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11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**
13 **SANTA ANA DIVISION**

14 In re:

15 Palmdale Hills Property, LLC, and its Related
16 Debtors,

17 Jointly Administered Debtors
18 and Debtors-In-Possession

19 Affects:

- 20 All Debtors
21 Palmdale Hills Property, LLC
22 SunCal Beaumont Heights, LLC
23 SCC/Palmdale, LLC
24 SunCal Johannson Ranch, LLC
25 SunCal Summit Valley, LLC
26 SunCal Emerald Meadows, LLC
27 SunCal Bickford Ranch, LLC
28 Acton Estates, LLC
 Seven Brothers, LLC
 SJD Partners, Ltd.
 SJD Development Corp.
 Kirby Estates, LLC
 SunCal Communities I, LLC
 SCC Communities LLC
 SunCal Communities III, LLC
 North Orange Del Rio Land, LLC
 Tesoro SF, LLC
 LB/L-SunCal Oak Valley, LLC
 SunCal Heartland, LLC
 LB/L-SunCal Northlake, LLC

Case No.: 8:08-bk-17206-ES
Chapter 11

Jointly Administered Case Nos.

8:08-bk-17209-ES; 8:08-bk-17240-ES;
8:08-bk-17224-ES; 8:08-bk-17242-ES;
8:08-bk-17225-ES; 8:08-bk-17245-ES;
8:08-bk-17227-ES; 8:08-bk-17246-ES;
8:08-bk-17230-ES; 8:08-bk-17231-ES;
8:08-bk-17236-ES; 8:08-bk-17248-ES;
8:08-bk-17249-ES; 8:08-bk-17573-ES;
8:08-bk-17574-ES; 8:08-bk-17575-ES
8:08-bk-17404-ES; 8:08-bk-17407-ES;
8:08-bk-17408-ES; 8:08-bk-17409-ES;
8:08-bk-17458-ES; 8:08-bk-17465-ES;
8:08-bk-17470-ES; 8:08-bk-17472-ES;
and 8:08-bk-17588-ES

**JOINT CHAPTER 11 PLAN
PROPOSED BY LEHMAN LENDERS**

Hearing:

Date: October 15, 2009
Time: 2:00 p.m.
Place: Courtroom 5A
411 West Fourth Street
Santa Ana, CA 92701

- 1 SunCal Marblehead, LLC
- 2 SunCal Century City, LLC
- 3 SunCal PSV, LLC
- 4 Delta Coves Venture, LLC
- 5 SunCal Torrance Properties, LLC
- 6 SunCal Oak Knoll, LLC

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24
25
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27
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Table of Contents

	Page
1	
2	
3	I. INTRODUCTION..... 1
4	1.1 Prefatory Statement..... 1
5	1.2 Plan Debtors..... 2
6	1.3 Plan Summary..... 2
7	II. DEFINITIONS AND RULES OF INTERPRETATION..... 9
8	2.1 Definitions..... 9
9	2.2 Rules of Construction..... 44
10	III. TREATMENT OF UNCLASSIFIED CLAIMS 45
11	3.1 Treatment of Allowed Administrative Claims..... 46
12	3.2 Treatment of Priority Tax Claims..... 48
13	3.3 Treatment of Unavoided Liens Securing Claims That Are Not Allowed..... 48
14	IV. CLASSIFICATION OF CLAIMS AND INTERESTS..... 49
15	V. TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS 65
16	5.1 Treatment of Allowed Secured Real Property Tax Claims (Classes 1.1 through 1.20).... 66
17	5.2 Treatment of Lehman Secured Claims (Classes 2.1 through 2.19)..... 67
18	5.3 Treatment of Allowed Danske Secured Claim (Class 3)..... 70
19	5.4 Treatment of Allowed Other Secured Claims (Classes 4.1 Through 4.15)..... 71
20	5.5 Treatment of Allowed Secured Mechanic’s Lien Claims Against the Plan Debtors (Classes 5.1 through 5.54)..... 72
21	5.6 Treatment of Allowed Priority Claims (Classes 6.1 Through 6.4)..... 74
22	5.7 Treatment of Allowed General Unsecured Claims (Classes 7.1 Through 7.24)..... 74
23	5.8 Treatment of Allowed ES Claims (Classes 8.1 through 8.19)..... 75
24	5.9 Treatment of Allowed Interests (Classes 9.1 through 9.24)..... 76
25	VI. ACCEPTANCE OR REJECTION OF THE PLAN..... 76
26	6.1 Introduction..... 76
27	6.2 Who May Object to Confirmation of the Lehman Plan..... 76
28	6.3 Who May Vote to Accept/Reject the Lehman Plan and Special Provisions for Listed Holders of Mechanic’s Lien Claims..... 77
29	6.4 What Is an Allowed Claim/Interest..... 77
30	6.5 What Is an Impaired Class..... 77
31	6.6 Who Is Not Entitled to Vote..... 77
32	6.7 Who Can Vote in More than One Class..... 78
33	6.8 Votes Necessary for a Class to Accept the Lehman Plan..... 78
34	6.9 Treatment of Nonaccepting Classes..... 78
35	6.10 Request for Confirmation Despite Nonacceptance by Impaired Class(es)..... 79
36	VII. MEANS OF EXECUTION AND IMPLEMENTATION OF THE PLAN 79
37	7.1 Introduction..... 79
38	7.2 The Liquidating Trustee..... 80
39	7.3 Vesting of Assets in Plan Debtors’ Estates Managed by Liquidating Trustee..... 81
40	7.4 The Committee(s)..... 81
41	7.5 Lehman Post-Confirmation Loans..... 81
42	7.6 Plan Reserve and Post-Confirmation Accounts..... 85
43	7.7 Disposition of Assets..... 86
44	7.8 Disposition of the Remaining Real Estate Projects..... 86
45	7.9 Equitable Subordination Claims..... 101
46	7.10 Post-Confirmation Expenses, Intercompany Loans and Payables and Priorities in Payment..... 107
47	7.11 Plan Release..... 112
48	7.12 Entry of Final Decrees..... 113
49	7.13 Dissolution of Committees and Discharge of Trustee and Liquidating Trustee..... 114
50	VIII. DISTRIBUTIONS..... 114
51	8.1 Distribution Agent..... 114

1	8.2	Distributions.....	114
	8.3	Old Instruments and Securities.....	115
2	8.4	De Minimis Distributions and Fractional Shares.....	115
	8.5	Delivery of Distributions.....	115
3	8.6	Unclaimed Property.....	116
	8.7	Disposition of Unclaimed Property.....	116
4	IX.	OBJECTIONS TO CLAIMS AND DISPUTED CLAIMS.....	117
	9.1	Standing for Objections to Claims.....	117
5	9.2	Treatment of Disputed Claims.....	117
	X.	EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	118
6	10.1	Executory Contracts Being Assumed.....	118
	10.2	Executory Contracts Being Rejected.....	119
7	10.3	Retention of Property Rights by Lehman Nominees or Liquidating Trustee.....	119
	10.4	Bar Date for Rejection Damages.....	119
8	10.5	Cure Statements.....	120
	10.6	Changes in Rates Subject to Regulatory Commission Approval.....	120
9	XI.	EFFECT OF CONFIRMATION OF THE PLAN.....	120
	XII.	LIMITATION OF LIABILITY.....	121
10	12.1	No Liability for Solicitation or Participation.....	121
	12.2	Limitation of Liability.....	122
11	XIII.	CONDITIONS TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN.....	122
	13.1	Conditions Precedent to Plan Confirmation.....	122
12	13.2	Conditions Precedent to Plan Effectiveness.....	123
	XIV.	RETENTION OF JURISDICTION.....	123
13	XV.	MODIFICATION OR WITHDRAWAL OF PLAN.....	123
	15.1	Modification of Plan.....	123
14	15.2	Nonconsensual Confirmation.....	123
	XVI.	MISCELLANEOUS.....	124
15	16.1	Payment of Statutory Fees.....	124
	16.2	Payment Dates.....	124
16	16.3	Headings.....	124
	16.4	Other Documents and Actions.....	124
17	16.5	Notices.....	125
	16.6	Governing Law.....	125
18	16.7	Binding Effect.....	125
	16.8	Successors and Assigns.....	126
19	16.9	Severability of Plan Provisions.....	126
	16.10	No Waiver.....	126
20	16.11	Inconsistencies.....	126
	16.12	Exemption from Certain Transfer Taxes and Recording Fees.....	126
21	16.13	Post-Confirmation Status Report.....	127
	16.14	Post-Confirmation Conversion/Dismissal.....	127
22	16.15	Final Decree.....	128
23			
24			
25			
26			
27			
28			

I.

INTRODUCTION

1.1 **Prefatory Statement.** This *Joint Chapter 11 Plan Proposed by Lehman Lenders* (the “Plan” or “Lehman Plan”)¹ is Filed by the Lehman Lenders.

The Plan essentially is a blueprint of how the Plan Debtors will be structured or liquidated after or as a result of bankruptcy – whether they will survive, the forms of entities they will be, who will own them, and what distributions will be made or required. Among other things, the Lehman Plan designates classes of Claims and classes of Interests, identifies unimpaired and impaired Classes, sets forth a proposal for the satisfaction of all Claims against, and Interests in, the Plan Debtors, and provides adequate means for the implementation of the Lehman Plan. With the Lehman Plan, Holders of Claims and Interests entitled to vote on the Lehman Plan will receive a Ballot for voting on the Lehman Plan and, for Holders of Allowed ES Claims, for voting on whether the Liquidating Trustee should accept or reject, on behalf of and for the benefit of the ES Claimants, the proposed settlement of the Equitable Subordination Claims made in an ES Action against one or more Lehman Related Parties (the “ES Settlement Offer”).

A separate document, entitled *Disclosure Statement With Respect to Joint Chapter 11 Plan Proposed By Lehman Lenders* (the “Lehman Disclosure Statement”), is being sent as an accompaniment to the Lehman Plan, which may be included in the same envelope as this document or under separate cover. The Lehman Disclosure Statement is intended to provide Creditors with information sufficient to enable Creditors to vote on the Lehman Plan and has been approved by the Bankruptcy Court as containing sufficient information for that purpose. The Lehman Disclosure Statement includes a summary of the Plan Debtors’ assets and liabilities, a summary of what Holders of Claims and Interests will receive under the Lehman Plan, a discussion of certain alternatives to the Lehman Plan, and a summary of the procedures and voting requirements necessary for confirmation of the Lehman Plan. Creditors should thoroughly review both the Lehman Plan and Lehman Disclosure Statement before deciding whether Creditors will accept or reject the Lehman Plan (and, if a Creditor is an ES Claimant, whether the Creditor votes for

¹ All capitalized terms have the meanings set forth in Article II of the Lehman Plan.

1 acceptance or rejection of the ES Settlement Offer by the Liquidating Trustee on behalf of the
2 Estate of the ES Plan Debtor against which the Creditor asserts its Allowed ES Claim). No
3 solicitation materials, other than the Lehman Disclosure Statement and related materials transmitted
4 therewith and approved for solicitation purposes by the Bankruptcy Court, have been authorized for
5 use in soliciting acceptances or rejections of the Lehman Plan.

6 **1.2 Plan Debtors.** The Lehman Plan applies to 24 of the 26 Debtors, being all of the
7 Debtors other than SJD Development and SunCal III (the Estates of which are believed to hold no
8 Assets of any significant current or potential value).

9 **1.3 Plan Summary.** The summary of the Lehman Plan that follows in this Section 1.3
10 of the Lehman Plan is not intended to substitute for the Lehman Disclosure Statement or for the
11 more specific terms set forth in the Lehman Plan other than in this Section 1.3 of the Lehman Plan.
12 If there are any discrepancies between the summary provided in this Section 1.3 of the Lehman
13 Plan and the other provisions of the Lehman Plan, the other provisions shall control. Additionally,
14 the Cases of the Plan Debtors have been jointly administered, but not substantively consolidated.
15 Accordingly, the Lehman Plan provides separate treatment for Holders of Claims and Interests
16 against each Plan Debtor. The following is a general outline of the Lehman Plan.

17 **1.3.1 Generally.** The Lehman Creditors are owed, collectively, approximately
18 \$1.9 billion secured by deeds of trust on certain of the Remaining Real Estate Projects, certain Cash
19 Collateral and other Assets of the Debtors' Estates. The Debtors have challenged the Lehman
20 Creditors' Secured Claims, contending that (a) certain of the Lehman Creditors' Liens on the
21 Assets of particular Debtors who are obligors under certain Lehman Loans are subject to being set
22 aside because, among other things, other affiliated Debtors, rather than the obligor Debtors,
23 received the benefit of such Lehman Loans (the Cross-Collateralization Claims), and (b) the Claims
24 of the Lehman Creditors should be subordinated to the Claims of certain other Creditors allegedly
25 harmed by the conduct of the Lehman Lenders (the Equitable Subordination Claims). The Lehman
26 Lenders do not concur with these conclusions of the Debtors or with many of the factual
27 contentions asserted as supporting or providing a basis for the Cross-Collateralization Claims
28 and/or Equitable Subordination Claims.

1 Nonetheless, to enable the Debtors to emerge from bankruptcy, which the Lehman
2 Lenders believe is in the interest of all Creditors, with a Plan that is fair to all constituencies and
3 best preserves current values and prevents further deterioration in the values of the Assets of the
4 Debtors, the Lehman Proponents have proposed the Lehman Plan through which they: (a) make
5 available funds for ES Pro Rata Settlement Payments to settle the ES Claims of Settling ES
6 Claimants; (b) propose, through the Lehman Plan Sale or Foreclosure Procedures, auctions of the
7 Remaining Real Estate Projects at which third parties may bid for the Remaining Real Estate
8 Projects and at which the Lehman Creditors and other Holders of Allowed Secured Claims may
9 credit bid; (c) provide for the means of liquidation of the Remaining Other Assets and the
10 distribution of Residual Cash for Holders of Allowed Claims; and (d) protect those ES Claimants
11 who elect not to have the Estates settle their ES Claims by (i) making available the ES Litigation
12 Loan to enable continued prosecution of the Equitable Subordination Claims in an ES Action, (ii)
13 granting certain specific concessions, described below, that could facilitate the entry and collection
14 of an ES Judgment, and (iii) providing security for satisfaction of a Project Related Action
15 Recovery.

16 **1.3.2 Liquidating Trustee.** A Liquidating Trustee shall be appointed to
17 oversee the realization of values from the Remaining Real Estate Projects and the Remaining Other
18 Assets for the benefit of the Creditors of the Plan Debtors. The values of the Remaining Real
19 Estate Projects and Remaining Other Assets (net of Post-Confirmation Expenses) shall be
20 distributed to the respective Creditors of the applicable Plan Debtors in accordance with the strict
21 priority rules of the Bankruptcy Code, applied on a Plan Debtor-by-Plan Debtor basis, except as
22 otherwise provided in the Lehman Plan and described below. No Assets from the Estates of the
23 Plan Debtors created under law upon the commencement of the Plan Debtors' Cases will be left
24 with the Plan Debtors on the Effective Date; instead, such Assets will remain vested in the Plan
25 Debtors' Estates to be administered by the Liquidating Trustee, although the Liquidating Trustee
26 could elect hereafter to abandon to the Plan Debtors Assets of inconsequential value to the extent
27 permitted in the Lehman Plan.
28

1 **1.3.3 Disposition of the Remaining Real Estate Projects.** Within sixty (60)

2 days after the Effective Date, the Liquidating Trustee shall sell or convey each of the Remaining
3 Real Estate Projects for which the Successful Bidder is a third party purchaser, a Lehman Creditor
4 or another Holder of an Allowed Secured Claim, all pursuant to the Lehman Plan Sale or
5 Foreclosure Procedures set forth herein below. An auction for the sale of each Remaining Real
6 Estate Project will occur promptly after the Effective Date (but no later than sixty (60) days after
7 the Effective Date) at which third party prospective purchasers, the Lehman Creditors and other
8 Holders of Secured Claims may bid on any or all of the Remaining Real Estate Projects. Lehman
9 Creditors will make opening credit bids as set forth in Section 7.7.2(a) of the Lehman Plan for most
10 of those Remaining Real Estate Projects and may elect to make a bid on any other Remaining Real
11 Estate Project. Under the Lehman Plan, the Lehman Creditors are afforded the ability to credit bid
12 up to the amount of their Claims as specified herein below in Article IV of the Lehman Plan on a
13 Project-by-Project basis; provided, however, that each of the Remaining Real Estate Projects
14 conveyed to a Lehman Nominee shall become subject to a PRA Recovery Deed of Trust for the
15 protection of the applicable Estate and its Creditors as and to the extent set forth in the Lehman
16 Plan.

17 **1.3.4 PRA Recovery Security Pool.** The Lehman Lenders dispute or may

18 dispute all or substantially all of the Equitable Subordination Claims and the Cross-
19 Collateralization Claims. If, however, some recovery were afforded to the Liquidating Trustee for
20 the Estates in respect of the Equitable Subordination Claims in an ES Action or the Cross-
21 Collateralization Claims in a Cross-Collateralization Action (*i.e.*, a Project Related Action
22 Recovery), the values of the Remaining Real Estate Projects on which Lehman Creditors hold
23 Secured Claims and on which Lehman Creditors are bidding arguably would be available to satisfy
24 the Project Related Action Recovery. Thus, to secure the satisfaction of a Project Related Action
25 Recovery and thereby protect the Estates of the Plan Debtors and their Creditors (a) the Lehman
26 Plan provides that certain Cash is to be held by the Liquidating Trustee in the Plan Reserve and (b)
27 any Remaining Real Estate Project which is conveyed to a Lehman Nominee pursuant to the
28 Lehman Plan Sale or Foreclosure Procedures shall be subject to a deed of trust in favor of the

1 Liquidating Trustee (as defined below, the “PRA Recovery Deeds of Trust”) to secure the
2 obligation of such Lehman Nominee to reconvey the Project acquired by such Lehman Nominee in
3 the event of a Project Related Action Recovery, which obligation is to be set forth in a
4 Reconveyance Agreement, and, which reconveyance obligation may, at the Lehman Nominee’s
5 election, instead be satisfied by a Cash payment in the amount of any Project Related Action
6 Recovery. The Plan Reserve and PRA Recovery Deeds of Trust are referred to herein collectively
7 as the “PRA Recovery Security Pool.”

8 **1.3.5 Release of PRA Recovery Deeds of Trust.** Although the PRA Recovery
9 Deeds of Trust generally shall remain in effect pending the final settlement or determination of the
10 Project Related Actions, as provided herein, in order to permit the Lehman Nominees holding title
11 to the Remaining Real Estate Projects (*i.e.*, the PRA Security Projects) to fully utilize such
12 properties, the Lehman Plan also includes provisions by which (i) all of the PRA Recovery Deeds
13 of Trust shall be released and all Reconveyance Agreements terminated upon there having been
14 deposited Cash into the Plan Reserve equal to the Maximum PRA Recovery Amount, and (ii) the
15 PRA Recovery Deed of Trust encumbering a particular PRA Security Project shall be: (1) released
16 and the corresponding Reconveyance Agreement terminated upon the sale of such PRA Security
17 Project to a third party and the deposit of any Net Cash Proceeds resulting from such sale into the
18 Plan Reserve and/or the provision of a substitute Lien on any non-Cash Net Proceeds resulting from
19 such sale or (2) subordinated to the Lien of a new mortgage loan upon a refinancing of the
20 particular PRA Security Project obtained by the applicable Lehman Nominee in its sole and
21 absolute discretion, provided that all Net Cash Proceeds derived from such refinancing are
22 deposited into the Plan Reserve.

23 **1.3.6 Net Proceeds from Sales to Third Party Purchasers of Remaining**
24 **Real Estate Projects Subject to Lehman Secured Claim.** The Net Cash Proceeds from the sale
25 of any Remaining Real Estate Project that is subject to a Secured Claim of a Lehman Creditor and
26 is sold to a third party purchaser, rather than conveyed to a Lehman Nominee, shall be deposited
27 into the Plan Reserve, subject to certain limited uses as described in the Lehman Plan, and the
28

1 applicable Lehman Related Party(ies) shall be afforded a substitute Lien on any non-Cash Net
2 Proceeds, in each case pending final settlement or determination of the Project Related Actions.

3 **1.3.7 The Remaining Other Assets.** The Remaining Other Assets (other than
4 Cash) shall be liquidated by the Liquidating Trustee and the Net Cash Proceeds therefrom shall be
5 available for payment of Claims and Creditors, as set forth in the Lehman Plan.

6 **1.3.8 Equitable Subordination Claims.**

7 (a) **Generally.** Under the Lehman Plan, ES Claimants are afforded the
8 option to either accept the benefits of the ES Settlement, as provided in the Lehman Plan, or have
9 the Liquidating Trustee continue prosecution of the Equitable Subordination Claims for their
10 potential benefit. To incentivize ES Claimants to accept the Lehman Plan even if they do not
11 accept the ES Settlement Offer, the Lehman Lenders are making available, as set forth in the
12 Lehman Plan, funding for such continued prosecution of the Equitable Subordination Claims.

13 (b) **ES Settlement Offer.**

14 (i) **Funding for ES Settlement Offer.** The Lehman Lenders are
15 making available funds for the ES Settlement Pro Rata Payments to Settling ES Claimants.

16 (ii) **Settlement by an Individual ES Claimant.** For each ES
17 Claimant who votes for acceptance of the ES Settlement Offer on its Ballot and returns with the
18 Ballot an ES Claimant Release and Assignment (included with the Ballot) duly executed by such
19 ES Claimant, such ES Claimant will receive an ES Pro Rata Settlement Payment (*e.g.*, its relative
20 share of the aggregate amount of the ES Settlement Amount).

21 (iii) **Full Settlement by An Estate.** If at least one-half in number
22 and two-thirds in amount of the voting ES Claimants in any of the Estates of the Plan Debtors vote
23 for acceptance of the ES Settlement Offer on their Ballots and return with their Ballots duly
24 executed ES Claimant Release and Assignments (with respect to such Estate, the “Estate
25 Acceptance of the ES Settlement”), all ES Claimants of such Estate will be entitled to receive an
26 ES Pro Rata Settlement Payment upon return with their Ballots or to the Lehman Lenders of a duly
27 executed ES Claimant Release and Assignment. If there is Estate Acceptance of the ES Settlement
28 for an Estate of a particular Plan Debtor, the Equitable Subordination Claims of such Estate will be

1 fully settled, dismissed (with prejudice) and released, including as to ES Claimants who do not vote
2 to accept the ES Settlement Offer, who vote to reject the ES Settlement Offer or who vote to accept
3 the Settlement Offer but who fail to execute and deliver the ES Claimant Release and Assignment.

4 **(iv) Releases and Assignments.** In exchange for the
5 consideration payable to each Settling ES Claimant: (A) the Liquidating Trustee will issue for or
6 on behalf of each relevant Estate a release of all claims against the Lehman Releasees and all and
7 any owners of the applicable Project(s) (that were at any time owned by the Plan Debtor of the
8 releasing Estate), including the Lehman Nominees, which owners are or were successors or assigns
9 of the applicable Debtor, as to, or to the extent attributable to, or to the extent any recovery would
10 be payable with respect to, any or all of the ES Claims of the Settling ES Claimants (the “Estate ES
11 Settlement Release” as more fully set forth and defined herein); and (B) in returning its Ballot
12 accepting the ES Settlement Offer, each Settling ES Claimant by Vote also, itself, will be granting a
13 release of all claims against the Lehman Releasees and all and any owners of the applicable
14 Project(s) (that were at any time owned by the Plan Debtor against which the applicable Allowed
15 ES Claim is asserted), including the Lehman Nominees, which owners are or were successors or
16 assigns of the applicable Debtor, as to, or to the extent attributable to, or to the extent any recovery
17 is payable with respect to, any or all of the ES Claims of such Settling ES Claimant (the “ES
18 Claimant Release and Assignment” as more fully set forth and defined herein).

19 **(c) Continued Prosecution of Equitable Subordination Claims.**
20 Unless all of the Estates of the ES Plan Debtors accept the ES Settlement Offer (through the
21 acceptance of the ES Settlement Offer by at least one-half in number and two-thirds in amount of
22 the voting ES Claimants of each such ES Plan Debtor’s Estate), resulting in a dismissal (with
23 prejudice), release and settlement of all Equitable Subordination Claims of all ES Plan Debtors’
24 Estates, the Liquidating Trustee may continue prosecution of the Equitable Subordination Claims in
25 an ES Action seeking any alleged damages, subordination or other remedies that may be available
26 for the benefit of, and attributable to, the ES Claims of any Non-Settling ES Claimants, as
27 determined by the court with jurisdiction over such actions; provided, that the PRA Recovery
28 Security Pool will be the sole source for recovery on an ES Judgment, unless a Lehman Lender

1 elects to pay Cash in lieu thereof.**ES Litigation Loan.** Unless all of the ES Plan Debtors’ Estates
2 accept the ES Settlement Offer (through the acceptance of the ES Settlement Offer by at least one-
3 half in number and two-thirds in amount of the voting ES Claimants of each such ES Plan Debtor’s
4 Estate), a Lehman Lender will make available a loan in the aggregate principal amount of up to \$1
5 million to the Liquidating Trustee for the Estates of those ES Plan Debtors for which the
6 Liquidating Trustee continues to prosecute Equitable Subordination Claims, which loan may be
7 used solely for the payment of ES Litigation Expenses (as more fully defined below, the “ES
8 Litigation Loan”).

9 **(ii) Concessions by Lehman Lenders to Facilitate Collection of**
10 **ES Judgments.** Although the Lehman Lenders believe they will defeat any Equitable
11 Subordination Claims in an ES Action, to further incentivize support of all ES Claimants for the
12 Lehman Plan, including Non-Settling ES Claimants, the Lehman Lenders, solely in connection with
13 and for confirmation and the effectiveness of the Lehman Plan, agree to the following in connection
14 with entry of an ES Judgment subordinating the Lehman Secured Claims to the ES Claims, if any
15 such judgment is entered:

16 **A. Excess Values Otherwise Available to Pay the Lehman Creditors from**
17 **Certain ES Plan Debtors’ Projects Are to be Collateral for Equitable**
18 **Subordination Claims that Benefit ES Claimants of Other ES Plan Debtors.**

19 For some particular ES Plan Debtors’ Estates, the Net Cash
20 Proceeds from the sale of their PRA Security Projects or other Assets likely would be insufficient
21 to pay the Allowed ES Claims against those Estates and, for other particular ES Plan Debtors’
22 Estates, such Net Cash Proceeds likely would exceed the Allowed ES Claims against their Estates.
23 Instead of any such excess Net Cash Proceeds being available next to the Lehman Creditors, as
24 Holders of Secured Claims or subordinated Secured Claims against those Estates, the Lehman
25 Creditors, to their own detriment, have agreed, by virtue of permitting the PRA Security Pool to
26 secure all ES Judgments, to voluntarily subordinate their remaining Secured Claims in any such
27 excess values in the PRA Security Projects to any unpaid portion of an ES Judgment as to other ES
28 Plan Debtors’ Estates.

1 **B. To Obtain the ES Judgment in the First Instance for Del Rio and SJD**
2 **Partners, No Showing Will be Required that the Subject Estates Had**
3 **Enough Value In Them to Pay their ES Claims Without Regard to Any**

4 **Lehman Secured Claim.** As to the Estates of Del Rio and SJD Partners only,
5 the Lehman Creditors will waive an objection or defense, that, even were the applicable Lehman
6 Secured Claim ignored, there was insufficient value in those Estates to pay their Allowed ES
7 Claims, provided that (I) all other grounds necessary to obtain an ES Judgment have been satisfied,
8 and (II) the applicable Estate executes the Del Rio / SJD Partners Release within forty-five (45)
9 days following the Effective Date.

10 **1.3.9 Plan Funding by Lehman Lenders.** The Lehman Lenders will make
11 substantial funding available to enable the confirmation and implementation of the Lehman Plan,
12 including payment of certain Administrative Claims, Project related expenses, certain Post-
13 Confirmation Expenses and certain settlement amounts. Such funding will be provided either (i)
14 through new transfers of Cash by a Lehman Lender, or (ii) by the Lehman Lenders foregoing the
15 full extent of adequate protection to which Lehman Creditors otherwise would claim entitlement
16 with respect to their substantial Cash Collateral being held in escrow or held by the Estates, and
17 instead permitting use of such Cash Collateral, as and to the extent set forth more fully herein
18 below.

19 **II.**

20 **DEFINITIONS AND RULES OF INTERPRETATION**

21 **2.1 Definitions.** The following defined terms are used in the Lehman Plan. Any
22 capitalized term that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy
23 Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy
24 Rules.

25 **2.1.1 10000 Santa Monica Project.** The Project owned by SunCal Century
26 City, located in Century City, California.

27 **2.1.2 Acquisitions.** SCC Acquisitions, Inc., a California corporation, and the
28 Debtors' indirect parent, but not a Debtor in any of the Cases.

1 **2.1.3 Acton Estates.** Acton Estates, LLC, a Delaware limited liability, a
2 Voluntary Debtor herein, and the owner of the Acton Project.

3 **2.1.4 Acton Project.** The Project owned by Acton Estates, located in Los
4 Angeles County, California, as more particularly described herein.

5 **2.1.5 Administrative Claim(s).** Any Claim against a Plan Debtor incurred
6 after the applicable Petition Date for such Plan Debtor but before the Confirmation Date for any
7 cost or expense of administration of the Cases of the Plan Debtors entitled to priority under Section
8 507(a)(2) or (3) of the Bankruptcy Code, including, without limitation, any fees or charges assessed
9 against the Estates of the Plan Debtors under Section 1930 of Title 28 of the United States Code.

