

Those customary in transactions of this type including regular reporting obligations.

A hearing on the Debtors' Motion for Authority to Enter into the DIP Agreement is currently scheduled for Wednesday, December 4, 2013.



The treatment and consideration to be received by the holder of a Class 9 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 9 Secured Claim, all liens and security interests of Class 9 shall be released.

**Section 3.10. Class 10. Secured Claim of Dov Junik.**

In its amended schedules Gelt Financial listed, Dov Junik ("Dov Junik") as the holder of (a) a secured lien in the amount of \$120,000.00 on real estate located at 3844 Germantown Avenue, Philadelphia, Pennsylvania 19140; (b) a secured lien in the amount of \$135,167.00 on real estate located at 3850 Germantown Avenue, Philadelphia, Pennsylvania 19104; and (c) a junior lien on real estate located at 3848 Germantown Avenue, Philadelphia, Pennsylvania in the amount of \$30,334 (collectively referred to herein as the "Germantown Properties).

The Class 10 Allowed Claim shall be treated as follows: The Class 10 Secured Claim shall be reset to \$265,000 on the Effective Date and accrue interest at the rate of 3.5% for the first thirty-six (36) months after the Confirmation Date and at the rate of 4.55% for the following twenty-four (24) months. The holder of the Class 10 claim shall therefore receive monthly payments of principal plus interest based upon a twenty (20) year amortization schedule. In the event of a default of the foregoing obligations of the Debtor, the holder the Class 10 claim shall retain the right to demand an orderly sale of the Germantown Properties.

**Treatment and Security**

Epps Property: Dov Junik's Interest in the Debtors' real property located at 428 Central Avenue, East Orange, New Jersey and commonly referred to as the Epps Property is affirmed as a junior lien, in the amount of \$273,340.61, upon the Effective Date and appropriate documentation shall be executed in conjunction therewith.

Nemrod Property: The Debtors and Dov Junik agree that by way of his Interest in this property, Dov Junik is secured on account of his interest in any and all proceeds, up to \$86,056.32, recovered as a result of the Debtors' prosecution of that certain title insurance claim based upon unforeseen and unmitigated title issues with this property (the "Title Insurance Claim"). The Title Insurance Claim is evidenced by the Notice attached hereto as Exhibit "F".

To the extent that the Debtors' potential recovery of the Title Insurance Claim, sale of any of the Germantown Properties and/or the Sale of the Epps Property does not satisfy the Junik claim, the balance is an allowed 15A claim. In addition, Dov Junik shall be entitled to a Class 15A claim in the amount of \$184,416.45 related to additional obligations due and owing to Dov Junik.

**Section 3.11 Class 11A. Secured Claim of Uri & Rachel Shoham.** In its amended schedules, Gelt Financial listed Uri and Rachel Shoham (the "Shohams") as the holders of a secured lien in the amount of \$122,451.00 on real estate located at 2401 Turner Street, Philadelphia, Pennsylvania 19121 and Junior Liens in the amount of \$121,000 on real estate located at 204 Barclay Street, Burlington, New Jersey 08016 and 204 19<sup>th</sup> Avenue, Irvington,

New Jersey 07111. The Class 11A Allowed Secured Claim shall be treated as follows: The Class 11A Secured Claim of \$243,451 shall accrue interest at the rate of 3.5% for the first thirty-six (36) months after the Confirmation Date and at the rate of 4.55% for the following twenty-four (24) months. The holder of the Class 10 claim shall therefore receive monthly payments of principal plus interest based upon a twenty (20) year amortization schedule.

The treatment and consideration to be received by the holder of a Class 11A Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 11A Secured Claim, all liens and security interests of Class 11A shall be released.

Class 11A shall have the right to elect treatment under Section 1111(b). Such election shall be made at the conclusion of the hearing on the Disclosure Statement and the treatment so elected shall be as set forth in Section 5.10.

**Section 3.11B Class 11B. Secured Claim of Ari & Sara Miller.** In its amended schedules, Gelt Properties listed Ari and Sara Miller (the "Millers") as the holders of Junior Liens on 108-110 MacDade Boulevard, Collingdale, Pennsylvania, 19023 and 1130 East Wilt Street, Philadelphia, Pennsylvania, 19125 in the amount of \$121,000 .

The Class 11B Allowed Secured Claim shall be treated as follows: The Class 11B Secured Claim of \$121,000 shall accrue interest at the rate of 3.5% for the first thirty-six (36) months after the Confirmation Date and at the rate of 4.55% for the following twenty-four (24) months. The holder of the Class 10 claim shall therefore receive monthly payments of principal plus interest based upon a twenty (20) year amortization schedule.