10 **2.1.6 Administrative Claim Bar Date.** The General Administrative Claim Bar
11 Date and the Administrative Tax Claim Bar Date.

12 **2.1.7 Administrative Tax Claim(s).** A request for payment of an
13 Administrative Claim by a governmental unit for Taxes (or for interest or penalties related to such
14 Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from
15 and including the applicable Petition Date through and including the Effective Date.

16 **2.1.8 Administrative Tax Claim Bar Date.** The earlier of (a) any bar date
17 otherwise established by the Bankruptcy Court or (b) on or before the later of (i) sixty (60) days
18 following the Effective Date; and (ii) 180 days following the filing of the tax return for such taxes
19 for such tax year or period with the applicable governmental unit.

20 **2.1.9 Affiliate.** As to any Person, any other Person that directly or indirectly
21 owns or controls, is owned or controlled by, or is under common ownership or control with, such
22 Person. The term "control" (including, with correlative meanings, the terms "controlled by" and
23 "under common control with"), as applied to any Person, means the possession, direct or indirect,
24 of the power to direct or cause the direction of the management and policies of such Person,
25 whether through the ownership of voting securities or other equity ownership interest, by contract
26 or otherwise; provided that as to any Lehman Related Party, the term "Affiliate" does not include
27 any Debtor.
28

1 **2.1.10** Allowed. This term is used both separately and in conjunction with other
2 defined terms herein (*e.g.*, Allowed Tax Claims) and means:

3 a. with respect to any Administrative Claim (a) if the Claim is based
4 upon a Fee Application, an unsecured Claim in the amount of such Fee Application that has been
5 approved by a Final Order of the Bankruptcy Court; (b) if the Claim is based upon any
6 indebtedness or obligation incurred in the ordinary course of business of the Plan Debtors and is not
7 otherwise subject to an Administrative Claim Bar Date, in the amount of such Claim and with a
8 status as secured or unsecured as each are asserted by such creditor and not disputed by the
9 Liquidating Trustee or the Lehman Lenders, failing which, the amount and secured or unsecured
10 status thereof as fixed by a Final Order of the Bankruptcy Court; or (c) if the Holder of such Claim
11 was required to File and has Filed proof thereof with the Bankruptcy Court prior to an
12 Administrative Claim Bar Date, (1) in the amount and with the status as secured or unsecured and in
13 the statutory priority as stated in such proof of Administrative Claim if no objection to such proof
14 of Administrative Claim is interposed within the applicable period of time, if any, fixed by the
15 Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Court or the Lehman Plan, or (2) in the
16 amount and with the status as secured or unsecured and in the statutory priority as fixed by Final
17 Order of the Bankruptcy Court if an objection to such proof was interposed within any applicable
18 period of time so fixed; and

19 b. with respect to any Claim which is not an Administrative Claim, (a) if
20 no objection to such Claim was interposed by the Claims Objection Deadline, (1) if the Holder of
21 such other Claim did not File proof thereof with the Bankruptcy Court on or before the Claims Bar
22 Date, in the amount of such Claim and with the status as secured or unsecured and with the
23 statutory priority as listed in the Plan Debtors' Schedules if listed as neither disputed, contingent or
24 unliquidated and (2) if the Holder of such Claim has Filed a Proof of Claim therefor with the
25 Bankruptcy Court on or before the Claims Bar Date, in the amount and with the status as secured or
26 unsecured and in the statutory priority as stated in such Proofs of Claim, or (b) if an objection to
27 such Claim was interposed by the Claims Objection Deadline, in the amount and with the status as
28

1 secured or unsecured and in the statutory priority thereof as fixed by Final Order of the Bankruptcy
2 Court;

3 c. with respect to a Claim's status as an ES Claim, (a) with ES Claim
4 status if ES Claim status is alleged on the Holder's Ballot in the manner provided therefor and if no
5 objection thereto is interposed by the Claims Objection Deadline, (b) with ES Claim status if
6 alleged by the Liquidating Trustee and either (1) the Lehman Creditors and any surviving
7 Committee consent or (2) no objection thereto is Filed by the later of the Claims Objection
8 Deadline or seventy-five (75) days after notice thereof to any surviving Committees and the
9 Lehman Creditors or (c) as fixed by Final Order of the Bankruptcy Court; and

10 d. with respect to any Interest, (a) if no objection to such Interest was
11 interposed within the applicable period of time fixed by the Bankruptcy Code, the Bankruptcy
12 Rules, the Lehman Plan or the Bankruptcy Court, (1) if the Holder of such Interest did not File
13 proof thereof with the Bankruptcy Court within the applicable period of time fixed by the
14 Bankruptcy Code, the Bankruptcy Rules, the Lehman Plan or the Bankruptcy Court, in the number,
15 amount or percentage of such Interest and with the nature thereof as listed in the Plan Debtors'
16 Schedules if listed as neither disputed, contingent or unliquidated and (2) if the Holder of such
17 Interest has Filed a Proof of Interest therefor with the Bankruptcy Court within the applicable
18 period of time fixed by the Bankruptcy Code, the Bankruptcy Rules, the Lehman Plan or the
19 Bankruptcy Court, in the number, amount or percentage of such Interest and with the nature thereof
20 as stated in such Proof of Interest, or (b) if an objection to such proof was interposed within the
21 applicable period of time fixed by the Bankruptcy Code, the Bankruptcy Rules, the Lehman Plan or
22 the Bankruptcy Court, in the number, amount or percentage of such Interest and nature thereof as
23 fixed by Final Order of the Bankruptcy Court; but

24 e. with respect to any Administrative Claim, Claim or Interest, the term
25 "Allowed" does not signify whether or not such Administrative Claim, Claim or Interest has been
26 subordinated to another Administrative Claim, Claim or Interest or is entitled to the benefits of such
27 subordination.

28 **2.1.11 Allowed Amount.** The amount in which a Claim or Interest is Allowed.

1 **2.1.12** Arch. Arch Insurance Company, a Bond Issuer.

2 **2.1.13** Assets. All assets that are property of the Debtor(s) pursuant to
3 Bankruptcy Code Section 541.

4 **2.1.14** Available Cash. Cash held by each Plan Debtor as of the Effective Date
5 other than Cash Collateral.

6 **2.1.15** Avoidance Actions. All Claims and defenses to Claims accruing to the
7 Plan Debtors and their Estates under Bankruptcy Code Sections 506(d), 510(c), 541, 544, 545, 547,
8 548, 549, 550, or 551.

9 **2.1.16** Ballot. The ballot to vote to accept or reject the Lehman Plan and to vote
10 for acceptance or rejection of the ES Settlement Offer.

11 **2.1.17** Bankruptcy Code. The Bankruptcy Reform Act of 1978, as amended, as
12 set forth in Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as applicable to the Cases.

13 **2.1.18** Bankruptcy Court. The United States Bankruptcy Court for the Central
14 District of California, having jurisdiction over the Cases and, to the extent of any withdrawal of the
15 reference made pursuant to Section 157 of Title 28 of the United States Code, the United States
16 District Court for the Central District of California; or, in the event such courts cease to exercise
17 jurisdiction over the Cases, such court or unit thereof that exercises jurisdiction over the Cases in
18 lieu thereof.

19 **2.1.19** Bankruptcy Rules. Collectively, as now in effect or hereafter amended
20 and as applicable to the Cases, (i) the Federal Rules of Bankruptcy Procedure, and (ii) the Local
21 Bankruptcy Rules and General Orders applicable to cases pending before the Bankruptcy Court.

22 **2.1.20** Beaumont Heights Project. The Project owned by SunCal Beaumont,
23 located in the City of Beaumont, California, as more particularly described herein.

24 **2.1.21** Bickford Ranch Project. The Project owned by SunCal Bickford,
25 located in the City of Penryn, California, as more particularly described herein.

26 **2.1.22** Bickford Second Lien Loan Agreement. That certain promissory note,
27 dated as of May 25, 2005, in the maximum aggregate principal amount of approximately
28 \$30,000,000, made by SunCal Bickford, as borrower, and payable to the order of Lehman ALI, as

1 lender. The loan made pursuant to and/or evidenced by the Bickford Second Lien Loan Agreement
2 is secured by a second priority deed of trust on the Bickford Ranch Project. The outstanding
3 balance of the loan under the Bickford Second Loan Agreement was not less than \$54,494,059.38
4 as of the applicable Petition Date.

5 **2.1.23 Bond Claim(s).** Any Claim against the Debtor(s) and a Bond Issuer
6 under various payment or performance bonds issued by a Bond Issuer.

7 **2.1.24 Bond Claimant.** Holder(s) of a Bond Claim.

8 **2.1.25 Bond Issuer(s).** Bond Safeguard and Arch in their capacities as issuers
9 and sureties for payment and performance bonds for the benefit of certain of the Debtors and with
10 respect to and for the benefit of the Projects owned by such Debtors.

11 **2.1.26 Bond Obligation(s).** The alleged obligation(s) of the Bond Obligor(s) to
12 indemnify the Bond Issuers for any payments made by the Bond Issuers to Holders of Bond
13 Claims.

14 **2.1.27 Bond Obligor(s).** Obligors who are liable to a Bond Issuer for any
15 payments made by such Bond Issuer to a Bond Claimant or for performance obligations under any
16 performance bonds issued by such Bond Issuer for the benefit of any of the Debtors or their
17 respective Projects. Arch asserts that the Bond Obligors under payment and performance bonds
18 issued by Arch for the benefit of any Debtor or with respect to any Project are all of the Debtors,
19 Acquisitions and Elieff. Bond Safeguard asserts that the Bond Obligors under payment and
20 performance bonds issued by Bond Safeguard for the benefit of any Debtor or with respect to any
21 Project are the respective Debtors for whose benefit such bonds were issued, Acquisitions and
22 Elieff.

23 **2.1.28 Bond Safeguard.** Bond Safeguard Insurance Company, a Bond Issuer.

24 **2.1.29 Business Day.** Any day, other than a Saturday, a Sunday or a "legal
25 holiday," as defined in Bankruptcy Rule 9006(a); provided that with reference to the date on which
26 something is to be Filed, it shall not include a day on which the applicable court is inaccessible for
27 the purpose of Filing such paper.
28

1 **2.1.30 Cases.** The chapter 11 cases of the Debtors pending before the
2 Bankruptcy Court.

3 **2.1.31 Cash.** Currency of the United States of America and cash equivalents,
4 including, but not limited to, bank deposits, immediately available or cleared checks, drafts, wire
5 transfers and other similar forms of payment.

6 **2.1.32 Cash Collateral.** This term is used in reference to certain Assets of a
7 Plan Debtor's Estate with the same meaning as set forth in Bankruptcy Code Section 363(a).

8 **2.1.33 Claim.** A claim — as Bankruptcy Code section 101(5) defines the term
9 "claim"— against any Plan Debtor or any Plan Debtor's property, including, without limitation (a)
10 any right to payment from any of the Plan Debtors, whether or not such right is reduced to
11 judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed,
12 legal, equitable, secured, or unsecured and (b) any right to an equitable remedy for breach of
13 performance if such breach gives rise to a right of payment from any of the Plan Debtors, whether
14 or not such right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed,
15 contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

16 **2.1.34 Claims Bar Date.** For Claims, other than Administrative Claims, the last
17 date for Filing proofs of Claim as was established by order or orders of the Bankruptcy Court
18 entered prior to September 9, 2009, which date was March 31, 2009 for certain Claims.

19 **2.1.35 Claims Objection Deadline.** For a Claim other than an Administrative
20 Claim and except as otherwise set forth in the Lehman Plan, the first Business Day following the
21 one hundred and twentieth (120th) day after the later of (a) the Effective Date or (b) the applicable
22 bar date for the Claim; provided that: (a) for the ES Claims of Settling ES Claimants, instead, the
23 first Business Day that is at least sixty (60) days after the Effective Date; (b) upon application to the
24 Bankruptcy Court, the Liquidating Trustee or Lehman Lenders may obtain an extension of any such
25 deadline for up to sixty (60) days for cause shown; and (c) any deadline may be extended by
26 agreement of the potential target of the objection and the Liquidating Trustee or a Lehman Lender.

27 **2.1.36 Class.** Each group of Claims or Interests classified in Article IV of the
28 Lehman Plan pursuant to Sections 1122 and 1123 of the Bankruptcy Code.

1 **2.1.37 Committees.** Collectively, the Voluntary Debtors' Committee and the
2 Trustee Debtors' Committee.

3 **2.1.38 Confirmation Date.** The date on which the Confirmation Order is
4 entered in the Bankruptcy Court's docket.

5 **2.1.39 Confirmation Order.** The order entered by the Bankruptcy Court
6 confirming the Lehman Plan in accordance with the provisions of chapter 11 of the Bankruptcy
7 Code.

8 **2.1.40 Creditor.** Any Person who is the Holder of a Claim against any Debtor
9 that arose or accrued or is deemed to have arisen or accrued or to have matured, or otherwise
10 become due, owing, and payable on or before the applicable Debtor's Petition Date, including,
11 without limitation, Claims of the kind specified in Sections 502(g), 502(h) or 502(i) of the
12 Bankruptcy Code.

13 **2.1.41 Cross-Collateralization Action.** An Avoidance Action against a
14 Lehman Related Party that relates to a Cross-Collateralization Claim that is timely Filed and Filed
15 no later than sixty (60) days following the Effective Date.

16 **2.1.42 Cross-Collateralization Claim.** A Claim against any Lehman Creditor
17 under state or federal fraudulent transfer laws, provided: (a) it is set forth in a complaint Filed no
18 later than sixty (60) days following the Effective Date and (b) such Claim seeks to set aside a
19 Lehman Secured Claim as against a particular Plan Debtor's Estate based on the principal amount
20 of such Lehman Secured Claim against such Plan Debtor's Estate exceeding the funds alleged by
21 the Debtors to have been advanced for the subject collateral or to have directly or indirectly
22 benefitted the applicable Plan Debtor in connection with the applicable Lehman Loan.

23 **2.1.43 Cross-Collateralization Judgment.** Any judgment in favor of the
24 Liquidating Trustee pursuant to or as a result of a Cross-Collateralization Action against a Lehman
25 Related Party.

26 **2.1.44 Danske Bank.** Danske Bank A/S London Branch.

27 **2.1.45 Danske Secured Claim.** The Secured Claim of Danske Bank, a Lehman
28 Successor, arising from the SunCal Century City Loan Agreement.

1 **2.1.46** **Debtor(s).** Individually or collectively, the Voluntary Debtors and the
2 Trustee Debtors.

3 **2.1.47** **Debtor(s)-in-Possession.** The Voluntary Debtor(s) when acting in their
4 capacity as representatives of their respective Estates in their respective Cases.

5 **2.1.48** **Debtors' Second Amended Disclosure Statement.** The Debtors'
6 Second Amended Joint Disclosure Statement Describing Debtors' Second Amended Joint Chapter
7 11 Plan, dated June 10, 2009.

8 **2.1.49** **Del Amo Project.** The Project owned by SunCal Torrance, located in the
9 City of Torrance, California, as more particularly described herein.

10 **2.1.50** **Del Rio.** North Orange Del Rio Land, LLC, a Delaware limited liability
11 company, a Voluntary Debtor herein, and the owner and holder of the Del Rio Rights and the Del
12 Rio CFD Bond Proceeds.

13 **2.1.51** **Del Rio CFD Bond Proceeds.** All proceeds of those certain bonds to be
14 designated as "City of Orange, Community Facilities District No. 06-01 (Del Rio Public
15 Improvements) 2007 Special Tax Bonds" or similarly designated bonds to be issued by the City of
16 Orange, California in connection with that certain community facilities district established by the
17 City and known as the City of Orange Community Facilities District No. 06-01 (Del Rio Public
18 Improvements).

19 **2.1.52** **Del Rio Development Agreement.** Development Agreement, recorded
20 on July 27, 2004 in the Official Records of Orange County, California as Instrument No. 2004-
21 000677141, as amended by (i) that certain First Operating Memorandum, dated August 17, 2006,
22 (ii) that certain Second Operating Memorandum, dated December 5, 2006, (iii) that certain
23 Operating Memorandum No. 3, dated May 22, 2007, and (iv) that certain Operating Memorandum
24 No. 4, dated July 21, 2008.

25 **2.1.53** **Del Rio PSA.** That certain Purchase Agreement and Escrow Instruction
26 (Del Rio) dated as of June 14, 2005 by and among Del Rio, as the seller, and Lennar Homes of
27 California and Centex Homes, as the buyers, as assigned by the buyers to Lennar Centex Del Rio
28 Partners, LLC per that certain Assignment of Purchase Agreement and Escrow Instructions dated as

1 of November 14, 2005, as amended by that certain First Amendment to Purchase Agreement and
2 Escrow Instructions (Del Rio) and that certain Second Amendment to Purchase Agreement and
3 Escrow Instructions (Del Rio) dated as of January 30, 2007.

4 **2.1.54 Del Rio Rights.** Collectively, (i) all right, title and interest of Del Rio, as
5 developer or in any other capacity, in, to, under or pursuant to the Del Rio Development Agreement
6 including, without limitation, all any and all Del Rio CFD Bond Proceeds, and (ii) all right, title and
7 interest of Del Rio, as seller, under the Del Rio PSA including, without limitation, all profit
8 participation, proceeds, revenues and income to which Del Rio is or may be entitled thereunder.

9 **2.1.55 Del Rio / SJD Partners Release.** A release, in a form reasonably
10 acceptable to the Lehman Lenders, to be executed within forty-five (45) days following the
11 Effective Date by the Liquidating Trustee for the Estate of Del Rio or the Estate of SJD Partners to
12 obtain certain benefits described in Section 7.8.5(b)(2) of the Lehman Plan that is in a form or
13 substantially the form of the Plan Release set forth in Section 7.10 of the Lehman Plan, but (a)
14 without any exception, as matters not to be released, for Cross-Collateralization Claims or
15 Avoidance Actions and (b) with additional releases consisting of all and any owners of the
16 applicable Project(s) or other Assets that were at any time owned by Del Rio or SJD Partners, as
17 applicable.

18 **2.1.56 Delta Coves.** Delta Coves Venture, LLC, a Delaware limited liability
19 company, a Trustee Debtor herein, and the owner of the Delta Coves Project.

20 **2.1.57 Delta Coves Loan Agreement.** That certain Amended and Restated
21 Loan Agreement, dated as of April 20, 2007, by and between Delta Coves, as borrower, and
22 Lehman ALI, as agent and lender, pursuant to which the lenders thereunder made a loan to the
23 borrower in the maximum aggregate principal amount of approximately \$236,000,000. The loan
24 made pursuant to and/or evidenced by the Delta Coves Loan Agreement is secured by a first
25 priority deed of trust on the Delta Coves Project. The outstanding balance of the loan under the
26 Delta Coves Loan Agreement was not less than \$206,023,142.48 as of the applicable Petition Date.

27 **2.1.58 Delta Coves Project.** The Project owned by Delta Coves, located in
28 Bethel Island in Contra Costa County, California, as more particularly described herein.

1 **2.1.59 Detailed Sale / Foreclosure Procedures.** The detailed procedures with
2 respect to which the Liquidating Trustee shall sell or convey each of the Remaining Real Estate
3 Projects for which there is a Successful Bidder, either to a third party purchaser, a Lehman
4 Nominee or another Holder of an Allowed Secured Claim, pursuant to and consistent with the
5 Lehman Plan Sale or Foreclosure Procedures, in a form acceptable to the Lehman Creditors and
6 Liquidating Trustee or as reasonably proposed by the Lehman Lenders and approved by the
7 Bankruptcy Court at, or after the hearing on, confirmation of the Lehman Plan, as may be modified
8 after the Confirmation Date by agreement of the applicable Lehman Nominee or other owner and
9 Liquidating Trustee or approval of the Bankruptcy Court.

10 **2.1.60 Disputed Claim(s).** All or any part of a Claim that is not Allowed,
11 including, without limitation, all or part of a Claim as to which any one of the following applies: (i)
12 no Proofs of Claim has been Filed with respect to such Claim and it is not deemed Allowed under
13 the Lehman Plan, and either (a) the Claim is not listed in the Schedules or (b) the Claim is listed in
14 the Schedules as unliquidated, disputed, contingent, unknown or in a zero amount, (ii) the liability
15 for, amount, priority or status of the Claim as secured, status as unsecured or status as an ES Claim
16 (a) is the subject of a pending proceeding, whether arbitration, mediation, litigation, adversary
17 proceeding or otherwise; (b) is subject to offset based upon a Filed judgment, Filed order, Filed
18 stipulation or express provision in an executed agreement that was Filed or executed, as
19 appropriate, after the alleged right to offset arose; (c) is the subject of a timely objection; or (d) is
20 the subject of a request for estimation made in accordance with the Bankruptcy Code, the
21 Bankruptcy Rules, any applicable order of the Bankruptcy Court or the Lehman Plan, in each case
22 that is Filed on or before the Claims Objection Deadline, provided that any such proceeding,
23 objection, or request for estimation has not been dismissed, withdrawn or determined by a Final
24 Order; or (iii) the Claim is otherwise treated as a "Disputed Claim" pursuant to the Lehman Plan.

25 **2.1.61 Distribution(s).** Payment(s) to Holder(s) of an Allowed Claim(s) or
26 Allowed Interest(s) that are provided for under the Lehman Plan.

27 **2.1.62 Distribution Agent.** The Liquidating Trustee.
28

1 **2.1.63 Distribution Date.** With respect to any Allowed Claim or Allowed
2 Interest, the date on which a Distribution is required to be made under the Lehman Plan.

3 **2.1.64 Effective Date.** A date selected by the Lehman Lenders, but in no event
4 later than the sixtieth (60th) day after the Confirmation Date.

5 **2.1.65 Elieff.** Bruce Elieff, the manager of Acquisitions, the indirect parent of
6 all of the Debtors.

7 **2.1.66 Emerald Meadows Project.** The Project owned by SunCal Emerald,
8 located in the City of Rubidoux, California, as more particularly described herein.

9 **2.1.67 Encumbrance.** Any Lien (statutory or otherwise), hypothecation,
10 encumbrance, security interest, mortgage, pledge, restriction, charge, instrument, unassumed
11 affirmative obligations under development agreements or subdivision improvement agreements,
12 license, preference, priority, security agreement, easement, covenant, encroachment, option or other
13 interest in the subject Project, including any right of recovery, tax (including foreign, federal, state
14 and local tax), Order of any governmental authority or other claim there against or therein, of any
15 kind or nature (including (i) any conditional sale or other title retention agreement and any lease
16 having substantially the same effect as any of the foregoing, (ii) any assignment or deposit
17 arrangement in the nature of a security device, (iii) any claims based on any theory that the acquiror
18 is a successor, transferee or continuation of the sellers or their business, and (iv) any leasehold
19 interest, license or other right, in favor of a person other than the transferor in connection with a
20 sale or conveyance, to use any portion of the subject Project), whether secured or unsecured, choate
21 or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or
22 unrecorded, contingent or non-contingent, material or non-material, known or unknown.

23 **2.1.68 Equitable Subordination Claims.** Claims for equitable subordination
24 pursuant to Bankruptcy Code § 510(c) held by an Estate for an ES Claimant against a Lehman
25 Creditor.

26 **2.1.69 ES Action.** (a) That certain adversary proceeding Filed in the Cases and
27 pending before the Bankruptcy Court as Adversary Case No. 8:09-ap-01005 or (b) such other
28

1 adversary proceeding in which Equitable Subordination Claims are asserted that is timely Filed and
2 Filed no later than sixty (60) days following the Effective Date.

3 **2.1.70 ES Claim.** A Claim against an ES Plan Debtor for “new value” (as
4 defined in 11 U.S.C. section 547(a)(2)) voluntarily provided or voluntarily extended to one or more
5 of the ES Plan Debtors after the ES Date and prior to the applicable Petition Date(s); provided that
6 such Claim is not a (i) Secured Claim, (ii) Administrative Claim, (iii) Priority Tax Claim, (iv)
7 Priority Claim, (v) Claim of an Insider or (vi) Claim of either a Lehman Lender or Lehman
8 Successor in such capacity. *E.g.*, ES Claims do not include Claims provided or extended pursuant
9 to a legal or contractual commitment or obligation existing prior to the ES Date. ES Claims are
10 entitled to vote on the ES Settlement as set forth in the Lehman Plan.

11 **2.1.71 ES Claimant.** The Holder of an Allowed ES Claim.

12 **2.1.72 ES Claimant Release and Assignment.** In exchange for the
13 commitment of the Lehman Lenders under the Lehman Plan to make available funding for the ES
14 Pro Rata Settlement Payments from, among other sources, Cash Collateral of the Lehman Creditors
15 as of the Effective Date, in returning its Ballot accepting the ES Settlement Offer, each Settling ES
16 Claimant by Vote shall be deemed to release the ES Claimant Released Claims, from and against
17 all Lehman Releasees and all and any owners of the applicable Project(s) (that were at any time
18 owned by the Plan Debtor against which the applicable Allowed ES Claim is asserted), including
19 the Lehman Nominees, which owners are or were successors or assigns of the applicable Debtor,
20 and, to the extent such ES Claimant Released Claims cannot be released by the ES Claimant,
21 assigns to the applicable Lehman Lender (or if multiple applicable Lehman Lenders, the Lehman
22 Lender holding the most senior Lien against the applicable Estate’s Project), all rights, benefits and
23 interests of the Settling ES Claimant with respect to such ES Claimant Released Claims, all as more
24 fully set forth in Section 7.8.3(i) of the Lehman Plan.

25 **2.1.73 ES Claimant Released Claims.** Any and all of an ES Settling
26 Claimant’s causes of action, actions, rights of action, suits, judgments, liens, indebtedness,
27 damages, losses, claims, liabilities, obligations, attorneys’ fees, costs, expenses and demands of
28 every kind and character, whether known or unknown, suspected or unsuspected, disclosed or

1 undisclosed, including without limitation any Litigation Claims, whether for damages,
2 subordination or other remedies, and including any and any objections or defenses to Lehman
3 Related Party's Claims, Liens, rights, or causes of action, to the extent attributable to the ES Claims
4 of such Settling ES Claimant or to the extent that the Net Cash Litigation Recoveries therefrom
5 would be payable in respect of the ES Claims of such Settling ES Claimant.

6 **2.1.74 ES Date.** August 1, 2007, the earliest date on which the Lehman Lenders
7 are alleged to have engaged in inequitable conduct as described in that certain adversary proceeding
8 Filed in the Cases and pending before the Bankruptcy Court as Adversary Case No. 8:09-ap-01005.

9 **2.1.75 ES Judgment.** A judgment in favor of the Liquidating Trustee on behalf
10 of and for the benefit of any particular group of ES Claimants in connection with any of the
11 Equitable Subordination Claims against a Lehman Related Party.

12 **2.1.76 ES Litigation Expenses.** The reasonable and direct out-of-pocket
13 expenses (but not any legal fees): (a) of and incurred by any replacement legal counsel to Miller
14 Barondess, LLP, that is retained by the Liquidating Trustee on a contingency fee basis to prosecute
15 the Equitable Subordination Claims of any ES Plan Debtor's Estate in an ES Action; (b) which are
16 in excess of any Available Cash in the Post-Confirmation Accounts; and (c) which were incurred in
17 connection with prosecuting the Equitable Subordination Claims in an ES Action; provided that (i)
18 such expenses shall, under no circumstances, include any legal fees (including paralegal fees) or
19 other fees of professionals employed by, or of, the replacement legal counsel or any other law firm
20 (other than the reasonable fees and costs of any retained attorney expert witness) nor (ii) shall such
21 expenses include any fees or expenses incurred or otherwise payable to Miller Barondess, LLP.

22 **2.1.77 ES Litigation Loan.** A loan to be made available by a Lehman Lender
23 pursuant to the terms and conditions of and as further described in Section 7.8 of the Lehman Plan.

24 **2.1.78 ES Litigation Proceeds.** The proceeds of any ES Judgment or settlement
25 (other than the ES Settlement) with respect to Non-Settled ES Claims.

26 **2.1.79 ES Plan Debtors.** All of the Plan Debtors other than: Kirby Estates;
27 Seven Brothers; SunCal Beaumont; SunCal Century City; and SunCal Johannson
28

1 **2.1.80 ES Pro Rata Settlement Payment.** A payment to any particular Holder
2 of an Allowed ES Claim equal to the ES Settlement Amount multiplied by a fraction, the numerator
3 of which shall be the amount of such Holders' Allowed ES Claim and the denominator of which
4 shall be the amount of all Allowed ES Claims and all Allowed Mechanic's Lien Claims.

5 **2.1.81 ES Settlement.** The settlement or settlements of Equitable Subordination
6 Claims relating to any particular Estate of a Plan Debtor upon acceptance of an ES Settlement
7 Offer.

8 **2.1.82 ES Settlement Amount.** The maximum aggregate amount of
9 \$15,000,000 to be made available to the Liquidating Trustee collectively by the Lehman Lenders as
10 provided in Section 7.5 of the Lehman Plan to fund any ES Pro Rata Settlement Payments to be
11 made to the ES Claimants who vote for acceptance of the ES Settlement Offer on their Ballots and
12 return with the Ballots ES Claimant Release and Assignments (included with the Ballots) duly
13 executed by such ES Claimants or who are deemed to have accepted or who are otherwise bound
14 by, the ES Settlement pursuant to the terms of the Lehman Plan.