**Foreclosure Treatment:** From time to time, the Debtor may foreclose on one of its Borrowers whose note is collateral to this Class and a sub-note within the Class. In such instance, the Debtor, upon obtaining the Sheriff's deed, shall immediately place a mortgage lien on the property for the benefit of this Class in the amount of the sub-note attributable to that property. That sub-note shall be paid at 4.5% interest commencing on the later of ninety (90) days after delivery of the Sheriff's deed or after completion of all necessary repairs by the Debtor with a twenty (20) year amortization of principal and a five (5) year balloon payment.

The treatment and consideration to be received by the holder of a Class 11B Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 11B Secured Claim, all liens and security interests of Class 11B shall be released.

Class 11B shall have the right to elect treatment under Section 1111(b). Such election shall be made at the conclusion of the hearing on the Disclosure Statement and the treatment so elected shall be as set forth in Section 5.10.

**Section 3.12. Class 12. Secured Claim of VFC Partners 6.** In its schedules, Gelt Financial listed VFC Partners ("VFC") as the holder of a secured lien in the amount of \$240,975.00 with respect to certain loans and mortgages related to the Cherubin Note and Miller Note. Gelt Financial and VFC entered into a Stipulation and Order Resolving the Motion of VFC Partners 6 LLC to Convert the Debtor's Chapter 11 Case to Chapter 7 Pursuant to 11

U.S.C. §1112(b) or, in the alternative, Vacate the Automatic Stay Pursuant to 11 U.S.C. §362, and for a Claim for Immediate Payment under §507(b) on or about February 27, 2012 (the "VFC Settlement Agreement").<sup>3</sup> The VFC Settlement was approved by the Bankruptcy Court and entered upon the docket on February 29, 2012 and is identified as Docket Item 129 in the case captioned In re Gelt Financial Corporation, 12-15827. The Class 12 Allowed Claim shall be, at all times, treated in accordance with the terms of the VFC Settlement Agreement. The terms of the VFC Settlement Agreement are as follows: The Gelt Financial Debtor shall pay VFC \$150,000.00 plus interest at a rate of 3.25% per annum as follows: (a) \$60,000.00 within three (3) days of the entry of the within order by the Court via wire transfer in accordance with e-mail directions provided by VFC directly to the Debtor (the "Initial Payment"); (b) eighteen (18) monthly payments of 5,000.00 commencing March 1, 2012 (the "Periodic Payments"); and (c) the final payment on the nineteenth (19<sup>th</sup>) month, September, 2013 in an amount equal to any outstanding unpaid obligations associated with the herein payment provision (the "Final Payment"). Should any inconsistencies between the Plan and the VFC Settlement Agreement Exist, the terms and provisions of the VFC Settlement Agreement, approved by the Bankruptcy Court on February 29, 2012, will, at all times, control.

In the event that the Cherubin Note is satisfied, the Debtor shall remit to VFC 90% of the satisfaction payment within three (3) business days of the Debtor's receipt of the satisfaction payment. In the event that the Miller Note is satisfied, the Debtor shall remit to VFC 90% of the satisfaction payment within three (3) business days of the Debtor's receipt of the satisfaction payment. To the extent that there are any unpaid real estate taxes or insurance obligations relating to the underlying property securing the Cherubin Note and/or the Miller Note, the Debtor will cure such deficiencies within forty-five (45) business days of the entry of the within order and shall provide VFC with evidence that these obligations have been satisfied. The Debtor further will continue to confirm satisfaction of any future real estate tax obligations and insurance obligations associated with the Cherubin Note and the Miller Note upon reasonable request from VFC.

An event of default, shall include Debtor's failure to timely make any payments provided in paragraph 2 through 5 of the VFC Agreement.

So long as the Debtor remains in compliance with terms hereof without default, VFC shall forebear from exercising its rights against the Guarantors. Upon receipt of the Final Payment set forth herein, VFC shall discharge and deem satisfied the obligations under the Loan Documents as against the Debtor. Further, as long as there are no defaults under the terms hereof, upon receipt of the Final Payment, VFC will discharge and deem satisfied the obligations of the Guarantors.

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<sup>3</sup> The VFC Settlement Agreement is available upon request and identified as Docket Item 129 in the In re Gelt Financial Corporation, 12-15827, Bankruptcy Proceeding.

**Section 3.13 Class 13. Secured Claim of VIST Bank.**

- A. Class 13A. In its schedules, Gelt Financial listed VIST Bank (“VIST”) as the holder of a secured lien in the amount of \$2,484,957.00 with respect to certain loans and mortgages. VIST filed a proof of claim alleging a Claim in the amount totaling \$2,763,857.97 and asserting that the Claim was secured by a perfected security interest in Gelt Financial’s property.
- B. Class 13B. In its schedules, Gelt Properties listed VIST as the holder of (a) a secured lien in the amount of \$146,560.00 on real estate located at 3705 Haverford Avenue, Philadelphia, Pennsylvania 19107; and (b) a secured lien in the amount of \$120,747.00 on real estate located at 1020 Hudson Street, Trenton, New Jersey 08611.

The Class 13A Allowed Claim shall be treated as follows: The Class 13A Secured Claim shall be split into sub-notes directly correlating to the underlying properties collateralizing the Class 13 A Claim and shall be reduced by the full amount of all adequate protection payments, principal payments and payoffs made to the lender. The Class 13A sub-notes shall be paid in full within eighty-four (84) months of the Effective Date (the “Maturity Date”). The Class 13A Secured Claim shall accrue interest at the rate of Prime plus .50% not to exceed 5% or fall below 2%. The Debtors shall make regular monthly payments of principal and interest, based upon a 20 year amortization schedule, on the Class 13A Secured Claim commencing thirty days after the Effective Date. The Debtors shall pay one hundred percent (100%) of any payoff or sale proceeds up to the amount of any sub-note attributable to the sold or paid off property.<sup>4</sup> No legal fees or costs or appraisal fees or costs shall accrue with respect to the Class 13A Allowed Claim during the Bankruptcy Case. In the event of a default, VIST Bank shall first seek and obtain relief from the automatic stay to reach collateral securing Debtors’ obligation to VIST Bank and exhaust all collection efforts with respect to the collateral securing Debtors’ obligation to VIST Bank before taking any action against the guarantors of the Debtors’ obligation to VIST Bank. Any and all cross-default and confession of judgment provisions in the VIST Bank Loan Documents shall be considered null and void as of the Confirmation Date. There shall be no further financial, loan to value or other covenants existing as of the Confirmation Date. Specifically, the only covenants existing as of the Confirmation Date address the Debtors’ continuing obligation to maintain insurance, refrain from waste, provide unaudited financial statements to each lender and make the periodic payments in accordance with the Plan. The Class 13A Claim may be repaid at any time prior to the Maturity Date without penalty. Class 13A shall retain all lien and security interests on the unpaid sub-notes until paid.

**Foreclosure Treatment:** From time to time, the Debtor may foreclose on one of its Borrowers whose note is collateral to this Class and a sub-note within the Class. In such instance, the Debtor, upon obtaining the Sheriff’s deed, shall immediately place a mortgage lien on the property for the benefit of this Class in the amount of the sub-note attributable to that property. That sub-note shall be paid at 4.5% interest commencing on the later of ninety (90)

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<sup>4</sup> Upon such payoff, lender shall release all liens pertaining to the sub-note attributable to the sold or paid off property.

days after delivery of the Sheriff's deed or after completion of necessary repairs by the Debtor with a twenty (20) year amortization of principal and a five (5) year balloon payment. The mortgage shall be in the form attached as Exhibit "A" and upon delivery of such mortgage to the Class 13A creditor, the Class 13A creditor shall be required to deliver its consent to foreclosure to the Debtor.

The treatment and consideration to be received by the holder of a Class 13A Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 13A Secured Claim, all liens and security interests of Class 13A shall be released.

The Class 13B Allowed Claim shall be treated as follows: The Class 13B Secured Claim shall be split into sub-notes directly correlating to the underlying properties collateralizing the Class 13B Claim and shall be reduced by the full amount of all adequate protection payments, principal payments and payoffs made to the lender. The Class 13A sub-notes shall be paid in full within eighty-four (84) months of the Effective Date (the "Maturity Date"). The Class 13A Secured Claim shall accrue interest at the rate of Prime plus .50% not to exceed 5% or fall below 2%. The Debtors shall make regular monthly payments of principal and interest, based upon a 20 year amortization schedule, on the Class 13A Secured Claim commencing thirty days after the Effective Date. The Debtors shall pay one hundred percent (100%) of any payoff or sale proceeds up to the amount of any sub-note attributable to the sold or paid off property.<sup>5</sup> No legal fees or costs or appraisal fees or costs shall accrue with respect to the Class 13B Allowed Claim during the Bankruptcy Case. In the event of a default, VIST Bank shall first seek and obtain relief from the automatic stay to reach collateral securing Debtors' obligation to VIST Bank and exhaust all collection efforts with respect to the collateral securing Debtors' obligation to VIST Bank before taking any action against the guarantors of the Debtors' obligation to VIST Bank. Any and all cross-default and confession of judgment provisions in the VIST Bank Loan Documents shall be considered null and void as of the Confirmation Date. There shall be no further financial, loan to value or other covenants existing as of the Confirmation Date. Specifically, the only covenants existing as of the Confirmation Date address the Debtors' continuing obligation to maintain insurance, refrain from waste, provide unaudited financial statements to each lender and make the periodic payments in accordance with the Plan. The Class 13B Claim may be repaid at any time prior to the Maturity Date without penalty. Class 13B shall retain all lien and security interests on the unpaid sub-notes until paid.

The treatment and consideration to be received by the holder of a Class 13 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim and Lien(s). Upon satisfaction of the Class 13B Secured Claim, all liens and security interests of Class 13B shall be released.