15 **2.1.83 ES Settlement Offer.** The offer of the applicable Lehman Lender to
16 settle the Equitable Subordination Claims relating to any particular Estate of an ES Plan Debtor by
17 payment of the ES Pro Rata Settlement Payments either (a) to all Holders of Allowed ES Claims
18 against such Estate who return a duly executed ES Claimant Release and Assignment, if there is
19 Estate Acceptance of the ES Settlement by such Estate, or (b) only to the Holders of Allowed ES
20 Claims against such Estate who vote for acceptance of the ES Settlement Offer on their Ballots and
21 return with their Ballots duly executed ES Claimant Release and Assignments, if there is not Estate
22 Acceptance of the ES Settlement by such Estate.

23 **2.1.84 Estate or Estates.** The bankruptcy estates of the Debtors created
24 pursuant to Section 541 of the Bankruptcy Code.

25 **2.1.85 Estate Acceptance of the ES Settlement.** The circumstance by which
26 the Estate of a Plan Debtor accepts the ES Settlement Offer, which occurs if at least one-half in
27 number and two-thirds in amount of the voting ES Claimants in such Estate vote for acceptance of
28

1 the ES Settlement Offer on their Ballots and (unless waived by the Lehman Lenders as to one or
2 more Ballots) return with their Ballots a duly executed ES Claimant Release and Assignment.

3 **2.1.86 Estate ES Settlement Release.** In exchange for the commitment of the
4 Lehman Lenders under the Lehman Plan to make available funding for the ES Pro Rata Settlement
5 Payments from, among other sources, Cash Collateral of the Lehman Creditors, as of the Effective
6 Date, the Estate of each Plan Debtor as to which there is a Settling ES Claimant, on behalf of itself
7 and its Affiliates exclusive of other Debtors herein, shall be deemed to release all claims, including
8 without limitation any Litigation Claims to the extent attributable to the ES Claims of the Settling
9 ES Claimants or to the extent that the Net Cash Litigation Recoveries therefrom would be payable
10 in respect of the ES Claims of the Settling ES Claimants, from and against all Lehman Releasees
11 and all and any owners of the applicable Project(s) (that were at any time owned by the Plan Debtor
12 of the releasing Estate), including the Lehman Nominees, which owners are or were successors or
13 assigns of the applicable Debtor, all as more fully set forth in Section 7.8.2(b)(i) of the Lehman
14 Plan.

15 **2.1.87 Fee Applications.** Applications of Professionals under Sections 330, 331
16 or 503 of the Bankruptcy Code for allowance of compensation and reimbursement of expenses in
17 the Cases.

18 **2.1.88 Fenway Capital.** Fenway Capital Funding LLC, which owns or holds a
19 legal or equitable interest in all or a portion of the Lehman Loans made pursuant to and/or
20 evidenced by the following loan agreements, but for which a Lehman Lender nonetheless continues
21 as agent: (a) SunCal Communities I Loan Agreement; (b) Ritter Ranch Loan Agreement; (c)
22 SunCal PSV Loan Agreement; (d) Delta Coves Loan Agreement; (e) SunCal Marblehead / SunCal
23 Heartland Loan Agreement; (f) SunCal Oak Valley Loan Agreement; and (g) SunCal Northlake
24 Loan Agreement.

25 **2.1.89 Filed.** Delivered to, received by and entered upon the legal docket by the
26 Clerk of the Bankruptcy Court. "File" and "Filing" shall have correlative meanings.

27 **2.1.90 Final Order.** A final and non-appealable judgment, order, ruling or other
28 decree issued and entered by a court of competent jurisdiction.

1 **2.1.91 General Administrative Claim Bar Date.** The last date fixed by the
2 Lehman Plan for the filing of Proofs of Claim or requests for payment of Administrative Claims
3 other than for Taxes. Under the Lehman Plan, the General Administrative Claim Bar Date shall be
4 the first Business Day after the sixtieth (60th) day after the Confirmation Date.

5 **2.1.92 General Unsecured Claim.** A Claim against a Plan Debtor that is not (a)
6 a Secured Claim, (b) an Administrative Claim, (c) a Priority Tax Claim, (d) a Priority Claim or (e)
7 an ES Claim.

8 **2.1.93 Heartland Project.** The Project owned by SunCal Heartland, located in
9 Riverside County, California, as more particularly described herein.

10 **2.1.94 Holder.** The beneficial owner of any Claim or Interest.

11 **2.1.95 Insider.** (1) A Person other than a Lehman Related Party that is an
12 “insider” as defined in Bankruptcy Code Section 101, (2) an Affiliate of a Person or (3) without
13 limiting the foregoing, as to all Debtors, *inter alia*, each other Debtor, SunCal Management, LLC,
14 Acquisitions, Elieff, Voss, Cook & Thel LLP, Greenfield Communications, SunCal Master Venture
15 Member, LLC and SunCal Del Rio, LLC.

16 **2.1.96 Interest.** Any equity security or interest in any Plan Debtor within the
17 meaning of Section 101(16) of the Bankruptcy Code, including, without limitation, any equity
18 ownership interest in any of the Plan Debtors, whether in the form of common or preferred stock,
19 stock options, warrants, partnership interests, membership interests, or any other equity security or
20 interest.

21 **2.1.97 Interim Loan Agreement.** That certain Loan Agreement, dated as of
22 October 31,2007, by and between SCC LLC, as borrower, and Lehman ALI, as agent and lender,
23 pursuant to which the lender thereunder made a loan to the borrower in the maximum aggregate
24 principal amount of approximately \$20,000,000. The outstanding balance of the loan under the
25 Interim Loan Agreement was not less than \$23,795,012.59 as of the applicable Petition Date. The
26 loan made pursuant to and/or evidenced by the Interim Loan Agreement is supported by a
27 Subsidiary Guaranty made by SCC Communities, Tesoro and Del Rio and the obligations of the
28 guarantors thereunder are secured by (a) a first priority deed of trust on the Joshua Ridge Project;

1 (b) a first priority deed of trust on the Tesoro Project; and (c) an assignment of the Del Rio CFD
2 Bond Proceeds.

3 **2.1.98 Johannson Ranch Project.** The Project owned by SunCal Johannson,
4 located in the City of Modesto, California, as more particularly described herein.

5 **2.1.99 Joshua Ridge Project.** The Project owned by SCC Communities,
6 located in the City of Victorville, California, as more particularly described herein.

7 **2.1.100 Kirby Estates.** Kirby Estates, LLC, a Delaware limited liability
8 company, a Voluntary Debtor herein, and the owner of that portion of the Summit Valley Project
9 not owned by SunCal Summit Valley or Seven Brothers.

10 **2.1.101 LCPI.** Lehman Commercial Paper Inc., a New York corporation.

11 **2.1.102 Lehman Administrative Loans.** The post-petition financing provided by
12 Lehman ALI to Palmdale Hills, SunCal Emerald, SunCal Bickford, Acton Estates, SunCal Oak
13 Valley, SunCal Heartland, SunCal Northlake, SunCal Marblehead, SunCal Century City, SunCal
14 PSV, Delta Coves, and SunCal Oak Knoll, under which first priority priming Liens were granted to
15 Lehman ALI on all borrower Debtors' assets (with the exception of SunCal Century City in which
16 the Liens are junior priority), and as to which financing, super-priority administrative status was
17 afforded and the automatic stay was modified to the extent necessary to implement the financing.
18 The aggregate amount of the Lehman Administrative Loans to all of the borrower Debtors was not
19 less than \$1,790,572, as of September 9, 2009.

20 **2.1.103 Lehman ALI.** Lehman ALI, Inc., a Delaware corporation

21 **2.1.104 Lehman Appeal.** Any appeal by a Lehman Related Party relating to the
22 Equitable Subordination Claims in an ES Action or any Cross-Collateralization Claims in a Cross-
23 Collateralization Action.

24 **2.1.105 Lehman Appeal Affected Debtor.** Any Estate of a Plan Debtor that
25 cannot close due to a pending Lehman Appeal concerning such Estate's Assets or liabilities,
26 including subordination of certain of its liabilities to other of its liabilities.

27 **2.1.106 Lehman Commercial.** Lehman Commercial Paper Inc., a New York
28 corporation.

1 **2.1.107 Lehman Creditor.** Lehman Lender or Lehman Successor.

2 **2.1.108 Lehman Creditor Party.** Lehman Lender, Lehman Successor, the direct
3 or indirect parent of either, or an Affiliate of either that is wholly owned by the Lehman Lender,
4 Lehman Successor or by a direct or indirect parent of such Lehman Lender or Lehman Successor.

5 **2.1.109 Lehman Disclosure Statement.** The Disclosure Statement With Respect
6 to Joint Chapter 11 Plan Proposed By Lehman Lenders.

7 **2.1.110 Lehman Lender.** Lehman ALI, Lehman Commercial, Northlake
8 Holdings or OVC Holdings, including each in its capacity as agent, or agent and lender, with
9 respect to the applicable Lehman Loans.

10 **2.1.111 Lehman Loan.** Each loan made pursuant to and/or evidenced by the
11 following agreements: (a) SunCal Communities I Loan Agreement; (b) Bickford Second Lien Loan
12 Agreement; (c) Ritter Ranch Loan Agreement; (d) SCC Palmdale Loan Agreement; (e) Interim
13 Loan Agreement; (f) SunCal Oak Knoll/SunCal Torrance Loan Agreement; (g) SunCal PSV Loan
14 Agreement; (h) Delta Coves Loan Agreement; (i) SunCal Marblehead / SunCal Heartland Loan
15 Agreement; (j) SunCal Oak Valley Loan Agreement; and (k) SunCal Northlake Loan Agreement.

16 **2.1.112 Lehman Nominee(s).** The entity or each entity designated by the
17 Lehman Lenders, or any of them, to take title to a Remaining Real Estate Project as to which a
18 Lehman Creditor is the Successful Bidder.

19 **2.1.113 Lehman Plan.** This *Joint Chapter 11 Plan Proposed By Lehman*
20 *Lenders*, together with the Exhibits hereto, as the same may be amended, modified or restated from
21 time to time.

22 **2.1.114 Lehman Plan Sale or Foreclosure Procedures.** The marketing, bidding
23 and sale or transfer by foreclosure procedures for a sale or disposition of some or all of the Projects
24 after confirmation of the Lehman Plan, all as more fully set forth in Section 7.7.2 of the Lehman
25 Plan.

26 **2.1.115 Lehman Post-Confirmation Expenses.** Post-Confirmation Expenses
27 incurred with respect to a Litigation Claim against a Lehman Related Party, other than ES
28

1 Litigation Expenses to the extent susceptible of satisfaction from the proceeds of the ES Litigation
2 Loan.

3 **2.1.116 Lehman Post-Confirmation Loan(s).** All funding made available to the
4 Liquidating Trustee in connection with, or after, the Effective Date from either or both new Cash
5 transfers from or on behalf of a Lehman Related Party or by a Lehman Lender permitting the use of
6 Cash Collateral of a Lehman Creditor, in either case to be in the form of one or more loans, plus all
7 costs, fees and expenses incurred in connection with making or collecting such loan(s), plus ten
8 percent (10%) annual, compounded interest on the outstanding balance of such loan(s).

9 **2.1.117 Lehman Proponents.** The Lehman Lenders, in their capacity as
10 proponents of the Lehman Plan.

11 **2.1.118 Lehman Related Party.** A Lehman Lender, Lehman Successor or
12 Lehman Nominee, or an Affiliate of any of them.

13 **2.1.119 Lehman Releasees.** The Lehman Lenders, LV Pacific Point LLC,
14 Lehman Re Ltd., all other defendants in an ES Action, their respective Affiliates and each of their
15 respective officers, directors, employees, agents, successors and assigns, including, without
16 limitation, the Lehman Successors.

17 **2.1.120 Lehman Secured Claim.** A Secured Claim held by a Lehman Creditor.

18 **2.1.121 Lehman Settlement Approval.** Entry of a judgment, order, ruling or
19 other decree by the United States Bankruptcy Court for the Southern District of New York, which
20 court has jurisdiction over the case of Lehman Commercial under the Bankruptcy Code (jointly
21 administered under case no. 08-13555), approving the actions of Lehman Commercial in proposing,
22 voting for, participating in and implementing the settlement(s) represented by the Lehman Plan.

23 **2.1.122 Lehman Successor.** Any entity, other than a Lehman Lender, that either
24 asserts to be or is determined by the Bankruptcy Court to be the owner of a Lehman Loan or any
25 portion thereof, such as Fenway Capital.

26 **2.1.123 Liquidating Trustee.** An individual nominated by a Committee(s),
27 identified no later than ten (10) Business Days prior to the commencement of the hearing on
28 confirmation of the Lehman Plan and approved by the Bankruptcy Court as qualified to serve in

1 such capacity under the Lehman Plan; provided that if no other such person is so nominated,
2 identified and approved, the Trustee shall serve as the Liquidating Trustee.

3 **2.1.124 Litigation Claim(s).** Any and all interests of the Liquidating Trustee,
4 Plan Debtors or their Estates in any and all claims, Liens, rights, causes of action, and objections or
5 defenses to Claims, Liens, rights, or causes of action to the extent not waived, released or
6 compromised under the Lehman Plan that have been or may be commenced by the Debtor(s), the
7 Liquidating Trustee, the Trustee, or the Committee(s), as the case may be, including, but not
8 limited to (i) Avoidance Actions, including any Cross-Collateralization Action or other Avoidance
9 Action against a Lehman Related Party; (ii) Claims, rights or causes of action for turnover of
10 property to the Plan Debtors' Estates and/or Liquidating Trustee; (iii) Claims, rights or causes of
11 action for the recovery of property by, or payment of money to, the Plan Debtors' Estates or the
12 Liquidating Trustee, including Equitable Subordination Claims in an ES Action and Cross-
13 Collateralization Claims in a Cross-Collateralization Action; (iv) the right of the Liquidating
14 Trustee to compensation in the form of damages, recoupment, or setoff; and (v) objections to
15 Claims.

16 **2.1.125 Litigation Recoveries.** Any Cash or other property received by the
17 Trustee, the Plan Debtors, the Liquidating Trustee, or the Committees, as the case may be, from all
18 or any portion of a Litigation Claim(s), including, but not limited to, awards of damages, attorneys'
19 fees and expenses, interest and punitive damages, whether recovered by way of settlement,
20 execution on judgment or otherwise.

21 **2.1.126 Marblehead Project.** The Project owned by SunCal Marblehead, located
22 in the City of San Clemente, California.

23 **2.1.127 Maximum DOT Security Amount.** The aggregate amount secured by
24 the PRA Recovery Deeds of Trust at any time which shall be equal to the Maximum PRA Recovery
25 Amount less the aggregate amount in the Plan Reserve (including any interest accrued on funds
26 therein).

27 **2.1.128 Maximum PRA Recovery Amount.** An amount that serves as the
28 maximum aggregate amount secured by the PRA Recovery Security Pool and equals specifically,

1 the sum of the following: (a) \$1.74 million, if and only if there is a pending Reconveyance
2 Agreement evidencing the obligation, upon entry of a Cross-Collateralization Judgment, to
3 reconvey the Acton Project, Joshua Ridge Project or Tesoro Project to the applicable Plan Debtors;
4 and (b) for an ES Judgment, (i) \$200 million less, if applicable, (ii) the amount determined as set
5 forth in clause (a) hereof, if any, multiplied by (iii) the Non-Settling ES Claimant Percentage;
6 provided that, on motion of a Lehman Related Party, the amounts set forth in clauses (a) or (b)(i)
7 hereof may be reduced upon a Final Order of the Bankruptcy Court, as described in Section
8 7.7.2(c)(v) of the Lehman Plan.

9 **2.1.129 Mechanic's Lien Claim.** Mechanic's lien claims against a Plan Debtor's
10 Project arising pursuant to California Civil Code §3110, et seq. that were either allegedly perfected
11 prepetition or otherwise and allegedly satisfy the requirements of Bankruptcy Code Section 546(b).

12 **2.1.130 Negative Covenant.** The provision in each PRA Recovery Deed of Trust
13 that the applicable Lehman Nominee will not cause, through an affirmative action on its part (as
14 opposed to any inaction or failure to act), any hazardous substances to be deposited onto the
15 applicable PRA Security Project encumbered by such PRA Recovery Deed of Trust at any time
16 following the acquisition of title to such PRA Security Project by such Lehman Nominee and prior
17 to the sale of such PRA Security Project; provided, however, that the Lehman Nominee shall have
18 no obligation to (1) clean up, remove or remediate any existing hazardous substances (including,
19 without limitation, any asbestos, mold or petroleum products) which may be present on or within
20 such PRA Security Project or which may be emanating therefrom as of the date of the conveyance
21 of such property to such Lehman Nominee or (2) take any action or incur any expense to prevent
22 hazardous substances from existing or being present on or within such PRA Security Project or
23 from otherwise emanating therefrom except as specifically provided above.

24 **2.1.131 Net Cash Litigation Recoveries.** Any Litigation Recoveries consisting
25 of Cash and any Cash proceeds of Litigation Recoveries less associated Post-Confirmation
26 Expenses incurred in connection therewith.

27 **2.1.132 Net Cash Proceeds.** Net Proceeds consisting of Cash.
28

1 **2.1.133 Net Proceeds.** Gross proceeds of sale, liquidation or refinancing, less
2 costs, expenses, fees, commissions, taxes (including federal, state and local income tax calculated
3 at an assumed rate of forty-five percent (45%)) and other charges incurred directly in the sale,
4 liquidation or refinancing of the underlying asset, including payment of senior Liens or
5 encumbrances.

6 **2.1.134 Non-Settled ES Claims.** The ES Claims of Non-Settling ES Claimants.

7 **2.1.135 Non-Settling ES Claimant(s):** With respect to each Estate of an ES Plan
8 Debtor, ES Claimants that do not vote to accept the ES Settlement Offer, unless there is Estate
9 Acceptance of the ES Settlement for such Estate, in which case there shall be no Non-Settling
10 ES Claimants of such Estate.

11 **2.1.136 Non-Settling ES Claimant Percentage.** The percentage of Allowed ES
12 Claims that are held by Non-Settling ES Claimants.

13 **2.1.137 Northlake Holdings.** Northlake Holdings LLC, a Delaware limited
14 liability company.

15 **2.1.138 Northlake Project.** The Project owned by SunCal Northlake, located in
16 the City of Castaic California, as more particularly described herein.

17 **2.1.139 Oak Knoll Project.** The Project owned by SunCal Oak Knoll, located in
18 the City of Oakland, California, as more particularly described herein.

19 **2.1.140 Oak Valley Project.** The Project owned by SunCal Oak Valley, located
20 in Riverside County, California, as more particularly described herein.

21 **2.1.141 Other Secured Claim.** A Secured Claim that is not a Secured Real
22 Property Tax Claim, Lehman Secured Claim or Danske Secured Claim.

23 **2.1.142 OVC Holdings.** OVC Holdings LLC, a Delaware limited liability
24 company.

25 **2.1.143 Pacific Point Project.** The Project formerly owned by SJD Partners,
26 which was non-judicially foreclosed upon pursuant to a sale on August 28, 2008 by LV Pacific
27 Point LLC, a Delaware limited liability company.
28

1 **2.1.144 Palmdale Hills.** Palmdale Hills Property, LLC, a Delaware limited
2 liability company, a Voluntary Debtor herein, and the owner of the Ritter Ranch Project, the Ritter
3 Cash and the Palmdale Hills CFD Bonds.

4 **2.1.145 Palmdale Hills CFD Bonds.** Certain community facilities district bonds
5 issued by the City of Palmdale that are owned by Palmdale Hills.

6 **2.1.146 Palm Springs Village Project.** The Project owned by SunCal PSV,
7 located in the City of Palm Springs, California, as more particularly described herein.

8 **2.1.147 Permitted Liens.** (a) Statutory liens for Secured Real Property Tax
9 Claims; (b) easements, covenants, conditions, restrictions and other matters of record affecting real
10 property, leasehold estates or personalty or any interest therein (excluding any rights of appeal from
11 the Final Order with respect to the sale or conveyance of the Project) that (i) appear on the lender
12 title insurance policies concerning such Project issued to the relevant Lehman Lender or (ii) do not
13 in any material respect detract from the value of the relevant Project and do not individually or in
14 the aggregate in any material respect interfere with the use, ownership or operation of the property,
15 excluding Liens that will be removed and stricken as against the relevant Project pursuant to the
16 Final Order with respect to the sale or conveyance of the Project, (c) the effect of any building and
17 zoning regulations, now existing or hereafter in effect with respect to the relevant Project that are
18 not violated by the current use of the Project, (d) oil, mineral and/or water rights, and claims of title
19 thereto, shown by the public records, (e) discrepancies, conflicts in boundary lines, shortages in
20 area or encroachments which an inspection or survey of the subject Project would disclose and (f)
21 other Liens to which the transferor of the property, in connection with such transfer, agrees to take
22 subject.

23 **2.1.148 Person.** An individual, partnership, corporation, limited liability
24 company, business trust, joint stock company, trust, unincorporated association, joint venture,
25 governmental authority, governmental unit, committee or other entity of whatever nature.

26 **2.1.149 Petition Dates.** The following are dates that each of the Voluntary
27 Debtors Filed their voluntary chapter 11 petitions or Creditors Filed involuntary chapter 11
28 petitions against the Trustee Debtors:

Palmdale Hills	November 6, 2008
SunCal Beaumont	November 6, 2008
SCC Palmdale	November 7, 2008
SunCal Johannson	November 7, 2008
SunCal Summit Valley	November 7, 2008
SunCal Emerald	November 7, 2008
SunCal Bickford	November 7, 2008
Acton Estates	November 7, 2008
Seven Brothers	November 7, 2008
SJD Partners	November 7, 2008
SJD Development	November 7, 2008
Kirby Estates	November 7, 2008
SunCal I	November 7, 2008
SunCal III	November 7, 2008
SCC Communities	November 19, 2008
Del Rio	November 19, 2008
Tesoro	November 19, 2008
Delta Coves	November 14, 2008
SunCal Heartland	November 12, 2008
SunCal Marblehead	November 12, 2008
SunCal Northlake	November 12, 2008
SunCal Oak Valley	November 12, 2008
SunCal Century City	November 14, 2008
SunCal PSV	November 14, 2008
SunCal Torrance	November 14, 2008
SunCal Oak Knoll	November 19, 2008

2.1.150 Plan. The Lehman Plan.

2.1.151 Plan Debtors. The 24 Debtors for which the Lehman Plan is being proposed, consisting of all of the Debtors other than SJD Development and SunCal III (the Estates of which are believed to hold no Assets of any significant current or potential value).

2.1.152 Plan Release. In exchange for the extension of credit represented by the additional Lehman Post-Confirmation Loans, the ES Settlement Offer and the delayed satisfaction of the Secured Claims of the Lehman Related Parties, as of the Effective Date, the Estate of each Plan Debtor shall be deemed to release all claims, including any Litigation Claims except certain Avoidance Actions and certain claims therein and except that, with respect to all Equitable Subordination Claims in an ES Action and certain Cross-Collateralization Claims asserted in a Cross-Collateralization Action, each owner of each PRA Security Project shall have a non-recourse obligation to reconvey each PRA Security Project to the Liquidating Trustee if required by a Project Related Action Recovery, which obligation shall be secured by the PRA Recovery Security

1 Pool and, at a Lehman Nominee's election, instead may be satisfied by a Cash payment in the
2 amount of any Project Related Action Recovery, all as more fully set forth in Section 7.10 of the
3 Lehman Plan.

4 **2.1.153 Plan Reserve.** A reserve fund established by the Liquidating Trustee to
5 hold the Ritter Cash, all Cash Collateral of a Lehman Creditor held by a Plan Debtor, and any other
6 Cash required or permitted to be deposited therein on the Effective Date pursuant to the terms of
7 the Lehman Plan and which funds shall be subject to withdrawal pursuant to the terms of the
8 Lehman Plan, including (i) all Net Cash Proceeds of sales or refinancing of certain Remaining Real
9 Estate Projects as set forth in the Lehman Plan and (ii) any other Cash which the Lehman Related
10 Parties may desire to deposit therein from time to time, all upon the terms and conditions set forth
11 in Article VII of the Lehman Plan. Such funds shall be held in account(s) to be established at an
12 FDIC insured bank to be selected by the Liquidating Trustee with the consent of the Lehman
13 Lenders, which consent shall not be unreasonably withheld. There shall be separate accounts or
14 accounting for the Ritter Cash, Net Cash Proceeds derived from each Remaining Real Estate
15 Project and other Cash Collateral of a Lehman Creditor as to a Plan Debtor, with the Ritter Cash
16 being attributed to the Ritter Ranch Project, Net Cash Proceeds being attributed to the Remaining
17 Real Estate Project, the sale or refinancing of which resulted in such Net Cash Proceeds and other
18 Cash Collateral of a Lehman Creditor being attributed to the applicable Plan Debtor. The
19 applicable Lehman Creditor shall report the Cash Collateral held in the Plan Reserve as being
20 owned by it for all applicable federal, state and local income tax purposes. The Liquidating Trustee
21 shall distribute, or cause to be distributed, forty five percent (45%) of all income and gain earned
22 with respect to amounts in the Plan Reserve no less than annually and prior to any such amounts
23 being otherwise distributed pursuant to the Plan.

24 **2.1.154 Post-Confirmation Account(s).** An account with a bank, financial
25 institution or similar depository in which the Liquidating Trustee holds Cash or other liquid assets
26 or securities for any Plan Debtor.

27 **2.1.155 Post-Confirmation Expenses.** The fees and expenses incurred by the
28 Liquidating Trustee or the Committees following the Effective Date (including the fees and costs of

1 Professionals and the Lehman Post-Confirmation Loans) for the purpose of (i) prosecuting and/or
2 liquidating the Litigation Claims; (ii) selling or otherwise liquidating the Liquidating Trustee's
3 Assets; (iii) effectuating Distributions under the Lehman Plan; and (iv) otherwise consummating
4 the Lehman Plan and closing the Debtor(s)' Cases.

5 **2.1.156 PRA Recovery Deed(s) of Trust.** A deed or deeds of trust as to any
6 particular PRA Security Project to be granted by the Lehman Nominee in favor of the Liquidating
7 Trustee upon conveyance of a Remaining Real Estate Project to one or more Lehman Nominees in
8 connection with the Lehman Plan Sale or Foreclosure Procedures, subject to any Permitted Liens,
9 which deeds of trust (a) secure the obligations set forth in the Reconveyance Agreements, and (b)
10 are to be released or subordinated as set forth in Section 7.7.2(c) of the Lehman Plan. The PRA
11 Security Deeds of Trust secure, in the aggregate, an amount not in excess of the Maximum DOT
12 Security Amount.

13 **2.1.157 PRA Recovery Security Pool.** At any time, collectively, the PRA
14 Recovery Deeds of Trust then in effect and the Plan Reserve.

15 **2.1.158 PRA Security Project.** Each Project conveyed to a Lehman Nominee
16 pursuant to the Lehman Plan Sale or Foreclosure Procedures.

17 **2.1.159 Priority Claim.** Any Claim, other than an Administrative Claim or a
18 Priority Tax Claim, to the extent entitled to priority under Section 507(a) of the Bankruptcy Code.

19 **2.1.160 Priority Tax Claim.** Any Claim for any Tax to the extent that it is
20 entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code or would be so
21 entitled were it not secured.

22 **2.1.161 Professional.** A Person (a) employed by the Plan Debtors, the
23 Committees pursuant to a Final Order in accordance with Sections 327 and 1103 of the Bankruptcy
24 Code and to be compensated for services rendered prior to the Effective Date, pursuant to
25 Sections 327, 328, 3291, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and
26 reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b) of the
27 Bankruptcy Code.
28

1 **2.1.162 Professional Fees.** All Allowed Claims for compensation and for
2 reimbursement of expenses under Sections 328, 330 and/or 503(b) of the Bankruptcy Code

3 **2.1.163 Projects.** The Plan Debtors' real estate development projects as more
4 particularly described on an Exhibit or supplement hereto to be Filed on or before the Effective
5 Date, together with all rights, remedies, privileges and easements appurtenant thereto and all other
6 real and personal, tangible and intangible, property related thereto.

7 **2.1.164 Project Related Action.** An ES Action or Cross-Collateralization
8 Action.

9 **2.1.165 Project Related Action Recovery.** An ES Judgment or Cross-
10 Collateralization Judgment.

11 **2.1.166 Pro Rata.** (a) With respect to any distribution in respect of any Allowed
12 Claim, proportionately, so that the ratio of (i)(1) the amount of property distributed on account of
13 such Allowed Claim to (2) the amount of such Allowed Claim, is the same as the ratio of (ii)(1) the
14 amount of property distributed on account of all Allowed Claims of the Class or Classes of the
15 applicable Estate sharing in such distribution to (2) the amount of all Allowed Claims in such Class
16 or Classes of the applicable Estate; and (b) in calculating allocations of responsibility for
17 obligations among Debtors, Pro Rata shall be determined in reference to the Liquidating Trustee's
18 reasonable estimate of the gross value of each applicable Estate's Assets as of the Confirmation
19 Date.

20 **2.1.167 Proof of Claim.** A proof of claim as referenced in Bankruptcy Code
21 Section 501(a).

22 **2.1.168 Proof of Interest.** A proof of interest as referenced in Bankruptcy Code
23 Section 501(a).

24 **2.1.169 Reconveyance Agreement.** A written agreement to be executed by, and
25 evidencing, among other things, the non-recourse obligations of, a Lehman Nominee to which a
26 PRA Recovery Security Project is conveyed pursuant to the Lehman Plan Sale or Foreclosure
27 Procedures, as more fully set forth in Section 7.7.2(c)(iii) of the Lehman Plan.
28

1 **2.1.170 Remaining Other Assets.** All of the then remaining Assets of the Plan
2 Debtors' Estates excluding the Projects, as of the point in time referenced in any particular
3 utilization of this term in the Lehman Plan.