The Class 13A and B Allowed Claims shall be reduced by any Lender Liability Claims of the Debtors.

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<sup>5</sup> Upon such payoff, lender shall release all liens pertaining to the sub-note attributable to the sold or paid off property.

**Section 3.14 Class 14. Priority and Administrative Non-Tax Claims.** The Debtors may, in their discretion, investigate and challenge any and all purported Priority and Administrative Non-Tax Claims. The treatment and consideration to be received by the holder of a Class 14 Allowed Claim shall be payment in full in an amount equal to its Allowed Priority or Administrative Non-Tax Claim. The treatment and consideration to be received by the holder of a Class 14 Allowed Claim shall be payment in full in an amount equal to its Allowed Priority or Administrative Non-Tax Claim, if any, after payment in full of those Claims having priority over Class 14 Allowed Claims. If the Debtors' challenge of a purported Priority or Administrative Non-Tax Claim is successful, in whole or in part, any unsecured portion of the respective Claim shall be subordinated, in whole or in part, to the Claims in Class 15 or may be disallowed, in whole or in part. The treatment and consideration to be received by the holder of a Class 14 Allowed Claim shall be deemed to be in full settlement, satisfaction, release and discharge of its respective Claim(s). The Debtor estimates approximately \$400,000 in administrative expenses and approximately \$150,000 in priority non-tax claims attributable to Class 14.

**Section 3.15 Class 15. General Unsecured Claims.** The Debtors may, in their discretion, investigate and challenge any and all purported general unsecured claims. The treatment and consideration to be received by holders of Class 15 Allowed Claims shall be one or more Distributions of their respective Pro Rata share of the Debtors' Assets after payment of those claims having priority over Class 15 Allowed Claims.

The GFC Debtor will pay to the Committee, as an advance on the payments to the Unsecured Creditor Class under the Plan of Reorganization, a total of \$60,000 in the following manner:

(a) An initial payment of \$35,000 within three (3) business days of the entry of the Order and Stipulation<sup>6</sup> upon the Docket; and

(b) A final payment of \$25,000 within forty five (45) days of the date referenced in Section II(1)(a) of the Order and Stipulation.

Moreover, the GFC Debtor and Committee have agreed on the following treatment of unsecured creditors under the Plan:

(c) General Unsecured Creditors will receive 22.5% of net sale proceeds of assets up to \$2,545,000 but at least \$700,000. The term "Net Sale Proceeds" is defined for purposes of this Stipulation, which definition shall be included verbatim in the Amended Plan of Reorganization to be filed by the Debtor, as those proceeds generated from either (x) payoffs from borrowers of the Debtor; or (y) the sale, auction or transfer of all assets of the Debtor remaining after the payment of:

(i) reasonable out-of-pocket costs;

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<sup>6</sup>The Stipulation and Order resolving the Committee's Motion to Compel Payment of Professional Fees of the Unsecured Creditors Committee [D.I. 819] (the "Motion to Compel") entered into by the GFC Debtor and the Committee and identified as Docket Item 946.

- (ii) real estate taxes due and payable for the asset being sold or transferred;
- (iii) non-insider bona fide liens which existed as of the Petition Date or which represent replacement liens granted to a secured creditor pursuant to a cash collateral Order;
- (iv) reasonable real estate brokerage commissions payable to non-affiliated brokers;
- (v) legal expenses directly related to the sale of the asset being sold or transferred payable to non-affiliated lawyers or law firms, *i.e.*, as opposed to in-house legal fees; and
- (vi) the net payoffs to any secured lenders, exclusive of insider or affiliate obligations, but for those insider or affiliate mortgage obligations existing as of the Petition Date.

Total distributions to this class, inclusive of payments (a) and (b), above, shall be a minimum of \$150,000 within twenty four (24) months of the Effective Date and any remaining professional fees of the Committee which are allowed but unpaid, shall be paid no later than 36 months after the Effective Date up to but not exceeding a total of an additional \$200,000. .

(d) Specifically carved out of the term “Net Sale Proceeds” are any future proceeds from the sale of assets or the Debtor’s borrowers’ loan payoffs which are pledged and included in the following portfolios: National Penn Bank, Vist Bank, First Republic Bank, Fox Chase Bank and Beneficial Savings Bank until such time as the debts to these lenders are paid in full.

(e) Finally, it is the intention of the Debtor and the Committee, that, inclusive of the payments referenced in Section II(1)(a) and (b) of the Order and Stipulation, all Committee Professional Fees will be paid out of the distribution outlined in this section and made pursuant to the Debtor’s Plan of Reorganization.

(f) Finally, Net Sale Proceeds will be put into a separate bank account by the Debtor within ten (10) days of the Debtor’s receipt of said proceeds from sales or payoffs. Commencing on the Effective Date, the Debtor shall make minimum quarterly payments of \$6,000, which shall be reconciled quarterly, as an advance on the total distribution in Paragraph 4(a) of the Order and Stipulation.

The treatment and consideration to be received by holders of Class 15 Allowed Claims shall be deemed to be in full settlement, satisfaction and release and discharge of the respective Claims.

**Section 3.16 Class 16. Real Estate Taxes and Municipal Liens.** Section 3.16 includes real estate taxes or municipal liens on all property owned by the Debtors as set forth on Exhibit “B”. The treatment is as follows:

- A) All real estate taxes or municipal liens owed or liened on the Debtors real property for tax periods prior to July 1, 2011, shall be paid over twenty four months in

equal monthly installments of principal and interest at 6% commencing thirty days after the Effective Date.

B) All real estate tax claims owed or first due after July 1, 2011 which are not contested shall be paid as a cost of administration on or before the expiration of 210 days from the Effective Date.

C) Each municipal lienholder shall be considered its own sub-class.

Section 3.17 **Class 17. Equity Interests.** All existing equity interests shall be canceled and discharged. New equity interests shall be issued to the new shareholders as set forth in Section 5.9.

#### **ARTICLE IV** **Treatment of Unclassified Claims**

Section 4.1. **Administrative Claims.** All Administrative Claims shall be treated as follows:

(a) **Time for Filing Administrative Claims.** The holder of an Administrative Claim, other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtors, including any person or entity asserting an Administrative Claim under section 503(b) of the Bankruptcy Code for a substantial contribution to or in the proceeding, must file with the Bankruptcy Court and serve on the Debtors and its counsel, notice of such Administrative Claim within thirty (30) days after the Confirmation Date. Such notice must include at minimum (i) the name of the holder of the claim, (ii) the amount of the claim and (iii) the basis of the claim. Failure to file this notice timely and properly shall result in the Administrative Claim being forever barred and discharged.

(b) **Time for Filing Fee Claims.** Each professional person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the Bankruptcy Court a fee application within sixty (60) days after the Effective Date. Failure to file the fee application timely shall result in the Fee Claim being forever barred and discharged.

(c) **Allowance of Administrative Claims.** An Administrative Claim with respect to which notice has been properly filed pursuant to Section 4.1(a) of this Plan shall become an Allowed Administrative Claim if no objection is filed within thirty (30) days of the filing and service of notice of such Administrative Claim. If an objection is filed within such thirty (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order. An Administrative Claim that is a Fee Claim, and with respect to its fee application has been properly filed pursuant to Section 4.1(b) of the Plan, shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

(d) **Payment of Allowed Administrative Claims.** Each holder of an Administrative Claim shall receive (i) the amount of such holder's Allowed Claim on the later of (a) the Effective Date or (b) the date when such Claim becomes an Allowed Claim, or, (ii) such other treatment as may be agreed upon in writing by the Debtors and such holder as long as no



payment is made thereon prior to the Effective Date, or (iii) as may be otherwise ordered by the Court, provided that an Administrative Claim representing a liability incurred in the ordinary course of business by the Debtors may be paid in the ordinary course of business.

(e) **Professional Fees Incurred By The Debtor After the Effective Date.** Any professional fees incurred by the Debtor after the Effective Date must be approved by the Debtors and, thereafter, paid. Any dispute which may arise with regard to professional fees incurred by the Debtors after the Effective Date shall be submitted to the Bankruptcy Court, which shall retain jurisdiction to settle these types of disputes.

Section 4.2. **Treatment of Priority Tax Claims.** Each holder of an Allowed Priority Tax Claim shall receive (i) the amount of such holder's Allowed Claim on the later of (a) the Effective Date or (b) the date when such Claim becomes an Allowed Claim, or (ii) such other treatment as may be agreed upon in writing by the Debtors and such Creditor.

## **ARTICLE V**

### **Provisions for Execution of the Plan**

Section 5.1. **Possession of Assets.** The Debtors shall continue in possession of all their Property and Assets after the Effective Date.

Section 5.2. **Execution of Documents.** Prior to the Effective Date, the Debtors are authorized and directed to execute and deliver all documents and to take and to cause to be taken all action necessary or appropriate to execute and implement the provisions of this Plan.

Section 5.3. **Alterations, Amendments or Modifications.** This Plan may be altered, amended, or modified by the Plan Proponents before or after the Confirmation Date, as provided in section 1127 of the Code.

Section 5.4. **Continuing Existence.** From and after the Effective Date, the Debtors shall continue in existence for the purpose of continuing with operation of the Debtors' business, including making distributions to the holders of Allowed Claims in accordance with the terms of this Plan. The Debtors shall continue to retain the services of its court-approved counsel to assist in these matters. Debtors' counsel shall be entitled to reasonable compensation and reimbursement of expenses for services rendered to the Debtors in carrying out their post-confirmation duties.

#### **Section 5.5. Plan Funding.**

(a) **Cash on Hand.** The Debtors' cash on hand shall be used to fund the expenses of administering the Estate and the Plan.