4 **2.1.171 Remaining Real Estate Projects.** All of the then remaining Projects as
5 of the point in time referenced in any particular utilization of this term in the Lehman Plan.

6 **2.1.172 Residual Cash.** As to any particular Plan Debtor's Estate, Net Cash
7 Proceeds derived from the liquidation by the Liquidating Trustee of any Remaining Real Estate
8 Projects owned by such Estate and any Remaining Other Assets of such Estate, including any
9 applicable Net Cash Litigation Recoveries in which such Estate has an interest, to the extent not
10 subject to a Secured Claim (or to a Claim to which such Secured Claim is subordinated) and
11 remaining after payment or reserve for the Lehman Post-Confirmation Loans and, as provided in
12 the Lehman Plan, certain Post-Confirmation Expenses, post-Confirmation Date intercompany
13 payables and due and payable Allowed Administrative Claims, Allowed Priority Claims and
14 Allowed Priority Tax Claims, all as more fully set forth in Section 7.9 of the Lehman Plan.

15 **2.1.173 Ritter Cash.** As of the Effective Date, the Cash owned by Palmdale Hills
16 or in which Palmdale Hills has any residual interest and held in escrow, reserve or other accounts
17 for the benefit of Lehman Commercial and securing the loans made pursuant to the Ritter Ranch
18 Loan Agreement.

19 **2.1.174 Ritter Ranch Loan Agreement.** That certain Credit Agreement, dated as
20 of February 8, 2007, by and among Palmdale Hills, as borrower, and Lehman Commercial, as
21 administrative agent and lender, pursuant to which the lenders thereunder made loans to the
22 borrower in the maximum aggregate principal amount of approximately \$264,000,000. The loans
23 made pursuant to and/or evidenced by the Ritter Ranch Loan Agreement are secured by, among
24 other things, a first priority deed of trust on the Ritter Ranch Project. The outstanding balance of
25 the loans under the Ritter Ranch Loan Agreement was not less than \$287,252,096.31 as of the
26 applicable Petition Date.

27 **2.1.175 Ritter Ranch Project.** The Project owned by Palmdale Hills, located in
28 the City of Palmdale, California, as more particularly described herein.

1 **2.1.176 SCC Communities.** SCC Communities, LLC, a limited liability
2 company, a Voluntary Debtor herein, and the owner of the Joshua Ridge Project.

3 **2.1.177 SCC LLC.** SCC Acquisitions LLC, a Delaware limited liability
4 company, a subsidiary of Acquisitions and an indirect and/or a direct parent of each of the Debtors,
5 but not itself a Debtor in any of the Cases.

6 **2.1.178 SCC Palmdale.** SCC Palmdale, LLC, a Delaware limited liability
7 company, a Voluntary Debtor herein, and the Holder of the Allowed Interest in Palmdale Hills.

8 **2.1.179 SCC Palmdale Loan Agreement. That certain** Mezzanine Credit
9 Agreement, between SCC Palmdale, as borrower, and Lehman Commercial, as lender, pursuant to
10 which the lender thereunder made a loan to the borrower in the maximum aggregate principal
11 amount of approximately \$95,000,000. The loan made pursuant to and/or evidenced by the SCC
12 Palmdale Loan Agreement is secured by a pledge of SCC Palmdale's Allowed Interest in Palmdale
13 Hills. The outstanding balance of the loan under the SCC Palmdale Loan was not less than
14 \$119,664,305.25 as of the applicable Petition Date.

15 **2.1.180 Schedules.** The schedules of assets and liabilities and list of equity
16 security holders Filed by the Debtors, as required by Section 521(1) of the Bankruptcy Code,
17 Bankruptcy Rules 1007(a)(3) and (b)(1), and Official Bankruptcy Form No. 6, as amended from
18 time to time.

19 **2.1.181 Secured Claim.** Any Claim, including interest, fees, costs, and charges to
20 the extent allowable pursuant to Bankruptcy Code Section 506, to the extent that it is secured by a
21 valid and unavoidable Lien on the Plan Debtor(s)' Assets.

22 **2.1.182 Secured Real Property Tax Claims.** Secured Claims, other than Priority
23 Tax Claims, held by various government entities for real property tax assessments secured by Liens
24 on the underlying real properties owned by the Plan Debtors but that are non-recourse to the Plan
25 Debtors.

26 **2.1.183 Settling ES Claimant(s):** (1) a Settling ES Claimant by Vote or (2) an
27 ES Claimant in an Estate which accepts the ES Settlement Offer.
28

1 **2.1.184 Settling ES Claimant(s) by Vote:** Each ES Claimant who votes for
2 acceptance of the ES Settlement Offer on its Ballot and returns with the Ballot an ES Claimant
3 Release and Assignment duly executed by such ES Claimant, included with the Ballot.

4 **2.1.185 Seven Brothers.** Seven Brothers, LLC, a Delaware limited liability
5 company, a Voluntary Debtor herein, and the owner of that portion of the Summit Valley Project
6 not owned by Kirby Estates or SunCal Summit Valley.

7 **2.1.186 SJD Development.** SJD Development Corp., a California corporation, a
8 Voluntary Debtor herein, and the Holder of an Allowed Interest in SJD Partners.

9 **2.1.187 SJD Partners.** SJD Partners, Ltd., a California limited partnership, a
10 Voluntary Debtor herein, and the prior owner of the Pacific Point Project.

11 **2.1.188 Successful Bidder.** With respect to the each Remaining Real Estate
12 Project, the successful bidder at the auction for the sale of such Remaining Real Estate Project
13 conducted by the Liquidating Trustee pursuant to the Lehman Plan Sale or Foreclosure Procedures.

14 **2.1.189 Summit Valley Project.** The Project owned in part by SunCal Summit
15 Valley, Seven Brothers and Kirby Estates, located in the City of Hesperia, California, as more
16 particularly described herein.

17 **2.1.190 SunCal.** The SunCal Companies, a trade name for Acquisitions and its
18 Affiliates.

19 **2.1.191 SunCal I.** SunCal Communities I, LLC, a Delaware limited liability
20 company, a Voluntary Debtor herein, and the owner of the equity membership interests in Acton
21 Estates, SunCal Bickford, SunCal Beaumont, SunCal Summit Valley, SunCal Johannson and
22 SunCal Emerald.

23 **2.1.192 SunCal III.** SunCal Communities III, LLC, a Delaware limited liability
24 company, a Voluntary Debtor herein.

25 **2.1.193 SunCal Beaumont.** SunCal Beaumont Heights, LLC, a Delaware limited
26 liability company, a Voluntary Debtor herein, and the owner of the Beaumont Heights Project.

27 **2.1.194 SunCal Bickford.** SunCal Bickford Ranch, LLC, a Delaware limited
28 liability company, a Voluntary Debtor herein, and the owner of the Bickford Ranch Project.

1 **2.1.195 SunCal Century City.** SunCal Century City, LLC, a Delaware limited
2 liability company, a Trustee Debtor herein, and the owner of the 10000 Santa Monica Project.

3 **2.1.196 SunCal Century City Loan Agreement.** That certain Loan Agreement,
4 dated as of August 11, 2006, by and between SunCal Century City, as borrower and Lehman ALI,
5 as agent and sole lender pursuant to which Lehman ALI made a loan in the aggregate maximum
6 principal amount of approximately \$120,000,000. The SunCal Century City Loan Agreement is
7 secured by a first-priority deed of trust on the 10000 Santa Monica Project. The SunCal Century
8 City Loan Agreement has a balance due of \$120,000,000.00 as of April 1,2009.

9 **2.1.197 SunCal Communities I Loan Agreement.** That certain Credit
10 Agreement, dated as of November 17, 2005, by and among (i) SunCal I and SunCal III, as
11 borrowers, Lehman Brothers, Inc., as sole advisor, sole lead arranger and sole bookrunner, and
12 Lehman Commercial, as syndication and administrative agent and sole lender, pursuant to which
13 the lenders thereunder made a loan to the borrowers in the maximum aggregate principal amount of
14 approximately \$395,313,713.37. The loan made pursuant to and/or evidenced by the SunCal
15 Communities I Loan Agreement is secured directly or indirectly by (a) first priority deeds of trust
16 on the SunCal Bickford, the Acton Estates, and the SunCal Emerald Projects, (b) pledges of SunCal
17 I's Allowed Interest in Acton Estates, SunCal Summit Valley, SunCal Beaumont; SunCal
18 Johannson, SunCal Emerald, and SunCal Bickford; and (c) pledges of SunCal Summit Valley's
19 Allowed Interest in Seven Brothers and Kirby Estates. The outstanding balance of the loan under
20 the SunCal Communities I Loan Agreement was \$343,221,391.06 as of the applicable Petition
21 Date.

22 **2.1.198 SunCal Emerald.** SunCal Emerald Meadows, LLC, a Delaware limited
23 liability company, a Voluntary Debtor herein, and the owner of the Emerald Meadows Project.

24 **2.1.199 SunCal Heartland.** SunCal Heartland, LLC, a Delaware limited liability
25 company, a Trustee Debtor herein, and the owner of the Heartland Project

26 **2.1.200 SunCal Johansson.** SunCal Johansson Ranch, LLC, a Delaware limited
27 liability company, a Voluntary Debtor herein, and the owner of the Johansson Ranch Project.
28

1 **2.1.201 SunCal Marblehead.** SunCal Marblehead, LLC, a Delaware limited
2 liability company, a Trustee Debtor herein, and the owner of the Marblehead Project.

3 **2.1.202 SunCal Marblehead / SunCal Heartland Loan Agreement.** That
4 certain Second Amended and Restated Term Loan and Revolving Line of Credit Loan Agreement,
5 dated as of October 3, 2007, by and among SunCal Marblehead Heartland Master LLC, SunCal
6 Marblehead, and SunCal Heartland, as borrowers, and Lehman ALI, as agent and sole lender,
7 pursuant to which the lenders thereunder made loans to the borrowers in the maximum aggregate
8 principal amount of approximately \$316,061,300. The loans made pursuant to and/or evidenced by
9 the SunCal Marblehead / SunCal Heartland Loan Agreement are secured by first priority deeds of
10 trust on the Marblehead and the Heartland Projects. The outstanding aggregate balance of the loans
11 under the SunCal Marblehead / SunCal Heartland Loan Agreement was not less than
12 \$354,325,126.15 as of the applicable Petition Date.

13 **2.1.203 SunCal Northlake.** LB/L-SunCal Northlake, LLC, a Delaware limited
14 liability company, a Trustee Debtor herein, and the owner of the Northlake Project.

15 **2.1.204 SunCal Northlake Loan Agreement.** That certain Term Loan and
16 Revolving Line of Credit Loan Agreement, dated as of September 9, 2005, between SunCal
17 Northlake, as borrower, and Northlake Holdings, as successor agent and sole lender, pursuant to
18 which the lenders thereunder made loans in the maximum aggregate principal amount of
19 approximately \$100,000,000. The loans made pursuant to and/or evidenced by the SunCal
20 Northlake Loan Agreement are secured by a first priority deed of trust on the Northlake Project.
21 The outstanding aggregate balance of the loans under the SunCal Northlake Loan Agreement was
22 not less than \$123,654,776.88 as of the applicable Petition Date.

23 **2.1.205 SunCal Oak Knoll.** SunCal Oak Knoll, LLC, a Delaware limited liability
24 company, a Trustee Debtor herein, and the owner of the Oak Knoll Project.

25 **2.1.206 SunCal Oak Knoll/SunCal Torrance Loan Agreement.** That certain
26 Loan Agreement, dated as of November 30, 2006, between SunCal Torrance and SunCal Oak
27 Knoll, as borrowers, and Lehman ALI, as agent and sole lender, pursuant to which the lenders
28 thereunder made a loan to the borrowers in the maximum aggregate principal amount of

1 approximately \$167,700,000. The loans made pursuant to and/or evidenced by the SunCal Oak
2 Knoll/SunCal Torrance Loan Agreement are secured by first priority deeds of trust on the Oak
3 Knoll and the Del Amo Projects. The outstanding aggregate balance of the loans under the SunCal
4 Oak Knoll/SunCal Torrance Loan Agreement was not less than \$157,870,186.15 as of the
5 applicable Petition Date.

6 **2.1.207 SunCal Oak Valley.** LB/L-SunCal Oak Valley, LLC, a Delaware limited
7 liability company, a Trustee Debtor herein, and the owner of the Oak Valley Project.

8 **2.1.208 SunCal Oak Valley Loan Agreement.** That certain Term Loan and
9 Revolving Line of Credit Loan Agreement, dated as of May 23, 2006, by and between SunCal Oak
10 Valley, as borrower, and OVC Holdings, as successor agent and sole lender, pursuant to which the
11 lenders thereunder made loans to the borrower in the maximum aggregate principal amount of
12 approximately \$120,000,000. The loans made pursuant to and/or evidenced by the SunCal Oak
13 Valley Loan Agreement are secured by a first priority deed of trust on the Oak Valley Project. The
14 outstanding aggregate balance of the loans under the SunCal Oak Valley Loan Agreement was not
15 less than \$143,630,091.63 as of the applicable Petition Date.

16 **2.1.209 SunCal PSV.** SunCal PSV, LLC, a Delaware limited liability company, a
17 Trustee Debtor herein, and the owner of the Palm Springs Village Project.

18 **2.1.210 SunCal PSV Loan Agreement.** That certain Term Loan and Revolving
19 Line of Credit Loan Agreement, dated as of February 12, 2007, between SunCal PSV, as borrower,
20 and Lehman ALI, as agent and sole lender, pursuant to which the lenders thereunder made loans to
21 the borrower in the maximum aggregate principal amount of approximately \$90,000,000. The
22 loans made pursuant to and/or evidenced by the SunCal PSV Loan Agreement are secured by a first
23 priority deed of trust on the Palm Springs Village Project. The outstanding aggregate balance of
24 the loans under the SunCal PSV Loan Agreement was not less than \$88,257,340.20 as of the
25 applicable Petition Date.

26 **2.1.211 SunCal Summit Valley.** SunCal Summit Valley, LLC, a Delaware
27 limited liability company, a Voluntary Debtor herein, the owner of that portion of the Summit
28

1 Valley Project not owned by Kirby Estates or Seven Brothers, and the Holder of Allowed Interests
2 in Kirby Estates and Seven Brothers.

3 **2.1.212 SunCal Torrance.** SunCal Torrance, LLC, a Delaware limited liability
4 company, a Trustee Debtor herein, and the owner of the Del Amo Project.

5 **2.1.213 Tax.** Any tax, charge, fee, levy, impost or other assessment by any
6 federal, state, local or foreign taxing authority, including, without limitation, income, excise,
7 property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem,
8 estimated, severance, stamp, occupation and withholding tax. "Tax" shall include any interest or
9 additions attributable to, or imposed on or with respect to such assessments.

10 **2.1.214 Tesoro.** Tesoro SF, LLC, a Delaware limited liability company, a
11 Voluntary Debtor herein, and the owner of the Tesoro Project.

12 **2.1.215 Tesoro Project.** The Project owned by Tesoro located in the City of Santa
13 Clarita, California, as more particularly described herein.

14 **2.1.216 Trustee.** Steven M. Speier, the duly appointed trustee of the Trustee
15 Debtors.

16 **2.1.217 Trustee Debtor(s).** The following chapter 11 debtors, individually or
17 collectively, that are represented by the Trustee: Delta Coves, SunCal Heartland, SunCal
18 Marblehead, SunCal Northlake, SunCal Oak Valley, SunCal Century City, SunCal PSV, SunCal
19 Torrance, and SunCal Oak Knoll.

20 **2.1.218 Trustee Debtors' Committee.** The Official Committee of Unsecured
21 Creditors of the Trustee Debtors appointed in the Cases of the Trustee Debtors pursuant to Section
22 1102 of the Bankruptcy Code.

23 **2.1.219 Unclaimed Property.** Cash held for Distribution if either (1) such the
24 Distribution of Cash to the Holder of any Allowed Claim is returned to the Liquidating Trustee
25 (e.g., as undeliverable) and the check or other similar instrument or Distribution remains unclaimed
26 for one hundred twenty (120) days from sending or (2) the check or other similar instrument used
27 for the Distribution to the Holder of any Allowed Claim remains uncashed for one hundred twenty
28 (120) days from sending; or (3) the Liquidating Trustee does not have an address for a Holder of

1 any Allowed Claim on the date such Distribution first could have been made under the Plan and for
2 one hundred twenty (120) days thereafter.

3 **2.1.220 Voluntary Debtor(s).** The following chapter 11 debtors and debtors-in-
4 possession, individually or collectively, Palmdale Hills, SunCal I, SunCal III, SCC Palmdale,
5 Acton Estates, SunCal Beaumont, SunCal Emerald, SunCal Johansson, SunCal Bickford, SunCal
6 Summit Valley, Seven Brothers, Kirby Estates, SJD Partners, SJD Development, SCC
7 Communities, Del Rio and Tesoro.

8 **2.1.221 Voluntary Debtors' Committee.** The Official Committee of Unsecured
9 Creditors of the Voluntary Debtors appointed in the Cases of the Voluntary Debtors pursuant to
10 Section 1102 of the Bankruptcy Code.

11 **2.2 Rules of Construction.** For purposes of the Lehman Plan and the Lehman
12 Disclosure Statement, unless otherwise provided herein or in the Lehman Disclosure Statement, (a)
13 whenever from the context it is appropriate, each term, whether stated in the singular or the plural,
14 will include both the singular and the plural; (b) each pronoun stated in the masculine, feminine or
15 neuter includes the masculine, feminine and neuter; (c) any reference in the Lehman Plan or the
16 Lehman Disclosure Statement to an existing document or schedule Filed or to be Filed means such
17 document or schedule, as it may have been or may be amended, modified or supplemented pursuant
18 to the Lehman Plan; (d) any reference to an entity as a Holder of a Claim or Interest includes that
19 entity's successors and assigns; (e) except as otherwise indicated herein all references in the
20 Lehman Plan or the Lehman Disclosure Statement to Sections and Articles are references to
21 Sections and Articles of or to the Lehman Plan; (f) the words "therein," "thereunder" and "thereto"
22 refer to the Lehman Plan in its entirety rather than to a particular portion of the Lehman Plan; (g)
23 unless otherwise provided in the Lehman Plan or the Lehman Disclosure Statement, any reference
24 in the Lehman Plan or the Lehman Disclosure Statement to a contract, instrument, release,
25 indenture, agreement, or other document being in a particular form or on particular terms and
26 conditions means that such document shall be substantially and materially in such form or
27 substantially and materially on such terms and conditions; (h) any reference in the Lehman Plan or
28 the Lehman Disclosure Statement to a document or schedule to the Lehman Plan, Plan

1 Documentary Supplement, or Lehman Disclosure Statement Filed or to be Filed means such
2 document or schedule, as it may have been or may be amended, modified, or supplemented; and (i)
3 the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the extent
4 such rules are not inconsistent with the express terms of the Lehman Plan or the Lehman Disclosure
5 Statement or any other provision in this Section.

6 **III.**

7 **TREATMENT OF UNCLASSIFIED CLAIMS**

8 As required by the Bankruptcy Code, the Lehman Plan places Claims and Interests into
9 various Classes according to their right to priority. However, certain types of Claims are not
10 classified in any Classes under the Lehman Plan and the Lehman Proponents have not placed such
11 Claims in a Class. These Claims are "unclassified." As to Allowed Administrative Claims and
12 Allowed Priority Tax Claims, these Claims are not considered impaired, and they do not vote on
13 the Plan because they are automatically entitled to specific treatment provided for them in the
14 Bankruptcy Code. Other unclassified Claims support Liens that have not been avoided, but are not
15 classified to the extent the Claims were not timely Filed. The treatment of these unclassified
16 Claims is as provided below.

1 **3.1 Treatment of Allowed Administrative Claims.** Except to the extent that the
2 Holder of an Allowed Administrative Claim agrees to a different treatment, and subject to the
3 Administrative Claim Bar Date set forth herein, the Liquidating Trustee shall pay each Allowed
4 Administrative Claim in full, in Cash, on the later of (i) the Effective Date, (ii) within ten (10)
5 Business Days after the date such Administrative Claim becomes an Allowed Administrative
6 Claim, or (iii) the date such Allowed Administrative Claim becomes due according to its terms.
7 Notwithstanding the foregoing, any Allowed Administrative Claim representing obligations
8 incurred prior to the Effective Date in the ordinary course of post-petition business by the Plan
9 Debtors (including without limitation post-petition trade obligations and routine post-petition
10 payroll obligations) shall be paid in full or performed by the Liquidating Trustee in the ordinary
11 course of business, in accordance with the terms of the particular obligation.

12 **(a) Treatment and Repayment of the Lehman Administrative**
13 **Loan(s).**

14 The Lehman Administrative Loans are Allowed in the amount loaned or advanced by
15 Lehman ALI after the commencement of the Cases net of any repayment thereof and shall be paid
16 in Cash in full on the Effective Date, together with any interest, charges and expenses due
17 thereupon, or shall be payable at such later time and on such terms more favorable to the
18 Liquidating Trustee to which Lehman ALI may agree. Pending any such payment or during a
19 period of voluntary deferral by Lehman ALI, the Lehman Administrative Loans and any interest,
20 charges and expenses due thereupon shall continue to have a first priority Lien against the
21 respective Assets securing such loans, including any proceeds thereof deposited in the Plan Reserve
22 or Post-Confirmation Accounts (with the exception of the Lien for the amounts due under the
23 Lehman Administrative Loan secured by the 10000 Santa Monica Project, which shall be
24 subordinate to the Secured Claims and Liens arising from the SunCal Century City Loan
25 Agreement).

26 **(b) Administrative Claim Bar Date.**

27

28

1 Any Administrative Claim which is subject to an Administrative Claim Bar Date and not
2 Filed by the applicable Administrative Claim Bar Date shall be disallowed, and no distribution shall
3 be made on account of any such Administrative Claim.

4 (i) **General Administrative Claim Bar Date.**

5 All applications for final compensation of Professionals for services rendered and for
6 reimbursement of expenses incurred on or before the Effective Date and all other requests for
7 payment of Administrative Claims incurred before the Effective Date under Sections 507(a)(2) or
8 507(b) of the Bankruptcy Code (except only for (i) post-petition, ordinary course trade obligations
9 and routine post-petition payroll obligations incurred in the ordinary course of the Plan Debtors'
10 postpetition business, for which no bar date shall apply, and (ii) post-petition tax obligations, for
11 which the bar date described in the following Section shall apply) shall be Filed with the
12 Bankruptcy Court and served upon the Liquidating Trustee no later than the General Administrative
13 Claim Bar Date, unless such date is extended by the Bankruptcy Court after notice to the
14 Liquidating Trustee. Any such request for payment of an Administrative Claim that is subject to the
15 General Administrative Claim Bar Date and that is not Filed and served on or before the General
16 Administrative Claim Bar Date shall be forever barred; any party that seeks payment of
17 Administrative Claims that is required to File a request for payment of such Administrative Claims
18 and does not File such a request by the deadline established herein, shall be forever barred from
19 asserting such Administrative Claims against the Plan Debtors, the Liquidating Trustee, the Plan
20 Debtors' Estates, or any of their properties.

21 (ii) **Administrative Tax Claim Bar Date.**

22 All requests for payment of Administrative Claims by a governmental unit for Taxes (and
23 for interest and/or penalties related to such Taxes) for any tax year or period, all or any portion of
24 which occurs or falls within the period from and including the applicable Petition Date through and
25 including the Effective Date ("Administrative Tax Claims") and for which no bar date has
26 otherwise previously been established, must be Filed and served on the Liquidating Trustee on or
27 before the later of (i) sixty (60) days following the Effective Date; and (ii) 180 days following the
28 filing of the tax return for such Taxes for such tax year or period with the applicable governmental

1 unit. Any Holder of an Administrative Tax Claim that is required to File a request for payment of
2 such Taxes and does not File and properly serve such a request by the applicable bar date shall be
3 forever barred from asserting any such Administrative Tax Claims against the Plan Debtors,
4 Liquidating Trustee, Plan Debtors' Estates, or their properties.

5 **3.2 Treatment of Priority Tax Claims.**

6 Priority Tax Claims are certain unsecured income, employment and other Taxes described
7 by Bankruptcy Code Section 507(a)(8) and Claims, as provided in Bankruptcy Code Section
8 1129(a)(7)(D) which would otherwise meet such description, but for the secured status of that
9 Claim. The Bankruptcy Code requires that each Holder of such a Priority Tax Claim receive the
10 present value of such Claim in deferred cash payments over a period not exceeding five (5) years
11 from the applicable Petition Date and that such treatment not be less favorable than the treatment
12 accorded to non-priority unsecured creditors.

13 At the election of the Liquidating Trustee, the Holder of each Allowed Priority Tax Claim
14 shall be entitled to receive, on account of such Claim, (i) equal cash payments on the last Business
15 Day of each three-month period following the Effective Date, during a period not exceeding five
16 years after November 6, 2008, totaling the principal amount of such Claim plus simple interest on
17 any unpaid balance from the Effective Date, calculated at the interest rate available on ninety (90)
18 day United States Treasuries on the Effective Date, (ii) such other treatment agreed to by the
19 Holder of the Allowed Priority Tax Claim and the Liquidating Trustee, provided such treatment is
20 on more favorable terms to the applicable Plan Debtor's Estate than the treatment set forth in clause
21 (i) hereof, or (iii) payment of the full Allowed Priority Tax Claim in Cash on the Effective Date.

22 **3.3 Treatment of Unavoided Liens Securing Claims That Are Not Allowed.**

23 Unless the Holder thereof objects and other treatment, consistent with the Bankruptcy Code,
24 is agreed upon or is permitted upon order of the Bankruptcy Court with respect to such Lien or
25 Claim, if there is a Lien that cannot be avoided even though the Claim it secures is not Allowed,
26 then the Lien shall continue in force, be transferred or be released and extinguished on and after the
27 Effective Date in the same manner and to the same extent as if the Claim were an Allowed Secured
28 Claim and any such Claim it secures shall be treated on and after the Effective Date as if it were an

1 Allowed Claim. The Lehman Lenders consent to such treatment.

2 **IV.**

3 **CLASSIFICATION OF CLAIMS AND INTERESTS**

4 As required by the Bankruptcy Code, the Lehman Plan places Claims and Interests into
 5 various Classes according to their right to priority and other relative rights. This Plan specifies
 6 whether each Class of Claims or Interests is impaired or unimpaired, and the Lehman Plan sets
 7 forth the treatment each Class will receive. The table below lists the Classes of Claims established
 8 under the Lehman Plan and states whether each particular Class is impaired or left unimpaired by
 9 the Lehman Plan. A Class is "unimpaired" if the Lehman Plan leaves unaltered the legal, equitable
 10 and contractual rights to which the Holders of Claims or Interests in the Class are entitled, with
 11 certain exceptions specified in the Bankruptcy Code.

12 For voting purposes and to comply with Bankruptcy Code section 1122(a), each Allowed
 13 Secured Claim shall be deemed to be in its own subclass even if not expressly designated as such.
 14 Further, in the event that any alleged Secured Claim is not, or only is partially, Allowed as a
 15 Secured Claim, the deficiency amount will constitute a Class 7 or Class 8 Claim against the
 16 applicable Plan Debtor, as appropriate, and will receive the same treatment as provided to other
 17 Claims in Class 7 or Class 8 of such Plan Debtor, as appropriate.

18 THE INVESTIGATION OF CLAIMS AND INTERESTS IS NOT YET COMPLETE,
 19 AND THEIR LISTING HEREIN OR IN THE TABLES BELOW SHOULD NOT BE
 20 CONSTRUED AS PROVIDING FOR ALLOWANCE UNDER THE PLAN EXCEPT AS
 21 EXPRESSLY SET FORTH FOR THE PARTICULAR CLAIM.