(b) **Causes of Action.** The net recoveries from the Lender Liability Litigation will be used to fund the expenses of administering the Estate and the Plan.

(c) **Other Assets.** The proceeds from the liquidation of any of the Assets of the Estate will be used to fund the expenses of administering the Estate and the Plan.

Section 5.6. **Final Decree.** After final distributions are made, the Debtors shall file a motion to close the Bankruptcy Case and request that a final decree be issued. The Debtors shall file all interim and final Plan implementation reports and pay any fees to the Office of the United States Trustee.

Section 5.7. **1146(a) Exemption.** All transfers of real estate into the Debtor as a result of any Deed in Lieu or credit bid at a foreclosure sale shall be exempt from all taxes on such transfer including any Realty Transfer Tax in Pennsylvania, New Jersey, Delaware or any political subdivision thereof or any poundage or other costs. Further, any transfer of real estate from the Debtors to any third party or any lender shall be exempt for a period of two years from the Effective Date.

Section 5.8. **Substantive Consolidation.** On the Effective Date, the Debtors shall be substantively consolidated with all assets and liabilities merged into Gelt Properties LLC with the surviving entity being Gelt Properties LLC.

Section 5.9. **New Members' Ownership Certificates .** On the Effective Date, the Gelt Properties LLC shall issue new Members' Ownership Certificates to an entity to be formed by current management at seventy 77% of the newly issued Members' Ownership Certificates and to all other shareholders of Gelt Holdings, Inc., directly, at 23% of newly issued Members' Ownership Certificates .

Section 5.10. **Section 1111(b) Election.** If, at the time of the Disclosure Statement Approval hearing, the Class creditor elects treatment under Section 1111(b), the following treatment shall apply:

(a) Total Allowed Claim shall be the claim of the Class creditor allowed by the Court regardless of the value of the collateral determined as of the Petition Date less all adequate protection payments paid by Debtor or Debtor's borrowers and less any reduction for any Lender Liability Claims.

(b) The Total Allowed Claim shall receive a monthly payment which shall be applied as principal to the total Allowed Claim determined by the following formula:

(i) The greater of:

(A) Total Allowed claim multiplied by 3% and divided by twelve (12); or

(B) Total Allowed Claim divided by 300.

(ii) In addition to the monthly payment, the electing class shall receive any payoff or sale process attributable to the collateral securing the class up to the amount of the sub-note.

(iii) If, by the 240<sup>th</sup> month, the payments in (i) or (ii) do not equal the Total Allowed Claim, the Debtor shall make one final payment to satisfy the claim.

(c) Should the Debtor ever desire to pay off the Class creditor, the payoff amount shall equal the remaining monthly payments.

Section 5.11 **Sale Procedures**. The Debtor has implemented after notice and motion, sale and payoff procedures pursuant to the Order attached as Exhibit "C". Those procedures shall remain in effect for the life of the Plan.

Section 5.12 **Foreclosure Procedures**. The Debtor has implemented after notice and motion, sale and payoff procedures pursuant to the Order attached as Exhibit "D". Those various procedures shall remain in effect for the life of the Plan. Regardless of any order or lien, so long as the Debtor is not in default of the Plan or the Class, each Class shall provide a payoff and release on request of the Debtor so long as the principal payment under the Class is met.

Section 5.13 **Representations, Warranties and Covenant in Loan Documents**

Notwithstanding anything contained herein, all loan documents in all Classes of creditors shall have all representations, warranties and covenants modified so as to eliminate all covenants other than:

1. Title or lien priority except as modified by the plan subject to priorities existing as of the confirmation date or as disclosed on a title report as of that date.
2. Maintenance of insurance.
3. Prohibition on waste.
4. Requirement to maintain property, pay real estate taxes and manage professionally; and
5. All Environmental covenants

Section 5.15 **Abandonment**.

Upon confirmation, the Debtors intend to Abandon the following properties:

1. 402 North Madison Street, Wilmington, Delaware 19801
2. 67-69 Penns Street, Penns Grove Borough , New Jersey 08069

**ARTICLE VI**

**Additional Provisions Applicable To All Classes**

Section 6.1. The payments, distributions and other treatments provided in respect of each Allowed Claim and Allowed Interest in the Plan shall be in full settlement and complete satisfaction, discharge and release of such Allowed Claim and Allowed Interest.

Section 6.2. Notwithstanding any of the provisions of the Plan specifying a date or time for the payment or distribution of consideration hereunder, payments and Distributions in respect of any Claim or Interest which at such date or time are disputed, unliquidated or contingent shall not be made until such Claim or Interest becomes an Allowed Claim or an

Allowed Interest, whereupon such payment and Distribution shall be made promptly pursuant to and in accordance with this Plan.

**ARTICLE VII**  
**Provisions Governing Distributions**  
**and General Provisions**

Section 7.1. Distributions pursuant to this Plan shall be made by the Debtors as provided herein.

(a) **Delivery of Distributions.** Distributions and deliveries to holders of Allowed Claims will be made at the addresses set forth on the proofs of claim filed by the holders (or at the last known address). If any holder's Distribution is returned as undeliverable, no further Distributions to the holder will be made unless and until the Debtor is notified of the holder's then current address, at which time all missed Distributions will be made to the holder without interest. All claims for undeliverable Distributions must be made to the Debtors within ninety (90) days after the respective Distribution was made. After that date, all unclaimed property will become property of the Debtors, and the Claim of any holder with respect to such property will be discharged and forever barred.

(b) **Means of Cash Payment.** Cash payments made pursuant to the Plan will be in United States funds, by check drawn on a domestic bank or by wire transfer from a domestic bank. All cash Distributions will be made by the Debtors.

(c) **Time Bar to Cash Payments.** Checks issued by the Debtors in respect of Allowed Claims will be null and void if not cashed within ninety (90) days of the date of their issuance. Requests for reissuance of any check shall be made to the Debtors by the holder of the Allowed Claim with respect to which the check originally was issued. Any claim in respect of such a voided check must be made on or before ninety (90) days after the date of issuance of the check. After the date, all claims in respect of void checks will be discharged and forever barred and the cash, including interest earned shall be revested in the Debtors.

(d) **Setoffs.** The Debtors may, but will not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of the Claim, any claims of any nature whatsoever the Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver of release by the Debtors of any such claim the Debtors may have against such claimant.

(e) **De Minimis Distributions.** No cash payment of less than twenty-five dollars (\$25.00) will be made by the Debtors to any Creditor unless a request is made in writing to the Debtors to make such a payment.

(f) **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, but will be deemed to have been completed as of the required date.

Section 7.2. **Notices.** Any notice described in or required by the terms of this Plan or the Bankruptcy Code and Bankruptcy Rules shall be deemed to have been properly given when actually received, or if mailed, five (5) days after the date of mailing as such may have been sent by certified mail, return receipt requested, and if sent to:

(a) If to the Debtors, addressed to:

Ciardi Ciardi & Astin  
Albert A. Ciardi, III, Esquire  
Jennifer C. McEntee, Esquire  
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Section 7.3. **Default.** No default shall be declared under this Plan unless any payment due under this Plan shall not have been made within thirty (30) days after written notice to the Debtors and counsel for the Debtors of such failure to make payment when due under the Plan.

Section 7.4. **Non-Disparagement.** Those individuals or entities receiving distributions pursuant to this Plan shall agree that, unless specifically directed by the Debtors, such Distribution Recipient shall refrain from conversations with the media or any other third party. All Distribution Recipients shall also agree that they will make no disparaging comments to any other entity or individual about the Debtors, the Debtors' business, the Debtors' principals or the Debtor's Property for a period of ten (10) years.

#### **ARTICLE VIII** **Executory Contracts**

Section 8.1. **Assumption.** On the Effective Date, the Debtor will assume the following executory contracts and unexpired leases:

1. Participation Agreement with East Coast Financial

Section 8.2. **Rejection.** On the Effective Date, all executory contracts and unexpired leases that exist, if any, between the Debtors and any person shall be deemed rejected as of the Confirmation Date, except for any executory contract or unexpired lease which has been assumed or rejected pursuant to an order of the Bankruptcy Court prior to the Confirmation Date concerns the Debtor's participation agreement with East Coast Financial on Loans 2170, 2694 and 2409 or is attached on Exhibit "E".

Section 8.3. **Damages.** Any Claim for damages arising by reason of the rejection of any executory contract or unexpired lease will constitute a Rejection Claim, if, but only if, a proof of claim therefore shall be filed with the Clerk of the Court within thirty (30) days after the date of rejection. If a Rejection Claim becomes an Allowed Claim then it shall constitute a general unsecured claim under Class 15.

**ARTICLE IX**  
**Cramdown Provisions and Confirmation Request**

Section 9.1. In the event that sufficient votes to confirm said Plan are not received, the Debtors request confirmation of the Plan pursuant to the provisions of section 1129(b) of the Bankruptcy Code.

**ARTICLE X**  
**Modification of the Plan**

Section 10.1. **Pre-Confirmation Modification.** At any time before the Confirmation Date, the Plan may be modified by the Debtors upon approval of the Bankruptcy Court, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. In the event that there is a modification of the Plan, then the Plan as modified, shall become the Plan.

Section 10.2. **Pre-consummation Modification.** At any time after the Confirmation Date of the Plan, but before substantial consummation of the Plan, the Plan may be modified by the Debtors upon approval of the Bankruptcy Court, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this section, becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under section 1129 of the Bankruptcy Code.

Section 10.3. **Non-Material Modifications.** At any time, the Debtors may, without the approval of the Court, so long as it does not materially or adversely effect the interest of Creditors, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent and effect of this Plan.