CLASS 1: CLASSIFICATION OF ALLOWED SECURED REAL PROPERTY TAX CLAIMS		Class 1 is Unimpaired	Class 1 Claim Holders are Not Entitled to Vote
<u>Class</u>	<u>Claims</u>	<u>Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number)</u>	
Class 1.1	Secured Real Property Tax Claim of Los Angeles County against the Ritter Ranch Project	Palmdale Hills; Palmdale Hills 12	

CLASS 1: CLASSIFICATION OF ALLOWED SECURED REAL PROPERTY TAX CLAIMS	Class 1 is Unimpaired	Class 1 Claim Holders are Not Entitled to Vote
Class 1.2	Secured Real Property Tax Claim of Los Angeles County against the Acton Project in the amount of \$200	Acton Estates; Acton Estates 1
Class 1.3	Secured Real Property Tax Claim of Riverside County against the Emerald Meadows Project in the amount of \$284	Emerald Meadows; Emerald Meadows 9
Class 1.4	Secured Real Property Tax Claim of Placer County against the Bickford Ranch Project	SunCal Bickford; SunCal Bickford Scheduled Amount
Class 1.5	Secured Real Property Tax Claim of Contra Costa County against the Delta Coves Project in the amount of \$609,221.	Delta Coves; Delta Coves 16
Class 1.6	Secured Real Property Tax Claim of Riverside County against the Heartland Project in the amount of \$559,022.	SunCal Heartland; SunCal Heartland 5
Class 1.7	Secured Real Property Tax Claim of Orange County against the Marblehead Project in the amount of \$379,156.	SunCal Marblehead; SunCal Marblehead 49 and 57
Class 1.8	Secured Real Property Tax Claim of Los Angeles County against the Northlake Project in the amount of \$1,189,919.	SunCal Northlake; SunCal Northlake Scheduled Amount
Class 1.9	Secured Real Property Tax Claim of Riverside County against the Oak Valley Project in the amount of \$280,280.	SunCal Oak Valley; SunCal Oak Valley 9
Class 1.10	Secured Real Property Tax Claim of Los Angeles County against the 10000 Santa Monica Project in the amount of \$1,407,212.	SunCal Century City; SunCal Century City 4
Class 1.11	Secured Real Property Tax Claim of San Bernardino County against the Palm Springs Village Project in the amount of \$589,367.	SunCal PSV; SunCal PSV 22
Class 1.12	Secured Real Property Tax Claim (disputed) of Alameda County against the Oak Knoll Project in the amount of \$2,356,035.	SunCal Oak Knoll; SunCal Oak Knoll 22, 23 and 24
Class 1.13	Secured Real Property Tax Claim of Los Angeles County against the Tesoro Project in the amount of \$70,239.	Tesoro; Tesoro 2
Class 1.14	Secured Real Property Tax Claim of San Bernardino County against the Joshua Ridge Project in the amount of \$5,900.	SCC Communities; SCC Communities Scheduled Amount
Class 1.15	Secured Real Property Tax Claim of Placer County against the Summit Valley Project in the amount of \$ 504,245.	SunCal Summit Valley; Palmdale Hills 97
Class 1.16	Secured Real Property Tax Claim of San Bernardino County against the Summit Valley Project in the amount of \$69,530.	SunCal Summit Valley; SunCal Summit Valley Scheduled Amount

CLASS 1: CLASSIFICATION OF ALLOWED SECURED REAL PROPERTY TAX CLAIMS		Class 1 is Unimpaired	Class 1 Claim Holders are Not Entitled to Vote
Class 1.17	Secured Real Property Tax Claim of Riverside County against the Beaumont Project in the amount of \$365,954.		SunCal Beaumont; SunCal Beaumont 9
Class 1.18	Secured Real Property Tax Claim of Stanislaus County against the Johannson Ranch Project in the amount of \$75,106.		SunCal Johannson; SunCal Johannson Scheduled Amount
Class 1.19	Secured Real Property Tax Claim of San Bernardino County against Seven Brothers' property in the amount of \$60,828.		Seven Brothers; Seven Brothers Scheduled Amount
Class 1.20	Secured Real Property Tax Claim of San Bernardino County against the property Kirby Estates' property in the amount of \$1,744.		Kirby Estates; Kirby Estates Scheduled Amount

CLASS 2: CLASSIFICATION OF LEHMAN SECURED CLAIMS		Class 2 is Impaired	Class 2 Claim Holders are Entitled to Vote
<u>Class</u>	<u>Claims</u>	<u>Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number).</u>	
	<u>SunCal Communities I Loan Agreement</u>		
Class 2.1	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal I arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.		SunCal I; SunCal I: 1
Class 2.2	Allowed Secured Claim of Lehman Commercial or its assignee or successor against Acton Estates arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.		Acton Estates; Acton Estates: 6
Class 2.3	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal Emerald arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.		SunCal Emerald; SunCal Emerald: 7
Class 2.4	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal Bickford arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.		SunCal Bickford; SunCal Bickford: 16

CLASS 2: CLASSIFICATION OF LEHMAN SECURED CLAIMS		Class 2 is Impaired	Class 2 Claim Holders are Entitled to Vote
Class	Claims	Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number).	
Class 2.5	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal Summit Valley arising from SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.		SunCal Summit Valley; SunCal Summit Valley: 12
	<u>Ritter Ranch Loan Agreement</u>		
Class 2.6	Allowed Secured Claim of Lehman Commercial or its assignee or successor against Palmdale Hills arising from the Ritter Ranch Loan Agreement in the Allowed Amount of \$287,252,096.31.		Palmdale Hills; Palmdale Hills 65
	<u>SCC Palmdale Loan Agreement</u>		
Class 2.7	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SCC Palmdale arising from the SCC Palmdale Loan Agreement in the Allowed Amount of \$119,664,305.25.		SCC Palmdale; SCC Palmdale 1
	<u>Bickford Second Lien Loan Agreement</u>		
Class 2.8	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Bickford arising from the Bickford Second Loan Agreement in the Allowed Amount of \$56,494,059.38.		SunCal Bickford; SunCal Bickford 17
	<u>Interim Loan Agreement</u>		
Class 2.9	Allowed Secured Claim of Lehman ALI or its assignee or successor against SCC Communities, arising from the Interim Loan Agreement in the Allowed Amount of \$23,795,012.59.		SCC Communities; SCC Communities: 9
Class 2.10	Allowed Secured Claim of Lehman ALI or its assignee or successor against Del Rio arising from the Interim Loan Agreement in the Allowed Amount of \$23,795,012.59.		Del Rio; Del Rio: 14
Class 2.11	Allowed Secured Claim of Lehman ALI or its assignee or successor against Tesoro rising from the Interim Loan in the Allowed Amount of \$23,795,012.59.		Tesoro; Tesoro: 7
	<u>SunCal Oak Knoll/SunCal Torrance Loan Agreement</u>		

CLASS 2: CLASSIFICATION OF LEHMAN SECURED CLAIMS		Class 2 is Impaired	Class 2 Claim Holders are Entitled to Vote
Class	Claims	Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number).	
Class 2.12	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Oak Knoll arising from the SunCal Oak Knoll/SunCal Torrance Loan Agreement in the Allowed Amount of \$158,141,364.64.	SunCal Oak Knoll; SunCal Oak Knoll: 12	
Class 2.13	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Torrance arising from the SunCal Oak Knoll/SunCal Torrance Agreement in the Allowed Amount of \$157,870,186.15.	SunCal Torrance; SunCal Torrance: 4	
	<u>Delta Coves Loan Agreement</u>		
Class 2.14	Allowed Secured Claim of Lehman ALI or its assignee or successor against Delta Coves arising from the Delta Coves Loan Agreement in the Allowed Amount of \$206,023,142.48.	Delta Coves; Delta Coves 21	
	<u>SunCal Marblehead / SunCal Heartland Loan Agreement</u>		
Class 2.15	Allowed Secured Claim of Lehman ALI against SunCal Marblehead arising from the SunCal Marblehead / SunCal Heartland Loan Agreement in the Allowed Amount of \$354,325,126.15.	SunCal Heartland; SunCal Heartland: 9	
Class 2.16	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Heartland arising from the SunCal Marblehead / SunCal Heartland Loan Agreement in the Allowed Amount of \$354,325,126.15.	SunCal Marblehead; SunCal Marblehead: 21	
	<u>SunCal Oak Valley Loan Agreement</u>		
Class 2.17	Allowed Secured Claim of OVC Holdings or its assignee or successor against SunCal Oak Valley arising from the SunCal Oak Valley Loan Agreement in the Allowed Amount of \$141,630,091.63.	SunCal Oak Valley; SunCal Oak Valley 16	
	<u>SunCal Northlake Loan Agreement</u>		
Class 2.18	Allowed Secured Claim of Northlake Holdings or its assignee or successor against SunCal Northlake arising from the Northlake Loan Agreement in the Allowed Amount of \$123,654,776.88.	SunCal Northlake; SunCal Northlake 6	
	<u>SunCal PSV Loan Agreement</u>		

1	CLASS 2: CLASSIFICATION OF LEHMAN SECURED CLAIMS		Class 2 is Impaired	Class 2 Claim Holders are Entitled to Vote
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3	<u>Class</u>	<u>Claims</u>	<u>Plan Debtor and Basis for Claim</u> (i.e., Scheduled Amount or Case in Which Proof Filed and Number).	
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5	Class 2.19	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal PSV arising from the SunCal PSV Loan Agreement in the Allowed Amount of \$88,257,340.20.	SunCal PSV; SunCal PSV 12	
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8	CLASS 3: CLASSIFICATION OF ALLOWED DANSKE SECURED CLAIM		Class 3 is Impaired	The Class 3 Claim Holder is Entitled to Vote
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10	<u>Class</u>	<u>Claims</u>	<u>Plan Debtor and Basis for Claim</u> (i.e., Scheduled Amount or Case in Which Proof Filed and Number).	
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12	Class 3.1	Secured Claim of Danske Bank against SunCal Century City arising from the SunCal Century City Loan Agreement, in the Allowed Amount of \$120,000,000 .	SunCal Century; City SunCal Century City 17	
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15	CLASS 4: CLASSIFICATION OF ALLOWED OTHER SECURED CLAIMS		Class 4 is Unimpaired	Class 4 Claim Holders are Not Entitled to Vote
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17	<u>Class</u>	<u>Claims</u>	<u>Plan Debtor and Basis for Claim</u> (i.e., Scheduled Amount or Case in Which Proof of Claim Filed and Number)	
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19	Class 4.1	Secured Claim of, or formerly of, Yen Chu Chang Dou, et al. pursuant to first-priority deed of trust against certain portions of the Beaumont Heights Project in the amount of \$3,173,499.50.	SunCal Beaumont; SunCal Beaumont 3	
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21	Class 4.2	Secured Claim of, or formerly of, Cheryl M. Mims pursuant to a first-priority deed of trust against certain portions of the Beaumont Heights Project in the amount of \$136,229.	SunCal Beaumont; Palmdale Hills 101	
22				
23	Class 4.3	Secured Claim of, or formerly of, William L & Kathleen Ward pursuant to a first-priority deed of trust against certain portions of the Beaumont Heights Project in the amount of \$130,000.	SunCal Beaumont; SunCal Beaumont []	
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25	Class 4.4	Secured Claim of, or formerly of, Scott McDaniel pursuant to a first-priority deed of trust against certain portions of Beaumont Heights Project in the amount of \$535,000.	SunCal Beaumont; Palmdale Hills 20	
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CLASS 4: CLASSIFICATION OF ALLOWED OTHER SECURED CLAIMS		Class 4 is Unimpaired	Class 4 Claim Holders are Not Entitled to Vote
Class	Claims		Plan Debtor and Basis for Claim (<i>i.e.</i> , Scheduled Amount or Case in Which Proof of Claim Filed and Number)
Class 4.5	Secured Claim of, or formerly of, Wayne & Francis Lee pursuant to a first-priority deed of trust against certain portions of the Beaumont Heights Project in the amount of \$650,000.		SunCal Beaumont; SunCal Beaumont []
Class 4.6	Secured Claim of, or formerly of, Marie B. Stanford pursuant to a first-priority deed of trust against certain portions of Beaumont Heights Project in the amount of \$154,742.		SunCal Beaumont; SunCal Beaumont 6
Class 4.7	Secured Claim of, or formerly of, Patricia I Volkerts pursuant to a first-priority deed of trust against certain portions of Beaumont Heights Project in the amount of \$871,703.		SunCal Beaumont; Palmdale Hills 11
Class 4.8	Secured Claim of, or formerly of, Arleen Logan pursuant to a first-priority deed of trust against certain portions of the Summit Valley Project in the amount of \$668,250.		SunCal Summit Valley; SunCal Summit Valley 5
Class 4.9	Secured Claim of, or formerly of, K Square pursuant to a first-priority deed of trust Properties Inc. against certain portions of the Summit Valley Project in the amount of \$200,000.		SunCal Summit Valley; SunCal Summit Valley []
Class 4.10	Secured Claim of, or formerly of, Leslie Quigg & Betty Quigg pursuant to a first-priority deed of trust against certain portions of the Summit Valley Project in the amount of \$1,246,500.		SunCal Summit Valley; SunCal Summit Valley []
Class 4.11	Secured Claim of, or formerly of, Jerry Wong Scheduled Amount & Rosalie Wong, Inc. pursuant to a first-priority deed of trust against certain portions of the Summit Valley Project in the amount of \$390,000.		SunCal Summit Valley; SunCal Summit Valley []
Class 4.12	Secured Claim of, or formerly of, Cheltimalie Enterprises pursuant to a first-priority deed of trust against certain portions of the Summit Valley Project owned by Seven Brothers in the amount of \$1,388,156.		Seven Brothers; SunCal Summit 17

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CLASS 4: CLASSIFICATION OF ALLOWED OTHER SECURED CLAIMS		Class 4 is Unimpaired	Class 4 Claim Holders are Not Entitled to Vote
Class	Claims		Plan Debtor and Basis for Claim (<i>i.e.</i> , Scheduled Amount or Case in Which Proof of Claim Filed and Number)
Class 4.13	Secured Claim of, or formerly of, Philip C. Dowse and Vera G. Dowse pursuant to a first-priority deed of trust against certain portions of the Summit Valley Project owned by Seven Brothers in the amount of \$296,910.		Seven Brothers; Seven Brothers [__]
Class 4.14	Secured Claim of, or formerly of, Philip C. Dowse pursuant to a first-priority deed of trust against certain portions of the Summit Valley Project owned by Seven Brothers in the amount of \$880,000.		Seven Brothers; Seven Brothers [__]
Class 4.15	Secured Claim of, or formerly of, Desert Wind, LLC pursuant to a first -priority deed of trust against certain portions of the Summit Valley Project owned by Seven Brothers in the amount of \$862,000.		Seven Brothers; Seven Brothers [__]

CLASS 5: CLASSIFICATION OF ALLOWED MECHANIC'S LIEN CLAIMS		Class 5 is Unimpaired	Class 5 Claim Holders are Not Entitled to Vote
Class	Claims	<u>Plan Debtor and Basis for Claim</u> (i.e., Scheduled Amount or Case in Which Proof Filed and Number)	
Class 5.1	Mechanic's Lien Claim of Asphalt Professionals or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$38,249.	Palmdale Hills; Palmdale Hills 1 and 46	
Class 5.2	Mechanic's Lien Claim of Sierra Cascade Construction or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$550,677.	Palmdale Hills; Palmdale Hills 33	
Class 5.3	Mechanic's Lien Claim of Staats Construction, Inc. or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$166,105.	Palmdale Hills; Palmdale Hills 51	
Class 5.4	Mechanic's Lien Claim of Southland Farmers, Inc. or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$177,801.	Palmdale Hills; Palmdale Hills 55, 67 and 68	
Class 5.5	Mechanic's Lien Claim of Pinnick, Inc. or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$1,530,146.	Palmdale Hills; Palmdale Hills 62, 63 and 64	
Class 5.6	Mechanic's Lien Claim of Chameleon Design Inc. or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$73,600.	Palmdale Hills; Palmdale Hills 93, 99	
Class 5.7	Mechanic's Lien Claim of Hall & Foreman, Inc. or its assignee or successor against the Emerald Meadows Project in the amount of \$287,727.	SunCal Emerald; SunCal Emerald 13	
Class 5.8	Mechanic's Lien Claim of Proactive Engineering or its assignee or successor against the Emerald Meadows Project in the amount of \$991,315.	SunCal Emerald; SunCal Emerald 15 and 16	
Class 5.9	Mechanic's Lien Claim of HD Supply Construction or its assignee or successor against the Ritter Ranch Project owned by Palmdale Hills in the amount of \$14,893.	Palmdale Hills; Palmdale Hills 15	
Class 5.10	Mechanic's Lien Claim of MHM Engineers or its assignee or successor against the Bickford Ranch Project in the amount of \$8,916.	SunCal Bickford; SunCal Bickford 5	
Class 5.11	Mechanic's Lien Claim of Land Architecture or its assignee or successor against the Bickford Ranch Project in the amount of \$100,245.	SunCal Bickford; SunCal Bickford 6	

1	CLASS 5: CLASSIFICATION OF ALLOWED MECHANIC'S LIEN CLAIMS		Class 5 is Unimpaired	Class 5 Claim Holders are Not Entitled to Vote
2	Class	Claims		<u>Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number)</u>
3	Class 5.12	Mechanic's Lien Claim of Kiewit Pacific Co. or its assignee or successor against the Bickford Ranch Project in the amount of \$1,868,357.		SunCal Bickford; SunCal Bickford 10
4	Class 5.13	Mechanic's Lien Claim of ARB, Inc. or its assignee or successor against the Bickford Ranch Project in the amount of \$1,052,272.		SunCal Bickford; SunCal Bickford 15
5	Class 5.14	Mechanic's Lien Claim of Independent Construction or its assignee or successor against the Bickford Ranch Project in the amount of \$117,209.		SunCal Bickford; SunCal Bickford 28
6	Class 5.15	Mechanic's Lien Claim of Marques Pipeline, Inc. or its assignee or successor against the Bickford Ranch Project in the amount of \$330,118.		SunCal Bickford; SunCal Bickford 29 and 30
7	Class 5.16	Mechanic's Lien Claim of Pacific Soils Engineering or its assignee or successor against the portion of the Summit Valley Project owned by Summit Valley in the amount of \$16,827.		SunCal Summit Valley; SunCal Summit Valley 9
8	Class 5.17	Mechanic's Lien Class of, or formerly of, Hertz Equipment Rental Corporation or its assignee or successor against the Delta Coves Project in the amount of \$25,444.		Delta Coves; Delta Coves 2
9	Class 5.18	Mechanic's Lien Claim of MBH Architects or its assignee or successor against the Delta Coves Project in the amount of \$97,091.		Delta Coves; Delta Coves 8
10	Class 5.19	Mechanic's Lien Claim of HD Supply Construction or its assignee or successor against the Heartland Project in the amount of \$47,675.		SunCal Heartland; SunCal Heartland 2
11	Class 5.20	Mechanic's Lien Claim of Pinnick, Inc. or its assignee or successor against the Heartland Project in the amount of \$563,159.		SunCal Heartland; SunCal Heartland 8
12	Class 5.21	Mechanic's Lien Claim of Dennis M. McCoy & Sons or its assignee or successor against the Heartland Project in the amount of \$941,960.		SunCal Heartland; SunCal Heartland 16
13	Class 5.22	Mechanic's Lien Claim of SunCal Marblehead by Trimax Systems, Inc. or its assignee or successor against the Marblehead Project in the amount of \$75,286.		SunCal Marblehead; SunCal Marblehead 3
14	Class 5.23	Mechanic's Lien Claim of Butsko Utility Design, Inc. or its assignee or successor against the Marblehead Project in the amount of \$6,250.		SunCal Marblehead; SunCal Marblehead 4

CLASS 5: CLASSIFICATION OF ALLOWED MECHANIC'S LIEN CLAIMS	Class 5 is Unimpaired	Class 5 Claim Holders are Not Entitled to Vote
Class	Claims	Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number)
Class 5.24	Mechanic's Lien Claim of Dennis RMF Contracting, Inc. or its assignee or successor against the Marblehead Project in the amount of \$264,749.	SunCal Marblehead; SunCal Marblehead 28
Class 5.25	Mechanic's Lien Claim of The Jasper Companies or its assignee or successor against the Marblehead Project in the amount of \$165,260.	SunCal Marblehead; SunCal Marblehead 29
Class 5.26	Mechanic's Lien Claim of Kirk Negrete, Inc. dba United Steel Placers or its assignee or successor against the Marblehead Project in the amount of \$270,056.	SunCal Marblehead; SunCal Marblehead 38
Class 5.27	Mechanic's Lien Claim of RBF Consulting or its assignee or successor against the Marblehead Project in the amount of \$7,096.	SunCal Marblehead; SunCal Marblehead 39
Class 5.28	Mechanic's Lien Claim of RJ Noble Co. or its assignee or successor against the Marblehead Project in the amount of \$175,030.	SunCal Marblehead; SunCal Marblehead 42, 50 and 58
Class 5.29	Mechanic's Lien Claim of Orange County Stripping Services or its assignee or successor against the Marblehead Project in the amount of \$4,400.	SunCal Marblehead; SunCal Marblehead 46 and 54
Class 5.30	Mechanic's Lien Claim of Savala Equipment Co. Inc. or its assignee or successor against the Marblehead Project in the amount of \$34,440.	SunCal Marblehead; SunCal Marblehead 48 and 56
Class 5.31	Mechanic's Lien Claim of Rockey Murata Landscaping or its assignee or successor against the Marblehead Project in the amount of \$285,643.	SunCal Marblehead; SunCal Marblehead 60
Class 5.32	Mechanic's Lien Claim of HD Supply Construction or its assignee or successor against the Oak Valley Project in the amount of \$52,806.	SunCal Oak Valley; SunCal Oak Valley 3
Class 5.33	Mechanic's Lien Claim of Pinnik Inc. or its assignee or successor against the Oak Valley Project in the amount of \$966,987.	SunCal Oak Valley; SunCal Oak Valley 12 and 14
Class 5.34	Mechanic's Lien Claim of Hillcrest Contracting Inc. or its assignee or successor against the Oak Valley Project in the amount of \$136,567.	SunCal Oak Valley; SunCal Oak Valley 223
Class 5.35	Mechanic's Lien Claim of MacKenzie Landscape or its assignee or successor against the Oak Valley Project in the amount of \$121,297.	SunCal Oak Valley; SunCal Oak Valley 25
Class 5.36	Mechanic's Lien Claim of All American Asphalt or its assignee or successor against the Oak Valley Project in the amount of \$60,355.	SunCal Oak Valley; SunCal Oak Valley 26

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Class	Claims	Class 5 is Unimpaired	Class 5 Claim Holders are Not Entitled to Vote
			Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number)
5	Class 5.37		Mechanic's Lien Claim of Los Angeles Times or its assignee or successor against the Oak Valley Project in the amount of \$43,610. SunCal Oak Valley; SunCal Oak Valley 31 and 32
6	Class 5.38		Mechanic's Lien Claim of Proactive Engineering or its assignee or successor against the Oak Valley Project in the amount of \$280,685. SunCal Oak Valley; SunCal Oak Valley 35 and 36
7	Class 5.39		Mechanic's Lien Claim of Ateliers Jean Nouvel or its assignee or successor against the 10000 Santa Monica Project in the amount of \$1,110,000. SunCal Century City; SunCal Century City 15
8	Class 5.40		Mechanic's Lien Claim of Englekirk & Sabol Construction Structure Engineering or its assignee or successor against the 10000 Santa Monica Project in the amount of \$324,520. SunCal Century City SunCal Century City 12
9	Class 5.41		Mechanic's Lien Claim of Brudvik Inc. or its assignee or successor against the Palm Springs Village Project in the amount of \$43,365. SunCal PSV; SunCal PSV 4
10	Class 5.42		Mechanic's Lien Claim of Larry Jacinto Construction Inc. or its assignee or successor against the Palm Springs Village Project in the amount of \$212,663. SunCal PSV; SunCal PSV 5 and 24
11	Class 5.43		Mechanic's Lien Claim of William + Paddon Architects + Planners Inc. or its assignee or successor against the Palm Springs Village Project in the amount of \$73,798. SunCal PSV; SunCal PSV 9 and 10
12	Class 5.44		Mechanic's Lien Claim of Southern California Edison or its assignee or successor against the Palm Springs Village Project in the amount of \$23,861. SunCal PSV; SunCal PSV 26
13	Class 5.45		Mechanic's Lien Claim of Pacific Masonry Walls, Inc. or its assignee or successor against the Palm Springs Village Project in the amount of \$314,061. SunCal PSV; SunCal PSV 33 and 39
14	Class 5.46		Mechanic's Lien Claim of J.R. Simplot Company or its assignee or successor against the Palm Springs Village Project in the amount of \$3,467. SunCal PSV; SunCal PSV 34 and 40
15	Class 5.47		Mechanic's Lien Claim of Desert Pipeline Inc. or its assignee or successor against the Palm Springs Village Project in the amount of \$469,784. SunCal PSV; SunCal PSV 36, 42 and 47
16	Class 5.48		Mechanic's Lien Claim of MSA Consulting or its assignee or successor against the Palm Springs Village Project in the amount of \$666,897. SunCal PSV; SunCal PSV 43
17	Class 5.49		Mechanic's Lien Claim of Jackson DeMarco or its assignee or successor against the Palm Springs Village Project in the amount of \$52,234. SunCal PSV; SunCal PSV 45

CLASS 5: CLASSIFICATION OF ALLOWED MECHANIC'S LIEN CLAIMS		Class 5 is Unimpaired	Class 5 Claim Holders are Not Entitled to Vote
Class	Claims	<u>Plan Debtor and Basis for Claim</u> (i.e., Scheduled Amount or Case in Which Proof Filed and Number)	
Class 5.50	Mechanic's Lien Claim of Oliphant Gold, Inc. or its assignee or successor against the Oak Knoll Project in the amount of \$456,476.	SunCal Oak Knoll; SunCal Oak Knoll 46	
Class 5.51	Mechanic's Lien Claim of RGA Environmental, Inc. or its assignee or successor against the Oak Knoll Project in the amount of \$75,617.	SunCal Oak Knoll; SunCal Oak Knoll 1	
Class 5.52	Mechanic's Lien Claim of BKF Engineers or its assignee or successor against the Oak Knoll Project in the amount of \$308,817.	SunCal Oak Knoll; SunCal Oak Knoll 2 and 19	
Class 5.53	Mechanic's Lien Claim of CST Environmental Inc. or its assignee or successor against the Oak Knoll Project in the amount of \$4,316,169.	SunCal Oak Knoll; SunCal Oak Knoll 4 and 9	
Class 5.54	Mechanic's Lien Claim of Proactive Engineering or its assignee or successor against the Beaumont Heights Project in the amount of \$46,188.	SunCal Beaumont; SunCal Beaumont 11 and 12	

CLASS 6: CLASSIFICATION OF ALLOWED PRIORITY CLAIMS		Class 6 is Unimpaired	Class 6 Claim Holders are Not Entitled to Vote
Class	Claims	<u>Plan Debtor and Basis for Claim</u> (i.e., Scheduled Amount or Case in Which Proof Filed and Number)	
Class 6.1	Priority Claims against SunCal Marblehead (alleged amount - \$10,950).	SunCal Marblehead; SunCal Marblehead Scheduled Amount and SunCal Marblehead 45	
Class 6.2	Priority Claims against SunCal Oak Knoll (alleged amount - \$235).	SunCal Oak Knoll; SunCal Oak Knoll 26	
Class 6.3	Priority Claims against Palmdale Hills (alleged amount - \$10,950).	Palmdale Hills; Palmdale Hills 70	
Class 6.4	Priority Claims against SJD Partners (alleged amount - \$4,188).	SJD Partners; SJD Partners Scheduled Amount and SJD Partners 12	

CLASS 7: CLASSIFICATION OF ALLOWED GENERAL UNSECURED CLAIMS		Class 7 is Impaired	Class 7 Claim Holders are Entitled to Vote
Class	Claims	Plan Debtor	
Class 7.1	General Unsecured Claims	Palmdale Hills	

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3	Class	Claims	Plan Debtor	
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5	Class 7.2	General Unsecured Claims		Del Rio
6	Class 7.3	General Unsecured Claims		SunCal Beaumont
7	Class 7.4	General Unsecured Claims		SunCal Emerald
8	Class 7.5	General Unsecured Claims		SunCal Johannson
9	Class 7.6	General Unsecured Claims		SunCal Summit Valley
10	Class 7.7	General Unsecured Claims		Acton Estates
11	Class 7.8	General Unsecured Claims		Delta Coves
12	Class 7.9	General Unsecured Claims		SunCal Heartland
13	Class 7.10	General Unsecured Claims		SunCal Marblehead
14	Class 7.11	General Unsecured Claims		SJD Partners
15	Class 7.12	General Unsecured Claims		SunCal Century City
16	Class 7.13	General Unsecured Claims		SunCal Northlake
17	Class 7.14	General Unsecured Claims		SunCal Oak Knoll
18	Class 7.15	General Unsecured Claims		SunCal Oak Valley
19	Class 7.16	General Unsecured Claims		SunCal PSV
20	Class 7.17	General Unsecured Claims		SunCal Torrance
21	Class 7.18	General Unsecured Claims		SCC Communities
22	Class 7.19	General Unsecured Claims		Tesoro
23	Class 7.20	General Unsecured Claims		SunCal Bickford
24	Class 7.21	General Unsecured Claims		SunCal I
25	Class 7.22	General Unsecured Claims		Seven Brothers
26	Class 7.23	General Unsecured Claims		Kirby Estates
27	Class 7.24	General Unsecured Claims		SCC Palmdale
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CLASS 8: CLASSIFICATION OF ALLOWED ES CLAIMS		Class 8 is Impaired	Class 8 Claim Holders are Entitled to Vote
Class	Claims		<u>Plan Debtor and Basis for Claims</u>
Class 8.1	ES Claims		Palmdale Hills
Class 8.2	ES Claims		Del Rio - Various Filed and Scheduled
Class 8.3	ES Claims		SunCal Emerald - Various Filed and Scheduled
Class 8.4	ES Claims		SunCal Summit Valley - Various Filed and Scheduled
Class 8.5	ES Claims		Acton Estates - Various Filed and Scheduled
Class 8.6	ES Claims		Delta Coves - Various Filed and Scheduled
Class 8.7	ES Claims		SunCal Heartland - Various Filed and Scheduled
Class 8.8	ES Claims		SunCal Marblehead - Various Filed and Scheduled
Class 8.9	ES Claims		SJD Partners - Various Filed and Scheduled
Class 8.10	ES Claims		SunCal Northlake - Various Filed and Scheduled
Class 8.11	ES Claims		SunCal Oak Knoll - Various Filed and Scheduled
Class 8.12	ES Claims		SunCal Oak Valley - Various Filed and Scheduled
Class 8.13	ES Claims		SunCal PSV - Various Filed and Scheduled
Class 8.14	ES Claims		SunCal Torrance - Various Filed and Scheduled
Class 8.15	ES Claims		SCC Communities - Various Filed and Scheduled
Class 8.16	ES Claims		Tesoro - Various Filed and Scheduled
Class 8.17	ES Claims		SunCal Bickford - Various Filed and Scheduled
Class 8.18	ES Claims		SunCal I

1	CLASS 8: CLASSIFICATION OF ALLOWED ES CLAIMS		Class 8 is Impaired	Class 8 Claim Holders are Entitled to Vote
2	Class	Claims		<u>Plan Debtor and Basis for Claims</u>
3	Class 8.19	ES Claims		SCC Palmdale

5	CLASS 9: CLASSIFICATION OF ALLOWED INTERESTS		Class 9 is Impaired	Class 9 Interest Holders are Deemed to Reject the Plan and are Not Entitled to Vote
7	Class	Interests (and alleged Holders)		<u>Plan Debtor and Basis for Interests</u>
8	Class 9.1	Interests in Palmdale Hills (of SCC Palmdale).		Palmdale Hills Scheduled
9	Class 9.2	Interests in Del Rio (of SCC LLC).		Del Rio Scheduled
10	Class 9.3	Interests in SunCal Beaumont (of SunCal I).		SunCal Beaumont Scheduled
11	Class 9.4	Interests in SunCal Emerald (of SunCal I).		SunCal Emerald Scheduled
12	Class 9.5	Interests in SunCal Johannson (of SunCal I).		SunCal Johannson Scheduled
13	Class 9.6	Interests in SunCal Summit Valley (of SunCal I).		SunCal Summit Valley Scheduled
14	Class 9.7	Interests in Acton Estates (of SunCal I).		Acton Estates Scheduled
15	Class 9.8	Interests in Delta Coves (of Delta Coves Member LLC).		Delta Coves Scheduled
16	Class 9.9	Interests in SunCal Heartland (of SunCal Marblehead Heartland Master LLC).		SunCal Heartland Scheduled
17	Class 9.10	Interests in SunCal Marblehead (of SunCal Marblehead Heartland Master LLC).		SunCal Marblehead Scheduled
18	Class 9.11	Interests in SJD Partners (of, <i>inter alia</i> , SJD Development).		SJD Partners Scheduled
19	Class 9.12	Interests in SunCal Century City (of SunCal Century City Member LLC).		SunCal Century City Scheduled
20	Class 9.13	Interests in SunCal Northlake (of SCLV Northlake, LLC and SCC/Northlake, LLC).		SunCal Northlake Scheduled

CLASS 9: CLASSIFICATION OF ALLOWED INTERESTS	Class 9 is Impaired	Class 9 Interest Holders are Deemed to Reject the Plan and are Not Entitled to Vote
Class	Interests (and alleged Holders)	<u>Plan Debtor and Basis for Interests</u>
Class 9.14	Interests in SunCal Oak Knoll (of Lehman SunCal Real Estate Holdings LLC).	SunCal Oak Knoll Scheduled
Class 9.15	Interests in SunCal Oak Valley (of SCLV Oak Valley LLC and SCC/Oak Valley, LLC).	SunCal Oak Valley Scheduled
Class 9.16	Interests in SunCal PSV (of Lehman SunCal PSV Holdings LLC).	SunCal PSV Scheduled
Class 9.17	Interests in SunCal Torrance (of Lehman SunCal Real Estate Holdings LLC).	SunCal Torrance Scheduled
Class 9.18	Interests in SCC Communities (of SCC LLC).	SCC Communities Scheduled
Class 9.19	Interests in Tesoro (of SCC LLC).	Tesoro Scheduled
Class 9.20	Interests in SunCal Bickford (of SunCal I).	SunCal Bickford Scheduled
Class 9.21	Interests in SunCal I (of SCC LLC).	SunCal I Scheduled
Class 9.22	Interests in Seven Brothers (of SunCal Summit Valley).	Seven Brothers Scheduled
Class 9.23	Interests in Kirby Estates (of SunCal Summit Valley).	Kirby Estates Scheduled
Class 9.24	Interests in SCC Palmdale (of SCC LLC).	SCC Palmdale Scheduled

V.

TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

Any references in the Lehman Plan to Class 1, Class 2, Class 4, Class 5, Class 6, Class 7, Class 8 and Class 9 are summary references made for convenience only to the group of subclasses of each such Class (Classes 1.1 through 1.20, Classes 2.1 through 2.19, Classes 4.1 through 4.15, Classes 5.1 through 5.54, Classes 6.1 through 6.4, Classes 7.1 through 7.24, Classes 8.1 through 8.19 and Classes 9.1 through 9.24). Regardless of the treatment provided herein for any Holder of a Claim, the Holder may agree to accept less favorable treatment. Provisions for treatment below

1 for Holders of Allowed Claims are not an indication that any particular Claim is Allowed unless
2 expressly provided.

3 **5.1 Treatment of Allowed Secured Real Property Tax Claims (Classes 1.1 through**
4 **1.20).**

5 The treatment of Allowed Secured Real Property Tax Claims in Classes 1.1 through 1.20
6 under the Lehman Plan is as follows:

7 (a) Classes 1.1 through 1.20 are unimpaired under the Plan, and each Holder of an
8 Allowed Secured Real Property Tax Claim is not entitled to vote on the Plan;

9 (b) As of the Effective Date, each Holder of an Allowed Secured Real Property Tax
10 Claim shall retain its underlying Liens on the applicable real property collateral;

11 (c) On or before the Effective Date, the Lehman Lenders, in consultation with the
12 Committees and the anticipated Liquidating Trustee, as limited below, shall select, and the
13 Liquidating Trustee shall implement, as necessary, unless the Holder of an Allowed Secured Real
14 Property Tax Claim agrees to less favorable treatment, one of the following alternative treatments
15 for each such Allowed Secured Real Property Tax Claim, which treatment shall be in full and final
16 satisfaction, settlement, release, and discharge of, and exchange for each such Allowed Secured
17 Real Property Tax Claim:

18 **A. Cash Payment.** On the Effective Date, the Liquidating Trustee (with the
19 consent of the Lehman Lenders to the extent that payment would require utilization of Cash
20 Collateral of any of the Lehman Creditors, which consent may be granted or denied in their sole
21 discretion) will pay, to the Holder of such Allowed Secured Real Property Tax Claim, Cash equal
22 to the amount of such Allowed Secured Real Property Tax Claim, or such lesser amount as to
23 which the Holder of such Allowed Secured Real Property Tax Claim, the Liquidating Trustee and
24 the Lehman Lenders agree; or

25 **B. Unimpairment.** (i) As of the Effective Date, the Holder of such Allowed
26 Secured Real Property Tax Claim shall have left unaltered its legal, equitable and contractual rights
27 as a Holder of such Allowed Secured Real Property Tax Claim and shall be free to pursue its rights
28 and remedies against the underlying real property collateral under applicable nonbankruptcy law;

1 and (ii) the Liquidating Trustee shall File with the Bankruptcy Court and serve on the Holder notice
2 of the selection of this alternative treatment for such Holder.

3 **5.2 Treatment of Lehman Secured Claims (Classes 2.1 through 2.19).**

4 The treatment of Lehman Secured Claims (Classes 2.1 through 2.19) under the Lehman
5 Plan shall be as follows:

6 **5.2.1 Voting.**

7 Classes 2.1 through 2.19 are impaired under the Plan, and each Holder of a Lehman Secured
8 Claim is entitled to vote on the Plan.

9 **5.2.2 Liens.**

10 As of the Effective Date, each Holder of a Lehman Secured Claim shall retain its underlying
11 Liens on the applicable collateral. Thereafter, additional Liens may be granted or Liens may be
12 released all as set forth in Section 5.2 and Article VII of the Plan.

13 **5.2.3 Claims.**

14 Subject to applicable provisions of the Lehman Plan, including Article VII of the Plan
15 (which provisions are designed to protect (a) ES Claimants as provided therein in the event of an
16 ES Judgment subordinating all or any part of certain Lehman Secured Claims to Allowed ES
17 Claims and (b) the Estates of Acton Estates, Tesoro and SCC Communities in the event of a Cross-
18 Collateralization Judgment), each Lehman Secured Claim shall be Allowed for voting and all other
19 purposes as a Secured Claim in the amounts set forth in Article IV above; provided that (i) any
20 deficiency shall be an Allowed Class 7 Claim in the appropriate subclass thereof; (ii) as to Lehman
21 Secured Claims for which, as to all of the applicable collateral other than Cash Collateral of the
22 applicable Lehman Creditor, there is a Successful Bidder in accordance with the Lehman Plan Sale
23 or Foreclosure Procedures, the amount of a Lehman Secured Claim shall equal the sum of (a) such
24 Cash Collateral and (b) the amount bid by the Successful Bidder for the non-Cash collateral; and
25 (iii) as to all other Lehman Secured Claims, upon disposition of all of the collateral therefor or upon
26 a valuation motion made by the Liquidating Trustee or the applicable Holder of any Lehman
27 Secured Claims after abandonment or surrender thereof, the amount of the applicable Lehman
28 Secured Claim and any related deficiency shall be accordingly adjusted.

1 **5.2.4 Disposition of Collateral**

2 On the Effective Date, all Cash Collateral for a Lehman Secured Claim not used on the
3 Effective Date as permitted or required by the Lehman Plan shall be deposited into the Plan
4 Reserve. Certain of the Remaining Real Restate Projects shall be sold or conveyed pursuant to the
5 Lehman Plan Sale or Foreclosure Procedures. If a Project or other Asset of a Plan Debtor which is
6 the collateral for a Lehman Secured Claim is transferred to one or more Lehman Nominees
7 pursuant to the Lehman Plan Sale or Foreclosure Procedures, any such Project so conveyed shall
8 become a PRA Security Project subject to a PRA Recovery Deed of Trust as and to the extent
9 described in Article VII of the Plan. If a Project or other Asset of a Plan Debtor which is collateral
10 for a Lehman Secured Claim is sold to a third party purchaser, the Net Cash Proceeds therefrom
11 shall be remitted to the Liquidating Trustee who shall hold such Net Cash Proceeds in the Plan
12 Reserve and any non-Cash Net Proceeds therefrom shall also be remitted to the Liquidating Trustee
13 and the applicable Lehman Lender shall be afforded a substitute Lien on such non-Cash Net
14 Proceeds. Any remaining collateral for a Lehman Secured Claim, which is not otherwise sold or
15 conveyed pursuant to the Lehman Plan Sale or Foreclosure Procedures may be retained, sold or
16 abandoned by the Liquidating Trustee as provided under the Lehman Plan with the Net Cash
17 Proceeds therefrom to be applied first to pay such Lehman Secured Claim and then to pay other
18 Claims in accordance with the Lehman Plan, provided that, if no disposition of such collateral
19 occurs within one (1) year after the Effective Date, the applicable Lehman Lender may enforce its
20 Liens.

21 **5.2.5 Releases, Reconveyances, Assignments and Payments.**

22 (i) Upon final settlement or determination of the Project Related Actions in
23 favor of the applicable Lehman Related Parties, consistent therewith, the Liquidating Trustee shall
24 (1) release and reconvey to the applicable Lehman Nominees all PRA Recovery Deeds of Trust and
25 terminate all Reconveyance Agreements, (2) pay the applicable Lehman Nominee the amount held
26 in the Plan Reserve in respect of, and any other, Net Cash Proceeds of the sale of the PRA Security
27 Project previously owned by such Lehman Nominee, (3) assign non-Cash Net Proceeds (including
28 all substitute Liens and related, underlying obligations) (x) from the sale of any PRA Security

1 Project, to the applicable Lehman Nominee and (y) from the sale of any collateral for a Lehman
2 Secured Claim, to the applicable Holder of such Lehman Secured Claim, (4) distribute to the
3 applicable Holder of a Lehman Secured Claim any remaining non-Cash collateral for such Claim,
4 and (5) pay to the applicable Holder of a Lehman Secured Claim, the amounts held in the Plan
5 Reserve with respect to such Lehman Secured Claim (including any Cash Collateral of such Holder
6 that was deposited in the Plan Reserve) and any other Net Cash Proceeds of the disposition of
7 collateral for such Lehman Secured Claim, up to the amount of the Lehman Secured Claim, with
8 interest and fees in accordance with its contractual terms. Thereupon, the Allowed Lehman
9 Secured Claim shall be deemed satisfied by such payments and such conveyances of collateral free
10 and clear as set forth in Section 7.7.2(a).

11 (ii) Upon final settlement or determination of the Project Related Actions against
12 the applicable Lehman Related Parties, consistent therewith, the Liquidating Trustee, in satisfaction
13 of the Project Related Action Recoveries, shall distribute to the applicable Estates available Cash
14 from the Plan Reserve and shall liquidate and distribute to the applicable Estates the Net Proceeds
15 from the PRA Recovery Security Pool and non-Cash Net Proceeds from the sale of collateral for
16 the Lehman Secured Claims (which are the exclusive sources of satisfaction of a Project Related
17 Action Recovery absent a voluntary payment by a Lehman Related Party in accordance with
18 Article VII of the Plan), and upon satisfaction of the Project Related Action Recoveries, to the
19 extent of any remainder of such Cash or property, the Liquidating Trustee shall afford Lehman
20 Secured Claims the treatment described in the preceding subparagraph to this Section 5.2.5 of the
21 Lehman Plan.

22 (iii) As more fully set forth in Article VII of the Plan, at any time that the Plan
23 Reserve contains an amount equal to the Maximum PRA Recovery Amount, the Liquidating
24 Trustee shall release and reconvey to the applicable Lehman Nominees all PRA Recovery Deeds of
25 Trust, terminate all Reconveyance Agreements and release to the applicable Holders of Lehman
26 Secured Claims and all Lehman Nominees all funds in the Plan Reserve in excess of the Maximum
27 PRA Recovery Amount.
28

1 **5.3 Treatment of Allowed Danske Secured Claim (Class 3).**

2 The treatment of the Danske Secured Claim (Class 3) under the Lehman Plan shall be as
3 follows:

4 **5.3.1 Voting.**

5 Class 3 is impaired under the Plan, and the Holder of the Allowed Danske Secured Claim is
6 entitled to vote on the Plan.

7 **5.3.2 Liens.**

8 As of the Effective Date, the Holder of the Allowed Danske Secured Claim shall retain its
9 underlying Liens on the applicable collateral.

10 **5.3.3 Claims.**

11 The Allowed Danske Secured Claim shall be Allowed for voting and all other purposes as a
12 Secured Claim in the amounts set forth in Article IV above; provided that (i) any deficiency shall
13 be an Allowed Class 7 Claim in the appropriate subclass thereof; and (ii) upon disposition of all of
14 the collateral for such Allowed Danske Secured Claim or upon valuation motion made by the
15 Liquidating Trustee or the Holder of such Allowed Danske Secured Claim after abandonment or
16 surrender of such collateral, the amount of the Allowed Danske Secured Claim and any related
17 deficiency shall be accordingly adjusted.

18 **5.3.4 Disposition of Collateral and Means Therefor**

19 On the Effective Date, all Cash Collateral for the Allowed Danske Secured Claim shall be
20 turned over to the Holder of the Allowed Danske Secured Claim in respect of such Claim, unless
21 the Holder agrees to permit the Liquidating Trustee to retain or use any portion thereof.

22 The Liquidating Trustee shall market for sale and sell the non-Cash collateral for the
23 Allowed Danske Secured Claim, including the 10000 Santa Monica Project, or abandon all or any
24 of such collateral upon motion to the Bankruptcy Court. The collateral, together with all associated
25 personal property, shall be sold free and clear of Encumbrances other than Permitted Liens for
26 Cash, or on such other terms to which the Holder of the Allowed Danske Secured Claim consents.
27 The Holder of the Allowed Danske Secured Claim shall receive at least thirty (30) days' prior
28 notice of any proposed sale. The Holder of the Allowed Danske Secured Claim may elect to credit

1 bid in response to such notice up to the full amount of the Allowed Danske Secured Claim (without
2 the amount bid being limited to the value of the interest of the Holder of the Allowed Danske
3 Secured Claim in such collateral).

4 If the collateral for the Allowed Danske Secured Claim is sold to a third party purchaser,
5 promptly upon receipt thereof by the Liquidating Trustee, there shall be turned over or paid to the
6 Holder of the Allowed Danske Secured Claim up to the full amount of the Allowed Danske
7 Secured Claim from any non-Cash Net Proceeds therefrom and from the Net Cash Proceeds
8 remaining after payment, (a) first, of SunCal Century City's Pro Rata share of the Lehman Post-
9 Confirmation Loan, (b) second, payment of SunCal Century City's direct Post-Confirmation
10 Expenses and its Pro Rata share of unpaid Post-Confirmation Expenses commonly allocable among
11 it and other Plan Debtors, and (c) third, any post-Confirmation Date intercompany payables. Any
12 remaining Net Cash Proceeds thereafter shall be used to pay other obligations of the applicable
13 Debtor in the priorities set forth in Section 7.9.2(b) of the Plan. If no disposition of such collateral
14 occurs within one (1) year after the Effective Date, the Holder of the Allowed Danske Secured
15 Claim may enforce its Liens. The Holder of the Allowed Danske Secured Claim may advance
16 funds to the Liquidating Trustee for the protection of its collateral or administration of the Estate of
17 SunCal Century City on such terms as the Holder of the Allowed Danske Secured Claim and
18 Liquidating Trustee agree.

19 **5.4 Treatment of Allowed Other Secured Claims (Classes 4.1 Through 4.15).**

20 The treatment of Allowed Other Secured Claims in Classes 4.1 through 4.15 under the
21 Lehman Plan shall be as follows:

22 (a) Classes 4.1 through 4.15 are unimpaired under the Plan, and each Holder of an
23 Allowed Secured Claim in Classes 4.1 through 4.15 is not entitled to vote on the Plan;

24 (b) As of the Effective Date, each Holder of an Allowed Other Secured Claim in Classes
25 4.1 through 4.15 shall retain its underlying Liens on the applicable collateral;

26 (c) On or before the Effective Date, the Lehman Lenders, in consultation with the
27 Committees and anticipated Liquidating Trustee, as limited below, shall select and the Liquidating
28 Trustee shall implement, as necessary, unless the Holder of an Allowed Other Secured Claim in

1 Classes 4.1 through 4.15 agrees to less favorable treatment, one of the following alternative
2 treatments for each such Allowed Other Secured Claim in Classes 4.1 through 4.15, which
3 treatment shall be in full and final satisfaction, settlement, release, and discharge of, and exchange
4 for each such Allowed Secured Claim in Classes 4.1 through 4.15:

5 **A. Abandonment or Surrender.** On the Effective Date, the Liquidating Trustee
6 will abandon or surrender to the Holder of such Allowed Other Secured Claim in Classes 4.1
7 through 4.15 the property securing such Allowed Other Secured Claim in Classes 4.1 through 4.15
8 as of the Effective Date;

9 **B. Cash Payment.** On the Effective Date, the Liquidating Trustee (with the
10 consent of the Lehman Lenders to the extent that payment would require utilization of Cash
11 Collateral of any of the Lehman Creditors, which consent may be granted or denied in their sole
12 discretion) will pay, to the Holder of such Allowed Other Secured Claim in Classes 4.1 through
13 4.15, Cash equal to the amount of such Allowed Other Secured Claim in Classes 4.1 through 4.15,
14 or such lesser amount as to which the Holder of such Allowed Other Secured Claim in Classes 4.1
15 through 4.15, the Liquidating Trustee and the Lehman Lenders agree; or

16 **C. Unimpairment.** (i) As of the Effective Date, the Holder of such Allowed Other
17 Secured Claim in Classes 4.1 through 4.15 shall have left unaltered its legal, equitable and
18 contractual rights as a Holder of such Allowed Other Secured Claim in Classes 4.1 through 4.15
19 and shall be free to pursue its rights and remedies against the underlying collateral under applicable
20 nonbankruptcy law; and (ii) the Liquidating Trustee shall File with the Bankruptcy Court and serve
21 on the Holder of each Allowed Other Secured Claim in Classes 4.1 through 4.15 for which this
22 treatment is selected, notice of the selection of this alternative treatment for such Holder.

23 **5.5 Treatment of Allowed Secured Mechanic's Lien Claims Against the Plan**
24 **Debtors (Classes 5.1 through 5.54).**

25 The treatment of Allowed Secured Mechanic's Lien Claims in Classes 5.1 through 5.54
26 under the Lehman Plan shall be as follows:
27
28

1 (a) Classes 5.1 through 5.54 are unimpaired under the Plan, and each Holder of an
2 Allowed Secured Mechanic's Lien Claim in Classes 5.1 through 5.54 is not entitled to vote on the
3 Plan;

4 (b) As of the Effective Date, each Holder of an Allowed Secured Mechanic's Lien
5 Claim in Classes 5.1 through 5.54 shall retain its underlying Liens on the applicable collateral;

6 (c) On or before the Effective Date, the Lehman Lenders, in consultation with the
7 Committees and the anticipated Liquidating Trustee, as limited below, shall select, and the
8 Liquidating Trustee shall implement, as necessary, unless the Holder of an Allowed Secured
9 Mechanic's Lien Claim in Classes 5.1 through 5.54 agrees to less favorable treatment, one of the
10 following alternative treatments for each such Allowed Secured Mechanic's Lien Claim in Classes
11 5.1 through 5.54, which treatment shall be in full and final satisfaction, settlement, release, and
12 discharge of, and exchange for each such Allowed Secured Mechanic's Lien Claim in Classes 5.1
13 through 5.54:

14 **A. Abandonment or Surrender.** On the Effective Date, the Liquidating Trustee
15 will abandon or surrender to the Holder of such Allowed Secured Mechanic's Lien Claim in
16 Classes 5.1 through 5.54 the property securing such Allowed Secured Claim as of the Effective
17 Date;

18 **B. Cash Payment.** On the Effective Date, the Liquidating Trustee (with the
19 consent of the Lehman Lenders to the extent that payment would require utilization of Cash
20 Collateral of any of the Lehman Creditors, which consent may be granted or denied in their sole
21 discretion) will pay, to the Holder of such Allowed Secured Mechanic's Lien Claim in Classes 5.1
22 through 5.54, Cash equal to the amount of such Allowed Secured Mechanic's Lien Claim in
23 Classes 5.1 through 5.54, or such lesser amount as to which the Holder of such Allowed Secured
24 Mechanic's Lien Claim in Classes 5.1 through 5.54, the Liquidating Trustee and the Lehman
25 Lenders agree; or

26 **C. Unimpairment.** (i) As of the Effective Date, the Holder of such Allowed
27 Secured Mechanic's Lien Claim in Classes 5.1 through 5.54 shall have left unaltered its legal,
28 equitable and contractual rights as a Holder of such Allowed Secured Mechanic's Lien Claim in

1 Classes 5.1 through 5.54 and shall be free to pursue its rights and remedies against the underlying
2 collateral under applicable nonbankruptcy law; and (ii) the Liquidating Trustee shall File with the
3 Bankruptcy Court and serve on the Holder of each Allowed Secured Mechanic's Lien Claim in
4 Classes 5.1 through 5.54 for which this treatment was selected, notice of the selection of this
5 alternative treatment for such Holder.

6 **5.6 Treatment of Allowed Priority Claims (Classes 6.1 Through 6.4).**

7 The treatment of Allowed Priority Claims in Classes 6.1 through 6.4 under the Lehman Plan
8 shall be as follows:

9 (a) Classes 6.1 through 6.4 are unimpaired under the Plan, and each Holder of an
10 Allowed Priority Claim is not entitled to vote on the Plan.

11 (b) Each Holder of an Allowed Priority Claim shall be paid (i) the full amount of such
12 Allowed Priority Claim in Cash on the later of (x) the Effective Date, (y) the date such Claim
13 becomes an Allowed Priority Claim or (z) the date such Allowed Priority Claim becomes payable
14 in accordance with the terms governing such Allowed Priority Claim, or (ii) upon such other less
15 favorable terms as may be agreed to by such Holder of the Allowed Priority Claim and the
16 Liquidating Trustee.

17 **5.7 Treatment of Allowed General Unsecured Claims (Classes 7.1 Through 7.24).**

18 The treatment of Allowed General Unsecured Claims in Classes 7.1 through 7.24 under the
19 Lehman Plan shall be as follows:

20 (a) Classes 7.1 through 7.24 are impaired under the Plan, and each Holder of an
21 Allowed General Unsecured Claim is entitled to vote on the Plan; and

22 (b) As soon as reasonably practicable in the sole discretion of the Liquidating Trustee,
23 the Liquidating Trustee shall distribute the Residual Cash in each Estate Pro Rata to the Holders of
24 Allowed General Unsecured Claims in Classes 7.1 through 7.24, as applicable, and Allowed ES
25 Claims in Classes 8.1 through 8.19, as applicable.
26
27
28

1 **5.8 Treatment of Allowed ES Claims (Classes 8.1 through 8.19).**

2 The treatment of Allowed ES Claims in Classes 8.1 through 8.19 under the Lehman Plan
3 shall be as follows:

4 (a) Classes 8.1 through 8.19 are impaired under the Plan, and each Holder of an
5 Allowed ES Claim is entitled to vote on the Plan;

6 (b) As soon as reasonably practicable in the sole discretion of the Liquidating Trustee,
7 the Liquidating Trustee shall distribute the Residual Cash in each Estate Pro Rata to the Holders of
8 Allowed General Unsecured Claims in Classes 7.1 through 7.24, as applicable, and Allowed ES
9 Claims in Classes 8.1 through 8.19, as applicable (subject to the terms of any ES Claimant Release
10 and Assignment with respect to Claims against a Lehman Releasee);

11 (c) Each Holder of an Allowed ES Claim also shall receive either:

12 (i) if the Holder of an Allowed ES Claim votes to accept the ES Settlement
13 Offer (or if there is Estate Acceptance of the ES Settlement for the Estate against which the
14 Allowed ES Claim is asserted) and the Holder returns with its Ballot or to the Lehman Lenders a
15 duly executed ES Claimant Release and Assignment, an ES Pro Rata Settlement Payment to be
16 paid as soon as reasonably practicable after the later of: (1) the Effective Date; and (2) final
17 allowance of such Allowed ES Claim; or

18 (ii) if the Holder of an Allowed ES Claim does not vote to accept the ES
19 Settlement Offer (and there is not Estate Acceptance of the ES Settlement for the Estate against
20 which the Allowed ES Claim is asserted), the benefits, if any, of the Equitable Subordination
21 Claims as determined by the Bankruptcy Court in connection with an ES Action, as and when
22 available. For Holders of Allowed ES Claims entitled to the benefits, if any, of the Equitable
23 Subordination Claims as determined by the Bankruptcy Court in connection with an ES Action,
24 upon final settlement or determination of the Equitable Subordination Claims in an ES Action
25 against the applicable Lehman Related Parties, if any and consistent therewith, the Liquidating
26 Trustee, in satisfaction of an ES Judgment, shall distribute to the applicable Estate available Cash
27 from the Plan Reserve and shall liquidate and distribute to the applicable Estate Net Cash Proceeds
28 from the PRA Recovery Security Pool and from the liquidation of any non-Cash Net Proceeds from

1 the sale of collateral of the Holders of Lehman Secured Claims or the sale of any PRA Security
2 Project (which are the exclusive sources of satisfaction of an ES Judgment absent a voluntary
3 payment by a Lehman Related Party in accordance with Article VII of the Plan).

4 **5.9 Treatment of Allowed Interests**

5 **(Classes 9.1 through 9.24)**

6 The treatment of Allowed Interests in Classes 9.1 through 9.24 under the Lehman Plan shall
7 be as follows:

8 (a) Classes 9.1 through 9.24 are impaired under the Plan, and each Holder of an
9 Allowed Interest is deemed to reject the Plan and is not entitled to vote; and

10 (b) On the Effective Date, all such Allowed Interests shall be cancelled.

11 **VI.**

12 **ACCEPTANCE OR REJECTION OF THE PLAN**

13 **6.1 Introduction.**

14 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN
15 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
16 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following
17 discussion is intended solely for the purpose of alerting readers about basic confirmation issues,
18 which they may wish to consider, as well as certain deadlines for filing Claims. The Lehman
19 Proponents cannot represent that the discussion contained below is a complete summary of the law
20 on this topic.

21 Many requirements must be met before the Bankruptcy Court can confirm the Lehman Plan.
22 Some of the requirements include that the Lehman Plan must (a) be proposed in good faith, (b) be
23 accepted in accordance with the provisions of the Bankruptcy Code, (c) pay creditors at least as
24 much as creditors would receive in a Chapter 7 liquidation and (d) be feasible. The requirements
25 described herein are not the only requirements for confirmation.

26 **6.2 Who May Object to Confirmation of the Lehman Plan.**

27 Any party in interest may object to the confirmation of the Lehman Plan but, as explained
28 below, not everyone is entitled to vote to accept or reject the Lehman Plan.

1 **6.3 Who May Vote to Accept/Reject the Lehman Plan and Special Provisions for**
2 **Listed Holders of Mechanic’s Lien Claims.**

3 A Holder of a Claim or Interest has a right to vote for or against the Lehman Plan if that
4 Holder of the Claim or Interest has a Claim which is both (1) Allowed or Allowed for voting
5 purposes and (2) Classified in an impaired Class.

6 Because Classes 5.1 through 5.54 are unimpaired, any Holders of Allowed Mechanic’s Lien
7 Claims are deemed to accept the Plan. The Lehman Proponents, however, dispute the “secured”
8 status of all, many or most of the Claims classified in Classes 5.1 to 5.54 because they believe that
9 there are senior Liens of Lehman Creditors and no value in the junior Liens of the Holders of
10 Mechanic’s Lien Claims. Thus, each listed Holder of a Mechanic’s Lien Claim will be provided a
11 Ballot on which such Holder may elect to vote its Claims as a General Unsecured Claim or an ES
12 Claim, as applicable, in which event the Holder will have to waive contentions that its interest in
13 the collateral securing its Claim has any value and thus that it holds a Secured Claim against the
14 applicable Project.