**ARTICLE XI**  
**Retention of Jurisdiction**

Section 11.1. The Court shall retain jurisdiction of the case after the Confirmation Date for the following purposes:

- (a) to determine any and all objections in the allowance of Claims and amendments to Schedules;
- (b) to classify the Claim of any Creditor and to re-examine Claims which have been allowed for purposes of voting, to determine such objections as may be filed to Claims;
- (c) to determine any and all disputes arising under or in connection with the Plan, the sale of any of the Debtors' Assets, collection or recovery of any Assets;
- (d) to determine any and all applications for allowance of compensation and reimbursement of expenses herein;

(e) to determine any and all pending applications for rejections of executory contracts and unexpired leases and the allowance of any Claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan;

(f) to determine any and all applications, adversary proceedings and contested and litigated matters pending in the case as of, or after, the Confirmation Date;

(g) to determine any and all proceedings for recovery of payments pursuant to any Cause of Action;

(h) to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;

(i) to correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes, intent and effect of the Plan;

(j) to determine such other matters which may be provided for in the Confirmation Order as may be authorized under the provisions of the Bankruptcy Code;

(k) to enforce all provisions under the Plan; and

(l) to enter any order, including injunctions, necessary to enforce the terms of the Plan, the powers of the Debtors under the Bankruptcy Code, this Plan, and as the Court may deem necessary.

## **ARTICLE XII** **Miscellaneous**

Section 12.1. **Choice of Law.** Except to the extent superseded by the Bankruptcy Code or other federal law, the rights, duties and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the choice of law rules thereof.

Section 12.2. **Payment of Statutory Fees.** All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Court at the hearing pursuant to section 1128 of the Bankruptcy Code, will be paid on or before the Effective Date.

Section 12.3. **Channeling Injunction.** Except as otherwise provided in this Plan, the rights afforded in this Plan and the payments and Distributions to be made under the Plan shall be in complete exchange for, and in full satisfaction and release of, all existing debts and Claims, of any kind, nature or description whatsoever against the Debtors, the Estates or any of their Assets, and upon the Effective Date, all existing Claims against the Debtors, the Estates and all of their assets and properties will be, and be deemed to be, exchanged, satisfied and released in full; and all holders of Claims shall be precluded and enjoined from asserting against the Debtors, the Estates, their successors or their Assets or properties, any other or

further Claim 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 the holder filed a proof of claim.

Section 12.4. **Effect of Confirmation Order.** Except as provided in section 1141(d) of the Bankruptcy Code and except as otherwise provided in this Plan, the provisions of the Plan and the Confirmation Order shall bind the Debtors and all holders of Claims or Interests and will be a judicial determination of discharge of the Debtors from all debts that arose before the Confirmation Date and any liability on a Claim that is determined under section 502 of the Bankruptcy Code as if such Claim had arisen before the Confirmation Date, whether or not a proof of claim based on any such date or liability is filed under section 501 of the Bankruptcy Code and whether or not a Claim based on such debt or liability is allowed under section 502 of the Bankruptcy Code and whether or not such holder is impaired under the Plan and whether or not such holder has accepted the Plan, and shall terminate all rights, Claims and Interests of such holder, except as provided in the Plan.

Section 12.5. **Exculpation.** Neither the Debtors, nor any of their respective officers, directors, employees, attorneys, representatives, financial advisors, investment bankers, advisors, agents or affiliates, in their capacities as such, shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, or arising out of, the Bankruptcy Case, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, and, in all respects, such parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Section 12.6. **Severability.** Should any provision in this Plan be determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any provision of the Plan.

Section 12.7. **Successors and Assigns.** The rights and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of that Person.

Section 12.8. **Binding Effect.** The Plan will be binding upon and inure to the benefit of the Debtors, its Creditors, the holders of Interests, and their respective successors and assigns.

Section 12.9. **Withholding and Reporting Requirements.** In connection with the Plan and all instruments issued and distributions made pursuant to the Plan, the Debtors will comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions made pursuant to the Plan will be subject to any such withholding and reporting requirements.

### **ARTICLE XIII** **Causes of Action**

13.1. **Litigation.** Except as otherwise provided in section 13.2 of this Plan, the Debtor reserves the right to initiate or continue any litigation or adversary proceeding permitted under the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure with respect



to any Cause of Action. The Debtor specifically reserves any claims and litigation against, but not limited to the following parties:

- (a) New Century Bank
- (b) Vist Bank

13.2. Powers. The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any Cause of Action from time to time in its discretion.

Respectfully submitted,

GELT PROPERTIES, LLC

By: */s/ Uri Shoham*

GELT FINANCIAL CORPORATION

By: */s/ Uri Shoham*

CIARDI CIARDI & ASTIN

By: */s/ Albert A. Ciardi, III*

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Dated: Tuesday, January 28, 2014