15 **6.4 What Is an Allowed Claim/Interest.**

16 As noted above, a Holder of Claim or Interest must first have an Allowed Claim or Allowed
17 Interest to vote.

18 **6.5 What Is an Impaired Class.**

19 A Class is impaired if the Lehman Plan alters the legal, equitable, or contractual rights of
20 the Claims or Interests in that Class, other than the right to accelerate the Claim upon certain kinds
21 of defaults. Under the Lehman Plan, Classes 1, 4, 5 and 6 are unimpaired and Classes 2, 3, 7, 8 and
22 9 are impaired.

23 **6.6 Who Is Not Entitled to Vote.**

24 The following four types of Claims are not entitled to vote: (1) Claims that have been
25 disallowed; (2) Claims in unimpaired Classes; (3) Claims that, pursuant to Bankruptcy Code
26 Sections 507(a)(2), (a)(3) or (a)(8), are entitled to priority, and (4) Claims in Classes that do not
27 receive or retain any value under the Plan. Claims in unimpaired Classes are not entitled to vote
28 because such Classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to

1 Bankruptcy Code Section 507(a)(2), (3) or (8) are not entitled to vote because such Claims are not
2 placed in Classes and they are required to receive certain treatment specified by the Bankruptcy
3 Code. Claims in Classes that do not receive or retain any property under the Plan do not vote
4 because such Classes are deemed to have rejected the Plan. The Lehman Proponents believe that (a)
5 Classes 1, 4, 5 and 6 are unimpaired and thus are not entitled to vote because they are conclusively
6 deemed to have accepted the Plan; (b) Class 9 Interests are being cancelled under the Plan and
7 nothing is to be paid to their Holders and accordingly these Holders are deemed to have voted to
8 reject the Plan and also are not entitled to vote; and (c) Classes 2, 3, 7 and 8 are impaired and are
9 entitled to vote.

10 EVEN IF A CLAIM IS OF THE TYPE DESCRIBED ABOVE, A CREDITOR MAY
11 STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

12 **6.7 Who Can Vote in More than One Class.**

13 A creditor whose Claim has been Allowed in part as a Secured Claim and in part as an
14 Unsecured Claim is entitled to accept or reject a Plan in both capacities by casting one Ballot for
15 the secured part of the Claim and another Ballot for the Unsecured Claim. Also, a Creditor may
16 otherwise hold Claims in more than one Class (such as a Holder of General Unsecured Claims and
17 ES Claims), and may vote the Claims held in each Class.

18 **6.8 Votes Necessary for a Class to Accept the Lehman Plan.**

19 A Class of Claims is deemed to have accepted the Lehman Plan when more than one-half
20 (1/2) in number and at least two-thirds (2/3) in dollar amount of the Claims *that actually voted*, vote
21 to accept the Lehman Plan. A Class of interests is deemed to have accepted the Lehman Plan when
22 Holders of at least two-thirds (2/3) in amount of the interest-Holders of such Class which actually
23 vote, vote to accept the Lehman Plan.

24 **6.9 Treatment of Nonaccepting Classes.**

25 As noted above, even if there are impaired Classes that do not accept the proposed Plan, the
26 Court may nonetheless confirm the Lehman Plan if the non-accepting Classes are treated in the
27 manner required by the Bankruptcy Code and at least one impaired Class of Claims accepts the
28 Lehman Plan. The process by which a plan may be confirmed and become binding on non-

1 accepting Classes is commonly referred to as “cramdown.” The Bankruptcy Code allows the
2 Lehman Plan to be “crammed down” on non-accepting Classes of Claims or Interests if it meets all
3 statutory requirements except the voting requirements of 1129(a)(8) and if the Lehman Plan does
4 not “discriminate unfairly” and is “fair and equitable” with respect to each impaired Class that has
5 not voted to accept the Lehman Plan, as set forth in 11 U.S.C. § 1129(b) and applicable case law.

6 **6.10 Request for Confirmation Despite Nonacceptance by Impaired Class(es).**

7 The Lehman Proponents will ask the Bankruptcy Court to confirm the Lehman Plan by
8 cramdown on any impaired Class if such Class does not vote to accept the Lehman Plan.

9 **VII.**

10 **MEANS OF EXECUTION AND IMPLEMENTATION OF THE PLAN**

11 **7.1 Introduction.**

12 This section is intended to address how the Lehman Proponents intend to fund and to have
13 implemented the obligations to Creditors under the Lehman Plan. It thus provides information
14 regarding funding sources and mechanisms for the Plan obligations, management of the Plan
15 Debtors’ Estates after the Effective Date and other material issues bearing upon the performance of
16 the Lehman Plan.

17 The Lehman Creditors are owed, collectively, approximately \$1.9 billion secured by deeds
18 of trust on certain of the Remaining Real Estate Projects, certain Cash Collateral and other Assets
19 of the Debtors’ Estates. The Debtors have challenged the Lehman Creditors’ Secured Claims,
20 contending that (a) certain of the Lehman Creditors’ Liens on the Assets of particular Debtors who
21 are obligors under certain Lehman Loans are subject to being set aside because, among other
22 things, other affiliated Debtors, rather than the obligor Debtors, received the benefit of such
23 Lehman Loans (the Cross-Collateralization Claims), and (b) the Claims of the Lehman Creditors
24 should be subordinated to the Claims of certain other Creditors allegedly harmed by the conduct of
25 the Lehman Lenders (the Equitable Subordination Claims). The Lehman Lenders do not concur
26 with these conclusions of the Debtors and/or with many of the factual contentions asserted as
27 supporting or providing a basis for the Cross-Collateralization Claims and/or Equitable
28 Subordination Claims.

1 Nonetheless, to enable the Debtors to emerge from bankruptcy, which the Lehman Lenders
2 believe is in the interest of all Creditors, with a Plan that is fair to all constituencies and best
3 preserves current values and prevents further deterioration in the values of the Assets of the
4 Debtors, the Lehman Proponents have proposed the Lehman Plan through which they: (a) make
5 available funds for ES Pro Rata Settlement Payments to settle the ES Claims of Settling ES
6 Claimants; (b) propose, through the Lehman Plan Sale or Foreclosure Procedures, auctions of the
7 Remaining Real Estate Projects at which third parties may bid for the Remaining Real Estate
8 Projects and at which the Lehman Creditors and other Holders of Allowed Secured Claims may
9 credit bid; (c) provide for the means of liquidation of the Remaining Other Assets and for the
10 distribution of Residual Cash for Holders of both Allowed ES Claims and Allowed General
11 Unsecured Claims; and (d) protect those ES Claimants who elect not to have the Estates settle their
12 ES Claims by (i) making available the ES Litigation Loan to enable continued prosecution of the
13 Equitable Subordination Claims in an ES Action, (ii) granting certain specific concessions,
14 described below, that could facilitate the entry and collection of an ES Judgment, and (iii)
15 providing security for satisfaction of a Project Related Action Recovery.

16 **7.2 The Liquidating Trustee.**

17 The Estate of each Plan Debtor shall be managed after the Effective Date by the Liquidating
18 Trustee, who, except as otherwise provided herein, shall oversee and effectuate the liquidation of
19 the Remaining Other Assets, oversee and effectuate the sale and transfer or other disposition or
20 liquidation of the Remaining Real Estate Projects and implement the Plan. The Liquidating Trustee
21 shall be appointed by the Court upon nomination, if any, by a Committee and, in his or her capacity
22 as such, shall be an agent of each Estate and not a separate taxable entity therefrom. Compensation
23 of the Liquidating Trustee shall be reasonable hourly compensation payable from the Plan Debtors'
24 Estates after prior notice to, *inter alia*, the Lehman Lenders, Committee members, and U.S. Trustee
25 and after order of the Bankruptcy Court. The Bankruptcy Court may, by order, replace the
26 Liquidating Trustee in its reasonable discretion. After the Effective Date, the Liquidating Trustee,
27 *inter alia*, will cooperate in granting, perfecting or reflecting perfection of any Liens acknowledged
28 or created or provided for under the Plan, will complete the claims process, will resolve or abandon

1 any objections to Claims, will liquidate and/or distribute assets and will resolve or dismiss any
2 Litigation Claims which are not waived in the Plan, all in accordance with the Plan.

3 **7.3 Vesting of Assets in Plan Debtors' Estates Managed by Liquidating Trustee.**

4 Except as otherwise provided herein or any agreement, instrument or other document
5 relating hereto, on and after the Effective Date, all property of each Plan Debtor's Estate shall vest
6 in each respective Estate, free and clear of all Liens. Except as may be provided herein, on and
7 after the Effective Date, the Liquidating Trustee may operate the business of each Estate and may
8 use, acquire or dispose of property and compromise or settle any Claims or Interests without
9 supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy
10 Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the
11 Confirmation Order. On motion to the Bankruptcy Court and consent of the Lehman Lenders, the
12 Liquidating Trustee may elect hereafter to abandon to the Plan Debtors Assets of inconsequential
13 value.

14 **7.4 The Committee(s).**

15 On the Effective Date, the Voluntary Debtors' Committee and the Trustee Debtors'
16 Committee shall continue to serve the applicable Estates of the Plan Debtors and shall be entitled to
17 retain, employ and compensate Professionals in order to assist with the obligations and rights of the
18 Committees under the terms of the Lehman Plan (with compensation to be paid by the Liquidating
19 Trustee from the Post-Confirmation Account(s)), provided that the duties of the Committee(s) after
20 the Effective Date shall be limited to monitoring the Plan's implementation. The Liquidating
21 Trustee shall reimburse members of the Committee without further Court Order required for their
22 reasonable out-of-pocket expenses incurred after the Effective Date for mileage, parking, or other
23 incidentals incurred in performing their duties as members of the Committee.

24 **7.5 Lehman Post-Confirmation Loans.**

25 **7.5.1 Amount and Uses of Lehman Post-Confirmation Loans.**

26 On and after the Effective Date, the Lehman Lenders, or certain of them as described
27 herein, will make funding available to the Liquidating Trustee, in the form of one or more loans,
28 from either or both new Cash transfers from or on behalf of a Lehman Related Party (of up to a

1 maximum of \$5 million) or by permitting the use of Cash Collateral of a Lehman Creditor,
2 including, without limitation, all or a portion of the Ritter Cash, for the following purposes and in
3 the following amounts, provided that the proceeds of a Lehman Post-Confirmation Loan may not
4 be utilized to pay any Lehman Post-Confirmation Expenses:

5 (a) Allowed Professional Fees of the insolvency counsels for the Trustee and the
6 Committees up to the aggregate amount of \$500,000 to be made after payments from the Lehman
7 Administrative Loans and Available Cash from the Post-Confirmation Account(s) have been
8 exhausted;

9 (b) Payments in satisfaction of Allowed Priority Claims up to the amount of \$35,000
10 after Available Cash in the Post-Confirmation Account(s) have been exhausted;

11 (c) Funding for or relating to the ES Litigation Expenses solely from proceeds from the
12 ES Litigation Loan;

13 (d) All amounts required to address critical and urgent health and safety issues on the
14 Projects (other than 10000 Santa Monica Project) until the expiration of the earlier of (i) the date
15 that such Project is no longer an Asset belonging to an Estate of a Plan Debtor, or (ii) thirty (30)
16 days following the auction of such Project to occur pursuant to the Lehman Plan Sale or
17 Foreclosure Procedures, up to the aggregate amount of \$400,000 after payments made from the
18 Post-Confirmation Accounts have been exhausted;

19 (e) Payments in satisfaction of the Lehman Administrative Loans (provided that (i)
20 payment thereof first has been made from all Cash of the Plan Debtors' Estates that is not Cash
21 Collateral of a Lehman Creditor, with any such use of Cash of one Plan Debtor's Estate for another
22 booked as a Post-Confirmation Date intercompany payable by the borrowing Plan Debtor's Estate
23 and (ii) the Lehman Lenders may elect prior to receipt of payment thereupon to defer receipt
24 thereof and be paid otherwise as provided herein for such Lehman Administrative Loans);

25 (f) Obligations with respect to the Remaining Real Estate Projects while owned by the
26 Estates, to the extent requested by the Lehman Lenders holding or representing the Holder of an
27 interest in the subject Project and in their sole and absolute discretion, including any property taxes,
28 assessments, liabilities, obligations, claims or payables that would be superior to the interest of any

1 Lehman Creditor holding a Secured Claim in any Remaining Real Estate Project, which obligations
2 are to be paid by the Liquidating Trustee if so directed by the Lehman Lenders;

3 (g) Obligations with respect to the PRA Security Projects that are part of the PRA
4 Recovery Security Pool and therefore serve as collateral for a Project Related Action Recovery to
5 the extent requested by the Lehman Lenders or Lehman Nominee holding an interest in the subject
6 Project and in their sole and absolute discretion, including any property taxes, assessments,
7 liabilities, obligations, claims or payables that would be superior to the interest of any Lehman
8 Creditor holding a Secured Claim in any Remaining Real Estate Project, which obligations are to
9 be paid by the Liquidating Trustee if so directed by the Lehman Lenders; provided, however, that
10 repayment of a loan made for a purpose set forth in this subparagraph shall be limited in recourse to
11 an offset against any ES Judgment; and

12 (h) To the extent that the Liquidating Trustee is unable to otherwise fund them, all
13 additional obligations of the Liquidating Trustee (in such capacity) that arise on or after the
14 Effective Date to the extent that both their incurrence is necessary for implementation of the
15 Lehman Plan and they become due and payable in Cash during the term of the Lehman Post-
16 Confirmation Loans other than and excluding (i) those obligations of the type or nature (regardless
17 of amount) already set forth in subsection (a) through (d) above and (ii) those obligations covered
18 in any portion by insurance or for which obtaining insurance would have been reasonable,
19 appropriate and customary.

20 **7.5.2 Cash Collateral of a Lehman Creditor.**

21 Cash Collateral of Lehman Creditors shall be available as funding for (i) loans to the
22 Liquidating Trustee and Plan Debtors' Estates as and to the extent set forth in the preceding
23 numbered Section of the Plan and (ii) for payment of the ES Pro Rata Settlement Payments. At any
24 time, the Liquidating Trustee, as directed by a Lehman Lender, shall use Cash Collateral of the
25 Lehman Creditors to repay a Lehman Post-Confirmation Loan that was made other than from the
26 use of Cash Collateral.

27 Also, upon disposition of collateral of a Lehman Creditor or of a PRA Security Project that
28 results in proceeds being deposited to the Plan Reserve, or upon turnover of Cash Collateral to the

1 Plan Reserve, a Lien in favor of the applicable Lehman Creditor shall attach to (or remain upon)
2 such proceeds and/or Cash Collateral held in the Plan Reserve, subject to a final settlement or
3 determination of the Project Related Actions.

4 Further, at the election of a Lehman Lender and to facilitate its extension of credit under the
5 Plan, as to any payment that was to be made with funds comprising Cash Collateral of a Lehman
6 Creditor, the Lehman Lender may direct the Liquidating Trustee to instead use the funds from a
7 Lehman Post-Confirmation Loan in the form of new Cash from a Lehman Lender and to pay a like
8 amount of Cash Collateral securing a Lehman Loan towards a reduction of such Lehman Loan, as
9 the Lehman Lender directs, provided, however, that such use of Cash Collateral shall not itself be a
10 Lehman Post-Confirmation Loan and, if such use occurs before termination of the Lehman Post-
11 Confirmation Loan, the \$5 million maximum Cash commitment of the Lehman Lenders with
12 respect to the Lehman Post-Confirmation Loans shall increase by the amount of Cash Collateral so
13 used to pay a Lehman Loan.

14 **7.5.3 Terms and Documentation of Lehman Post-Confirmation Loans.**

15 The Liquidating Trustee shall reasonably execute all documents reasonably requested by a
16 Lehman Lender to evidence the Lehman Post-Confirmation Loan and the Liens securing it on terms
17 and in a form reasonably requested by such Lehman Lender, with customary and reasonable
18 provisions for interest, fees and expenses thereupon. The Lehman Post-Confirmation Loan is
19 Allowed in the amount of all funding by or on behalf of any Lehman Lender with respect thereto
20 plus interest, fees, expenses and other charges as provided herein and in the documentation thereof.
21 The Lehman Post-Confirmation Loan shall be an obligation of the Liquidating Trustee, payable as
22 provided herein and secured by a self-effectuating, first priority Lien on the Post-Confirmation
23 Accounts, Plan Reserve and all proceeds of the Plan Debtors' Assets. The Lehman Post-
24 Confirmation Loan is payable as set forth under the Lehman Plan, provided that, in all events, the
25 Lehman Post-Confirmation Loan shall terminate and the Liquidating Trustee shall pay the Lehman
26 Post-Confirmation Loan and all related interest, fees, expenses and other charges in full no later
27 than sixty (60) days following the settlement and/or final determination of the Project Related
28 Actions; provided, further, that to the extent such Lehman Post-Confirmation Loan is made with

1 funds comprising Cash Collateral of a Lehman Creditor and any applicable Lehman Creditor's
2 Claim secured by a Lien upon such Cash Collateral is subordinated or set aside by a Project Related
3 Action Recovery, repayment of such portion of the Lehman Post-Confirmation Loan funded with
4 funds comprising Cash Collateral, or interest thereon, shall be effectuated by offset, dollar for
5 dollar, against the benefits, recoveries and proceeds otherwise afforded by such Project Related
6 Action Recovery.

7 **7.6 Plan Reserve and Post-Confirmation Accounts.**

8 In order to, among other things, provide for a source of recovery in respect of Non-Settled
9 ES Claims should an ES Judgment be obtained for the benefit of the Holders of such Non-Settled
10 ES Claims, and in respect of the applicable Estates and their Creditors should a Cross-
11 Collateralization Judgment be obtained for the benefit of such Creditors, the Lehman Lenders are
12 making available Cash on which the Lehman Creditors claim a Lien. Specifically, (a) on the
13 Effective Date, all Cash of the Estates of the Plan Debtors not otherwise distributed in accordance
14 with the Plan shall be held by the Liquidating Trustee either in the Plan Reserve or a Post-
15 Confirmation Account pending payment of any Post-Confirmation Expenses or distribution in
16 accordance with the Plan, (b) on and after the Effective Date, all Cash Collateral of the Lehman
17 Creditors shall be deposited by the Liquidating Trustee into the Plan Reserve, pending distribution
18 or payment in accordance with the Plan, (c) all new Cash transfers from or on behalf of a Lehman
19 Lender that are proceeds of or comprising a Lehman Post-Confirmation Loan shall be deposited in
20 or held in the Plan Reserve until utilized in accordance with the Lehman Plan, and (d) on and after
21 the Effective Date, the Lehman Lenders shall have a Lien and/or retain their Lien on all Cash in the
22 Plan Reserve, which Cash also shall serve, among other things, as a reserve for satisfaction of a
23 Project Related Action Recovery and shall be a component of the PRA Recovery Security Pool.
24 The applicable Lehman Creditor shall report the Cash Collateral held in the Plan Reserve as being
25 owned by it for all applicable federal, state and local income tax purposes. The Liquidating Trustee
26 shall distribute, or cause to be distributed, forty five percent (45%) of all income and gain earned
27 with respect to amounts in the Plan Reserve no less than annually and prior to any such amounts
28 being otherwise distributed pursuant to the Plan.

1 **7.7 Disposition of Assets**

2 The Assets of the Estates of the Plan Debtors consist primarily of certain Remaining Real
3 Estate Projects and certain Cash that is Cash Collateral for Lehman Secured Claims. There also
4 may be certain Remaining Other Assets, including Litigation Claims. (Litigation Claims possibly
5 could result in affirmative recoveries for the Estates or possibly could reduce the size of the
6 Creditor Claims to share in available Cash for distribution.)

7 **7.7.1 Litigation Claims, Net Cash Litigation Recoveries and Remaining**
8 **Other Assets.**

9 The Remaining Other Assets (other than Cash) shall be liquidated by the Liquidating
10 Trustee, and the Net Cash Proceeds therefrom shall be available for payment of Claims and
11 Creditors in accordance with the Plan. Pursuant to Section 1123(b)(3) of the Bankruptcy Code and
12 subject to the compromises, waivers and releases provided herein, the Liquidating Trustee shall
13 retain all Litigation Claims whether or not pending on the Effective Date. Unless a Litigation Claim
14 is expressly waived, relinquished, released, compromised or settled in the Lehman Plan or in a
15 Final Order, all rights with respect to such Litigation Claims are reserved and the Liquidating
16 Trustee may pursue such Litigation Claims. The Liquidating Trustee shall not settle or abandon a
17 Litigation Claim valued at greater than \$100,000 without a Lehman Lender's consent and absent
18 providing ten (10) days' prior written notice and opportunity to object to the Committees; and the
19 Lehman Lenders may pursue any Litigation Claim for the applicable Estate or Estates that, upon
20 request, the Trustee does not agree to pursue. Any disputes concerning the settlement or
21 abandonment of a Litigation Claim shall be submitted to the Bankruptcy Court for resolution on no
22 less than ten (10) days' notice to the objecting party. All Net Cash Litigation Recoveries realized
23 or obtained in respect of Litigation Claims of the Estates shall be promptly deposited into the Post-
24 Confirmation Account(s) or Plan Reserve, as appropriate. Except as otherwise provided in the
25 Lehman Plan and the Confirmation Order, the Net Cash Litigation Recoveries shall be free and
26 clear of all Liens and shall only be expended in accordance with the provisions of the Lehman Plan.

27 **7.8 Disposition of the Remaining Real Estate Projects.**

28 The disposition of the Remaining Real Estate Projects or related Assets shall be as follows:

1 **7.8.1 Lehman Plan Sale or Foreclosure Procedures.**

2 a. Upon the Effective Date, the Liquidating Trustee shall market for sale
3 the Remaining Real Estate Projects and related Assets pursuant hereto.

4 b. Within sixty (60) days after the Effective Date, the Liquidating
5 Trustee shall hold auctions on such dates and at such times and places as is reasonably established
6 by the Liquidating Trustee, provided that all auctions shall occur no later than sixty (60) days after
7 the Effective Date. At the auctions, the Remaining Real Estate Projects and related Assets for
8 which there is a Successful Bidder shall be sold or conveyed to a third party purchaser, a Lehman
9 Nominee, or another Holder of an Allowed Secured Claim who submits a qualifying bid and
10 becomes the Successful Bidder in accordance herewith and pursuant to the further detailed
11 procedures for such bidding and auctions, which detailed procedures shall be in a form acceptable
12 to the Lehman Creditors and Liquidating Trustee or as reasonably proposed by the Lehman Lenders
13 and approved by the Bankruptcy Court at or after the hearing on confirmation of the Plan, as may
14 be modified after the Confirmation Date by agreement of the applicable Lehman Lenders or other
15 owners and the Liquidating Trustee or approval of the Bankruptcy Court (the “Detailed Sale /
16 Foreclosure Procedures”).

17 c. Pursuant to Bankruptcy Code Section 363 and the Lehman Plan, at
18 the auction of each Remaining Real Estate Project, such Remaining Real Estate Project and all
19 associated personal property, including the applicable Plan Debtor’s Estate’s right, title and interest
20 in, to and under any development agreements, plans, engineering reports and community facilities
21 district bonds, shall be sold (if to a third party purchaser) or conveyed pursuant to judicial
22 foreclosure by virtue of the Confirmation Order (if to a Holder of an Allowed Secured Claim) to the
23 highest bidder or its nominee free and clear of any Encumbrances (other than the Permitted Liens)
24 with such Encumbrances (other than the Permitted Liens) not paid in connection with the
25 transaction to attach to the consideration to be received by the Liquidating Trustee in the same
26 priority and subject to the same defenses and avoidability, if any, as before the closing of the
27 transaction. The Liquidating Trustee shall obtain a hearing date from the Bankruptcy Court at
28 which the Bankruptcy Court shall issue an Order approving such sales or conveyances to the extent

1 consistent herewith and order that such sale or conveyance shall be free and clear of all
 2 Encumbrances (other than Permitted Liens) in accordance herewith. Consistent with each
 3 particular bid, debts and obligations secured by existing Encumbrances on said Remaining Real
 4 Estate Projects or related property at the time of sale or conveyance either shall be paid in full upon
 5 such sale or conveyance, attach to the Net Cash Proceeds with the same validity, priority and extent
 6 to which they attach to the underlying collateral (such as would occur with respect to the Lehman
 7 Secured Claims upon a sale to a third party purchaser) or be unimpaired in which case the
 8 Remaining Real Estate Projects or other assets sold or conveyed shall remain encumbered by the
 9 Encumbrances thereon securing the unimpaired debts and obligations and such Encumbrances
 10 would be Permitted Liens.

11 d. Subject to the terms of the Lehman Plan, the respective Lehman
 12 Creditors commit to credit bid the following “Initial Bids” at the auctions as to the indicated Assets
 13 and may elect hereafter to make the following “Contingent Bids” at the auctions with respect to the
 14 indicated Assets as set forth in the following table:

LEHMAN CREDITORS’ INITIAL BIDS AND CONTINGENT BIDS

<u>Initial Bid #;</u> <u>Cont. Bid Letter</u>	<u>Class</u>	<u>Claims</u>	<u>Plan Debtor and Basis for Claim (i.e., Scheduled Amount or Case in Which Proof Filed and Number).</u>	<u>Asset</u>	<u>Bid</u>
1	Class 2.3	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal Emerald arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.	SunCal Emerald; SunCal Emerald: 7	Emerald Meadows Project	Initial Bid: \$12 Million

1	2	Class 2.4	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal Bickford arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.	SunCal Bickford; SunCal Bickford: 16	Bickford Ranch Project	Initial Bid: \$29.5 Million
2	3	Class 2.6	Allowed Secured Claim of Lehman Commercial or its assignee or successor against Palmdale Hills arising from the Ritter Ranch Loan Agreement in the Allowed Amount of \$287,252,096.31.	Palmdale Hills; Palmdale Hills 65	Ritter Ranch Project	Initial Bid: \$42.9 Million
3	4	Class 2.12	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Oak Knoll arising from the SunCal Oak Knoll/SunCal Torrance Loan Agreement in the Allowed Amount of \$158,141,364.64.	SunCal Oak Knoll; SunCal Oak Knoll: 12	Oak Knoll Project	Initial Bid: \$48 Million
4	5	Class 2.13	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Torrance arising from the SunCal Oak Knoll/SunCal Torrance Agreement in the Allowed Amount of \$157,870,186.15.	SunCal Torrance; SunCal Torrance: 4	Del Amo Project	Initial Bid: \$25 Million
5	6	Class 2.14	Allowed Secured Claim of Lehman ALI or its assignee or successor against Delta Coves arising from the Delta Coves Loan Agreement in the Allowed Amount of \$206,023,142.48.	Delta Coves; Delta Coves 21	Delta Coves Project	Initial Bid: \$25.2 Million

1	7	Class 2.15	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Marblehead arising from the SunCal Marblehead / SunCal Heartland Loan Agreement in the Allowed Amount of \$354,325,126.15.	SunCal Heartland; SunCal Heartland: 9	Marblehead Project	Initial Bid: \$187.5 Million
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3						
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6	8	Class 2.16	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal Heartland arising from the SunCal Marblehead / SunCal Heartland Loan Agreement in the Allowed Amount of \$354,325,126.15.	SunCal Marblehead; SunCal Marblehead: 21	Heartland Project	Initial Bid: \$7.9 Million
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11	9	Class 2.17	Allowed Secured Claim of OVC Holdings against SunCal Oak Valley arising from the SunCal Oak Valley Loan Agreement in the Allowed Amount of \$141,630,091.63.	SunCal Oak Valley; SunCal Oak Valley 16	Oak Valley Project	Initial Bid: \$20.9 Million
12						
13						
14						
15						
16	10	Class 2.18	Allowed Secured Claim of Northlake Holdings against SunCal Northlake arising from the Northlake Loan Agreement in the Allowed Amount of \$123,654,776.88.	SunCal Northlake; SunCal Northlake 6	Northlake Project	Initial Bid: \$23 Million
17						
18						
19						
20	11	Class 2.19	Allowed Secured Claim of Lehman ALI or its assignee or successor against SunCal PSV arising from the SunCal PSV Loan Agreement in the Allowed Amount of \$88,257,340.20.	SunCal PSV; SunCal PSV 12	Palm Springs Village Project	Initial Bid: \$13.8 Million
21						
22						
23						
24	A	Class 2.1	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal I arising from the SunCal Communities I Loan	SunCal I; SunCal I: 1	SunCal Beaumont's Beaumont Heights Project	Contingent Bid: \$1.2 Million
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1		Agreement in the Allowed Amount of \$343,221,391.06.		SunCal Johannson's Ranch Project	Contingent Bid: \$2.1 Million	
2				SunCal Summit Valley's Summit Valley Project	Contingent Bid: \$750,000	
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8	B	Class 2.2	Allowed Secured Claim of Lehman Commercial or its assignee or successor against Acton Estates arising from the SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.	Acton Estates; Acton Estates: 6	Acton Project	Contingent Bid: \$3.4 Million
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12	C	Class 2.5	Allowed Secured Claim of Lehman Commercial or its assignee or successor against SunCal Summit Valley arising from SunCal Communities I Loan Agreement in the Allowed Amount of \$343,221,391.06.	SunCal Summit Valley; SunCal Summit Valley: 12	Ownership Interests of Kirby Estates and Seven Brothers in Summit Valley Project	Contingent Bid: \$1.075 Million
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16						
17	D	Class 2.9	Allowed Secured Claim of Lehman ALI or its assignee or successor against SCC Communities, arising from the Interim Loan Agreement in the Allowed Amount of \$23,795,012.59.	SCC Communities; SCC Communities: 9	Joshua Ridge Project	Contingent Bid: \$1 Million
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19						
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21	E	Class 2.11	Allowed Secured Claim of Lehman ALI or its assignee or successor against Tesoro rising from the Interim Loan in the Allowed Amount of \$23,795,012.59.	Tesoro; Tesoro: 7	Tesoro Project	Contingent Bid: \$1.5 Million
22						
23						
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e. Qualifying bids by third party purchasers must be bids for payment in Cash. Other Holders of Allowed Secured Claims may credit bid such amount of their Allowed Secured Claims as agreed with the Liquidating Trustee or fixed by the Bankruptcy Court, in each case on a Project by Project basis. The bids of such other Holders of Allowed Secured Claims and

1 third party purchasers must comply with and be made consistent with the Detailed Sale /
2 Foreclosure Procedures. If a qualifying bid or bids are received for any Project within forty-five
3 (45) days after the Effective Date, such bids shall be Filed with the Bankruptcy Court by the
4 Liquidating Trustee.

5 f. The Initial Bids and, if made by any Lehman Creditor (and subject to
6 the following), the Contingent Bids, and any increased bids thereof by Lehman Creditors up to the
7 outstanding amount of the applicable Lehman Loans as set forth in Article IV of the Lehman Plan,
8 each shall be deemed fully qualifying and eligible bids for all purposes of such auctions and the
9 Detailed Sale / Foreclosure Procedures. If no higher and better bid is made by another Holder of an
10 Allowed Secured Claim or third party purchaser in accordance with the Detailed Sale / Foreclosure
11 Procedures, the applicable Lehman Creditor shall be the Successful Bidder and the Liquidating
12 Trustee shall convey the subject Project and related Assets to a Lehman Nominee in accordance
13 herewith. The Lehman Nominee shall report the subject Project and related Assets as being owned
14 by it for all applicable federal, state and local income tax purposes. If there is no Successful Bidder
15 with respect to an Asset, the Liquidating Trustee need not sell or convey it pursuant to the Lehman
16 Plan Sale or Foreclosure Procedures.

17 g. The Initial Bids are in the amount of the Lehman Creditors'
18 previously appraised values for the subject Projects. The Contingent Bids are in the amounts of the
19 Debtors' value estimates as set forth in the Debtors' Second Amended Disclosure Statement. The
20 Contingent Bids relate to Assets as to which either (1) the Debtors have alleged that the Lien of the
21 applicable Lehman Lender is subject to a Cross-Collateralization Claim or (2) a Lehman Lender
22 holds a Lien on the equity interest in the owner of the Project, but not directly upon the Project
23 itself.

24 h. Although a Lehman Creditor may at any time elect to bid Cash for an
25 Asset on the same terms as other third parties, for bids made through the Initial Bids and, if the
26 applicable Lehman Creditors elect to make them, bids made through the Contingent Bids, Creditors
27 are protected, as and to the extent provided herein:
28

1 (1) Any Remaining Real Estate Project which is conveyed to a
2 Lehman Nominee pursuant to the Lehman Plan Sale or Foreclosure Procedures pursuant to an
3 Initial Bid or Contingent Bid or increased bid therefrom, as set forth above (each a “PRA Security
4 Project”) shall be encumbered by a PRA Recovery Deed of Trust and such Lehman Nominee shall
5 execute a Reconveyance Agreement.

6 (2) Contingent Bids B, D and E, identified in the table above,
7 relate to three Remaining Real Estate Projects as to which the Debtors have alleged that the Lien of
8 the Lehman Lender is subject to a Cross-Collateralization Claim. If a Lehman Creditor is a
9 Successful Bidder pursuant to Contingent Bid B, D or E, a reconveyance obligation for a Cross-
10 Collateralization Judgment will apply as to such Project as set forth herein and such obligation will
11 be secured by a PRA Recovery Deed of Trust (which shall be released as provided herein).

12 (3) Contingent Bids A and C, identified in the table above, relate
13 to three Remaining Real Estate Projects as to which a Lehman Lender holds a Lien on the equity
14 interests in the owners of such Remaining Real Estate Projects, but not directly upon the Remaining
15 Real Estate Projects. Contingent Bids A and C are in the amount of the Debtors’ estimate of value
16 for the applicable Remaining Real Estate Project set forth in the Debtors’ Second Amended
17 Disclosure Statement. They will include a Cash portion equal to the full amount of the bid, or, if
18 less, 110% of the aggregate amount of all non-Lehman Creditor Claims against the particular Plan
19 Debtor owning the subject Remaining Real Estate Project as estimated in the Debtors’ Second
20 Amended Disclosure Statement. The Cash portions of Contingent Bids A and C, identified in the
21 table above, for these three Remaining Real Estate Projects, divided among the five Plan Debtor
22 owners thereof, are as follows: Beaumont Heights Project (owned by SunCal Beaumont):
23 \$689,200 Cash; Johannson Ranch Project (owned by SunCal Johannson): \$165,427 Cash; Summit
24 Valley Project (the portion owned by SunCal Summit Valley): \$750,000 Cash (entire bid); Summit
25 Valley Project (the portion owned by Kirby Estates): \$2,000 Cash; and Summit Valley Project (the
26 portion owned by Seven Brothers): \$66,911 Cash.

1 **7.8.2 Net Proceeds from Sales of Remaining Real Estate Projects to Third**
2 **Party Purchasers.**

3 If a Remaining Real Estate Project subject to a Lehman Lender’s Lien is sold to a third
4 party purchaser (rather than sold or conveyed to a Lehman Nominee), as to the Net Cash Proceeds
5 therefrom, the Liquidating Trustee shall hold such Net Cash Proceeds in the Plan Reserve and, as to
6 non-Cash Net Proceeds to the Liquidating Trustee therefrom, the applicable Lehman Lenders shall
7 be afforded a substitute Liens on such non-Cash Net Proceeds.

8 **7.8.3 PRA Recovery Security Pool.**

9 **(a) Generally.**

10 The Lehman Lenders dispute or may dispute all or substantially all of the Equitable
11 Subordination Claims and the Cross-Collateralization Claims. If, however, some recovery were
12 afforded to the Liquidating Trustee for the Estates in respect of the Equitable Subordination Claims
13 in an ES Action or the Cross-Collateralization Claims in a Cross-Collateralization Action (*i.e.*, a
14 Project Related Action Recovery), and if a variety of other litigation hurdles were overcome, the
15 values of the Remaining Real Estate Projects against which Lehman Creditors hold Secured Claims
16 and on which Lehman Creditors are bidding and may bid possibly would be available to satisfy the
17 Project Related Action Recovery. Thus, to secure the satisfaction of a Project Related Action
18 Recovery and thereby protect the Estates of the Plan Debtors and their Creditors (1) certain Cash is
19 to be held by the Liquidating Trustee in the Plan Reserve and the remainder therefrom shall be
20 available to satisfy such Project Related Action Recovery to the extent otherwise provided under
21 the Lehman Plan and (2) any Remaining Real Estate Project that is conveyed to a Lehman Nominee
22 pursuant to the Lehman Plan Sale or Foreclosure Procedures shall be subject to a PRA Recovery
23 Deed of Trust (collectively, the “PRA Recovery Security Pool.”

24 At any time that the Plan Reserve contains an amount equal to the Maximum PRA
25 Recovery Amount, by voluntary payment of a Lehman Related Party or otherwise, the Liquidating
26 Trustee shall terminate all Reconveyance Agreements, release and reconvey to the applicable
27 Lehman Nominees all PRA Recovery Deeds of Trust and release to the applicable Holders of the
28 Lehman Secured Claims and all Lehman Nominees (who shall determine the allocation of the funds

1 amongst them) all funds in the Plan Reserve in excess of the Maximum PRA Recovery Amount.
2 At any time that all Project Related Actions that were timely Filed and Filed no later than sixty (60)
3 days following the Effective Date either (I) have been dismissed with prejudice and/or settled or
4 (II) the Project Related Action Recovery with respect thereto as against the applicable Lehman
5 Related Parties has been fully satisfied, the Liquidating Trustee, upon the request of the applicable
6 Lehman Related Parties, shall terminate all Reconveyance Agreements, release and reconvey to the
7 applicable Lehman Nominees all PRA Recovery Deeds of Trust and release to the applicable
8 Holders of the Lehman Secured Claims and all Lehman Nominees (who shall determine the
9 allocation of the funds amongst them) all funds in the Plan Reserve.

10 **(b) PRA Recovery Deeds of Trust.**

11 Upon conveyance of a Remaining Real Estate Project to one or more Lehman Nominees in
12 connection with the Lehman Plan Sale or Foreclosure Procedures, the Lehman Lenders will cause
13 the applicable Lehman Nominees taking title to the applicable PRA Security Project to record a
14 PRA Recovery Deed of Trust. The Liquidating Trustee shall be the named beneficiary under any
15 PRA Recovery Deed of Trust and, in his or her sole discretion, may delay, defer or waive receipt of
16 the benefits or the recording thereof as to one or more Remaining Real Estate Projects. Each PRA
17 Recovery Deed of Trust is being given solely for the purpose of creating a Lien on the applicable
18 PRA Security Project to be part of the PRA Recovery Security Pool and nothing contained therein
19 shall in any way restrict or interfere with the rights of the owner of such PRA Security Project,
20 including, without limitation, such owner's right to own, manage, operate, improve, sell, convey,
21 refinance, encumber and otherwise deal with such PRA Security Project.

22 Each PRA Recovery Deed of Trust shall secure the non-recourse obligation of each Lehman
23 Nominee who is the owner of each relevant PRA Security Project to reconvey the applicable PRA
24 Security Project to the Liquidating Trustee in the event of a Project Related Action Recovery,
25 subject to the terms of the Reconveyance Agreements and subject to the option of the Lehman
26 Nominee to pay in Cash the amount of the Project Related Action Recovery in lieu of effectuating
27 such reconveyance. In aggregate, the PRA Security Deeds of Trust secure an amount not in excess
28 of the Maximum DOT Security Amount.

1 Each PRA Recovery Deed of Trust shall also provide that the applicable Lehman Nominee
2 will not cause, through an affirmative action on its part (as opposed to any inaction or failure to
3 act), any hazardous substances to be deposited onto the applicable PRA Security Project
4 encumbered by such PRA Recovery Deed of Trust at any time following the acquisition of title to
5 such PRA Security Project by such Lehman Nominee and prior to the sale of such PRA Security
6 Project; provided, however, that the Lehman Nominee shall have no obligation to (1) clean up,
7 remove or remediate any existing hazardous substances (including, without limitation, any
8 asbestos, mold or petroleum products) which may be present on or within such PRA Security
9 Project or which may be emanating therefrom as of the date of the conveyance of such property to
10 such Lehman Nominee or (2) take any action or incur any expense to prevent hazardous substances
11 from existing or being present on or within such PRA Security Project or from otherwise emanating
12 therefrom except as specifically provided above (the “Negative Covenant”). If such Lehman
13 Nominee fails to comply with the foregoing Negative Covenant for thirty (30) days following
14 written notice and an opportunity to cure, then the Liquidating Trustee shall have the right to seek
15 damages against Lehman ALI and Lehman Commercial, jointly and severally, and any claims
16 arising from the pursuit of such remedies shall be treated as administrative expense claims in
17 Lehman Commercial’s bankruptcy case and, if Lehman ALI is then subject to its own bankruptcy
18 proceeding, Lehman ALI shall use its best efforts to afford the same administrative priority to such
19 claims in any such bankruptcy case. Any payments made or assets seized in satisfaction of any
20 judgment based on such damage claims shall be deposited into the Plan Reserve. In addition, if a
21 Lehman Nominee fails to pay or cause to be paid any property taxes or assessments due and
22 payable with respect to the PRA Security Project owned by such Lehman Nominee on or prior to
23 the date which is six (6) months prior to the earliest date on which a foreclosure of such PRA
24 Security Project could be effectuated for non-payment of property taxes or assessments, then the
25 Liquidating Trustee shall have the right to make a protective advance for the payment of such taxes
26 or assessments and to foreclose upon the applicable PRA Recovery Deed of Trust encumbering
27 such PRA Security Project in order to repay any such outstanding protective advance; provided that
28 any proceeds of any such foreclosure sale and any interest acquired by the Liquidating Trustee in

1 connection with any such foreclosure sale shall be deposited into the Plan Reserve pending the
2 completion of the Project Related Actions.

3 (c) **Reconveyance Agreements.**

4 The non-recourse performance obligations for turnover and reconveyance of each PRA
5 Security Project secured by the applicable PRA Recovery Deed of Trust shall be in a writing (each,
6 a "Reconveyance Agreement"), which writing is to be executed by the applicable Lehman Nominee
7 that takes ownership of the subject PRA Security Project and shall be in a form acceptable to the
8 Lehman Lenders or Lehman Nominee and Liquidating Trustee or as reasonably proposed by the
9 Lehman Lenders or Lehman Nominee and approved by the Bankruptcy Court at or after the hearing
10 on confirmation of the Lehman Plan, as may be modified after the Confirmation Date by agreement
11 of the applicable Lehman Nominee or other owner of the applicable PRA Security Project and
12 Liquidating Trustee or approval of the Bankruptcy Court. At a Lehman Nominee's election, such
13 non-recourse obligations, instead may be satisfied by a Cash payment in the amount of any
14 applicable Project Related Action Recovery.

15 The obligations to reconvey a particular PRA Security Project following the occurrence of,
16 and in satisfaction of, a Cross-Collateralization Judgment or an ES Judgment are distinct. The
17 reconveyance obligation with respect to an ES Judgment shall be included in each Reconveyance
18 Agreement. The reconveyance obligation with respect to a Cross-Collateralization Judgment shall
19 be included only in the Reconveyance Agreement related to the PRA Security Project as to which a
20 Cross-Collateralization Claim is alleged in a Cross-Collateralization Action. The benefits of the
21 reconveyance obligations with respect to ES Judgments, if any, are themselves to be cross-
22 collateralized, to the extent provided herein, by virtue of the concessions being made by the
23 Lehman Creditors to benefit Non-Settling ES Claimants as described in Section 7.8.5(b) of the
24 Plan. A reconveyance obligation with respect to a Cross-Collateralization Judgment, if any, shall
25 only apply with respect to the particular PRA Security Project as to which the Lien of the
26 applicable Lehman Creditor is avoided by the Cross-Collateralization Judgment and the benefits
27 thereof, if any, only shall inure to the Holders of Allowed Claims against the Plan Debtor that
28 owned such PRA Security Project as provided in Section 7.9.2 of the Plan. Nonetheless, for PRA

1 Security Projects as to which the Reconveyance Agreement contains obligations to reconvey for
2 both an ES Judgment and a Cross-Collateralization Judgment, the distribution priorities as to the
3 Net Cash Proceeds from the disposition of the reconveyed PRA Security Project, set forth in
4 Section 7.9.2 of the Plan, give priority to the Cross-Collateralization Judgment, which in theory
5 would be setting aside the Lien as to which the related ES Judgment seeks to transfer the now
6 extinguished benefits.

7 **(d) Release of PRA Recovery Deeds of Trust.**

8 The PRA Recovery Deeds of Trust generally shall remain in effect pending the final
9 settlement or determination of the Project Related Actions. Thus, all PRA Recovery Deeds of Trust
10 shall be released and reconveyed and all Reconveyance Agreements shall be terminated upon:

- 11 (1) the dismissal, with prejudice, and/or settlement of all Project Related Actions against
12 the applicable Lehman Related Parties, or
13 (2) full satisfaction of each Project Related Action Recovery as against the applicable
14 Lehman Related Parties.

15 Additionally, in order to permit the Lehman Nominees holding title to the PRA Security
16 Projects to fully utilize such properties:

- 17 A. all of the PRA Recovery Deeds of Trust shall be released and all Reconveyance
18 Agreements terminated at such time as the balance of funds in the Plan Reserve
19 is equal to the Maximum PRA Recovery Amount; and
20 B. the PRA Recovery Deed of Trust encumbering a particular PRA Security Project
21 shall be released and the corresponding Reconveyance Agreement terminated
22 upon the sale of such Project to a third party and the deposit of any Net Cash
23 Proceeds resulting from such sale into the Plan Reserve and/or the provision of a
24 substitute Lien on any non-Cash Net Proceeds resulting from such sale; and
25 C. the PRA Recovery Deed of Trust encumbering a particular PRA Security
26 Project shall be subordinated to the Lien of a new mortgage loan upon a
27 refinancing of the particular PRA Security Project obtained by the applicable
28 Lehman Nominee in its sole and absolute discretion, provided that all Net Cash

1 Proceeds derived from such refinancing are deposited into the Plan Reserve.

2 Whenever Lien releases or subordinations are required, the Liquidating Trustee shall act
3 reasonably in arranging to provide, and in executing such documents as the applicable Lehman
4 Nominee reasonably requests to effectuate, the reconveyance in full of the PRA Recovery Deeds of
5 Trust.

6 (e) **Reduction of Maximum PRA Recovery Amount.**

7 The Maximum PRA Recovery Amount, which serves as the maximum aggregate amount
8 secured by the PRA Recovery Security Pool, is an amount intended to be not less than the
9 maximum potential cash value of the Project Related Action Recovery. For the calculation of the
10 Maximum PRA Recovery Amount, the definition thereof herein includes, unless rebutted with
11 lower figures, presumptions that the maximum cash value of the potential Project Related Action
12 Recovery for Cross-Collateralization Judgments is \$1.74 million and for ES Judgments is \$200
13 million. If, however, a Lehman Lender Files a motion with the Bankruptcy Court and provides
14 relevant evidence, as follows, the Maximum PRA Recovery Amount shall be reduced accordingly:

15 (1) to replace the amount used in subparagraph (a) of the
16 definition of Maximum PRA Recovery Amount (Section 2.1.141 of the Plan), the Bankruptcy
17 Court must find that a lower number results upon determining (I) the lesser of (A) the maximum
18 cash value, if any, of the Lehman Secured Claims alleged to be subject to being set aside pursuant
19 to a Cross-Collateralization Judgment, which Secured Claims are against any of the Acton Project,
20 Joshua Ridge Project or Tesoro Project as is conveyed to a Lehman Nominee upon a credit bid and
21 (B) the maximum Claims (other than Claims of Lehman Creditors) against Acton Estates, SCC
22 Communities or Tesoro (as to which Plan Debtors, there are pending Cross-Collateralization
23 Claims in a pending Cross-Collateralization Action against a Lehman Related Party and the Project
24 owned by such Estate has been conveyed to a Lehman Nominee pursuant to a credit bid), and (II)
25 subtracting from such amount the value of all direct or indirect benefits to the subject Plan Debtor
26 resulting from the subject Lehman Loan; and/or

27 (2) to replace the amount used in subparagraph (b)(i) of the
28 definition of Maximum PRA Recovery Amount (Section 2.1.141 of the Plan), the Bankruptcy

1 Court finds that a lower number results upon determining (I) the lesser of (A) the maximum cash
2 value of the Lehman Secured Claims in the Plan Debtors' Assets that are alleged to be subject to
3 subordination pursuant to an ES Judgment and (B) the maximum Claims (other than Claims of
4 Lehman Creditors) against the Plan Debtors (as to which there are pending allegations in an ES
5 Action that a Lehman Secured Claim is subject to subordination).

6 **7.8.4 Sale or Refinance of PRA Security Projects.**

7 a. The Lehman Nominee(s) will have full right to sell and/or refinance
8 the PRA Security Projects in all respects after the conveyance thereof to the Lehman Nominee(s)
9 pursuant to the Lehman Plan Sale or Foreclosure Procedures without any interference by the
10 Liquidating Trustee, SunCal, the Trustee, the Debtors or any of their respective Affiliates or any ES
11 Claimants or other Creditors of the applicable Plan Debtors.

12 b. If any particular PRA Security Project is thereafter sold by a Lehman
13 Nominee other than to a Lehman Related Party, (a) the Liquidating Trustee shall release the PRA
14 Recovery Deed(s) of Trust as to such PRA Security Project, (b) the Net Cash Proceeds derived
15 from such sale shall be deposited into the Plan Reserve, and (c) the Lehman Nominee shall grant
16 the Liquidating Trustee a substitute Lien in any non-Cash Net Proceeds received by such Lehman
17 Nominee to become part of the PRA Recovery Security Pool and to be subject to the same terms as
18 other PRA Recovery Deeds of Trust.

19 c. If any particular PRA Security Project is refinanced by the Lehman
20 Nominee, (a) the Liquidating Trustee shall agree to subordinate the PRA Recovery Deed(s) of Trust
21 as to such PRA Security Project so as to permit the imposition on the PRA Security Project of a
22 new senior refinancing Lien, and (b) the Net Cash Proceeds derived from such refinancing shall be
23 deposited into the Plan Reserve.

24 d. If any particular PRA Security Project is sold by a Lehman Nominee
25 to another Lehman Related Party, then either (x) such sale may be made subject to the PRA
26 Recovery Deed(s) of Trust (which shall be mandatory if the transferee is a Lehman Creditor Party),
27 or (y) all of the following shall apply: (1) there shall be deposited into the Plan Reserve all Net
28 Cash Proceeds received by the Lehman Nominee in connection with such transfer, (2) the

1 Liquidating Trustee shall be granted a substitute Lien on any non-Cash Net Proceeds received by a
2 Lehman Nominee in connection with such transfer and (3) a Lien either (I) against the equity
3 interest in the joint venture or similar entity of the Lehman Nominee or (II) against the most direct
4 interest held by a Lehman Nominee, shall be granted to the Liquidating Trustee and the Lien so
5 granted shall become part of the PRA Recovery Security Pool and be subject to the same terms as
6 the PRA Recovery Deeds of Trust.

7 e. As to any Remaining Real Estate Projects not sold or conveyed
8 pursuant to the Lehman Plan Sale or Foreclosure Procedures: (i) they shall be otherwise liquidated
9 by the Liquidating Trustee or may be abandoned or surrendered with the consent of the Lehman
10 Lenders and after approval of the Bankruptcy Court; (ii) such Remaining Real Estate Projects may
11 be sold free and clear of Encumbrances other than Permitted Liens for Cash, or on such other terms
12 to which the Holder of an Allowed Secured Claim with respect thereto consents; (iii) the Holder of
13 any such Allowed Secured Claim (including any applicable Holder of any Lehman Secured Claim)
14 shall receive at least thirty (30) days' prior notice of any proposed sale and may elect to credit bid
15 in response to such notice up to the full amount of its Claim for which the item being sold is
16 collateral (without the amount bid being limited to the value of the Holder's interest in such
17 collateral); (iv) if the Remaining Real Estate Project is sold to a third party purchaser, promptly
18 upon receipt thereof by the Liquidating Trustee, the Net Cash Proceeds (and any non-Cash Net
19 Proceeds) therefrom shall be paid or turned over to the Holders of Allowed Secured Claims against
20 such Remaining Real Estate Project up to the full amount of each such Holder's Allowed Claim (or
21 used in payment of other Claims as otherwise set forth in the Lehman Plan in respect of the
22 treatment of such Allowed Secured Claims) and any remaining Net Cash Proceeds shall be used to
23 pay other obligations of the applicable Plan Debtor's Estate in the priorities set forth in Section
24 7.9.2(b) of the Plan.

25 **7.9 Equitable Subordination Claims**

26 **7.9.1 Generally.**

27 As set forth in Section 5.8, ES Claimants are afforded the option to vote either for
28 acceptance of the ES Settlement Offer and the specified benefits it provides or to have the

1 Liquidating Trustee continue prosecution of the Equitable Subordination Claims for their potential
2 benefit.

3 **7.9.2 ES Settlement Offer.**

4 **(a) Payments to ES Settling Claimants.**

5 The Settling ES Claimants are to receive the ES Pro Rata Settlement Payments as and to the
6 extent set forth in Section 5.8.

7 **(b) Releases and Assignments.**

8 In exchange for the ES Pro Rata Settlement Payments: (A) the Liquidating Trustee will
9 issue an Estate ES Settlement Release as to each Estate in which any Settling ES Claimant holds its
10 Allowed ES Claim; (B) each Settling ES Claimant will issue an ES Claimant Release and
11 Assignment; and (C) if there is Estate Acceptance of the ES Settlement as to all applicable Estates
12 of the ES Plan Debtors, the Liquidating Trustee also will dismiss (with prejudice), as to the Estates
13 of all ES Plan Debtors, any ES Action, with each party to bear its own costs and fees.

14 **(i) Estate ES Settlement Release.**

15 In exchange for the commitment of the Lehman Lenders under the Plan to make available
16 funding for the ES Pro Rata Settlement Payments from, among other sources, Cash Collateral of the
17 Lehman Creditors, as of the Effective Date, the Estate of each Plan Debtor as to which there is a
18 Settling ES Claimant, on behalf of itself and its Affiliates exclusive of other Debtors herein, shall
19 be deemed to unconditionally, irrevocably and generally release, acquit and forever discharge,
20 waive and relinquish any and all causes of action, actions, rights of action, suits, judgments, liens,
21 indebtedness, damages, losses, claims, liabilities, obligations, attorneys' fees, costs, expenses and
22 demands of every kind and character, whether known or unknown, suspected or unsuspected,
23 disclosed or undisclosed, including without limitation any Litigation Claims, whether for damages,
24 subordination or other remedies, and including any and any objections or defenses to Lehman
25 Related Party's Claims, Liens, rights, or causes of action, to the extent attributable to the ES Claims
26 of the Settling ES Claimants or to the extent that the Net Cash Litigation Recoveries therefrom
27 would be payable in respect of the ES Claims of the Settling ES Claimants, from and against all
28 Lehman Releasees and all and any owners of the applicable Project(s) (that were at any time owned

1 by the Plan Debtor of the releasing Estate), including the Lehman Nominees, which owners are or
2 were successors or assigns of the applicable Debtor, or any of them, and their subsidiaries and their
3 respective officers, directors, employees, agents, predecessors, successors, assigns, representatives,
4 attorneys and other professionals, or their properties.

5 The releases given above include an express, informed, knowing and voluntary waiver and
6 relinquishment to the fullest extent permitted by law of rights under Section 1542 of the California
7 Civil Code, which reads as follows, and under any similar or comparable laws anywhere in the
8 world:

9 **A general release does not extend to claims which the creditor**
10 **does not know or suspect to exist in his favor at the time of**
11 **executing the release, which if known by him must have**
12 **materially affected his settlement with the debtor.**

13 While the Confirmation Order, without more, shall effectuate the release, waiver and
14 relinquishment described or referenced in this section for the Lehman Releasees and successor
15 owners of the specified Projects, in accordance herewith, the Lehman Releasees also shall be
16 entitled to the issuance of a separate written release, waiver and relinquishment by the Liquidating
17 Trustee in a form acceptable to the Lehman Lenders and Liquidating Trustee or as reasonably
18 proposed by the Lehman Lenders and approved by the Bankruptcy Court at or after the hearing on
19 confirmation of the Lehman Plan.

20 **(ii) ES Claimant Release and Assignment.**

21 In exchange for the commitment of the Lehman Lenders under the Plan to make available
22 funding for the ES Pro Rata Settlement Payments from, among other sources, Cash Collateral of the
23 Lehman Creditors as of the Effective Date, in returning its Ballot accepting the ES Settlement
24 Offer, each Settling ES Claimant by Vote, on behalf of itself and its Affiliates, shall be deemed to
25 unconditionally, irrevocably and generally release, acquit and forever discharge, waive and
26 relinquish any and all causes of action, actions, rights of action, suits, judgments, liens,
27 indebtedness, damages, losses, claims, liabilities, obligations, attorneys' fees, costs, expenses and
28 demands of every kind and character, whether known or unknown, suspected or unsuspected,
disclosed or undisclosed, including without limitation any Litigation Claims, whether for damages,

1 subordination or other remedies, and including any and any objections or defenses to Lehman
2 Related Party's Claims, Liens, rights, or causes of action, to the extent attributable to the ES Claims
3 of such Settling ES Claimant or to the extent that the Net Cash Litigation Recoveries therefrom
4 would be payable in respect of the ES Claims of such Settling ES Claimant (collectively, the "ES
5 Claimant Released Claims"), from and against all Lehman Releasees and all and any owners of the
6 applicable Project(s) (that were at any time owned by the Plan Debtor of the Estate against which
7 the applicable Allowed ES Claim is asserted), including the Lehman Nominees, which owners are
8 or were successors or assigns of the applicable Debtor, or any of them, and their subsidiaries and
9 their respective officers, directors, employees, agents, predecessors, successors, assigns,
10 representatives, attorneys and other professionals, or their properties, and, to the extent such ES
11 Claimant Released Claims are owned by the Estate of a Plan Debtor and cannot be released by the
12 ES Claimant, assigns to the applicable Lehman Lender (or if multiple applicable Lehman Lenders,
13 the Lehman Lender holding the most senior Lien against the applicable Estate's Project), all rights,
14 benefits and interests of the Settling ES Claimant with respect to such ES Claimant Released
15 Claims, including the Litigation Recoveries that otherwise would be due therefrom to, or
16 attributable to the ES Claims of, the Settling ES Claimants.

17 The releases given above include an express, informed, knowing and voluntary waiver and
18 relinquishment to the fullest extent permitted by law of rights under Section 1542 of the California
19 Civil Code, which reads as follows, and under any similar or comparable laws anywhere in the
20 world:

21 **A general release does not extend to claims which the creditor**
22 **does not know or suspect to exist in his favor at the time of**
23 **executing the release, which if known by him must have**
24 **materially affected his settlement with the debtor.**

24 While the Confirmation Order, without more, shall effectuate the release, waiver and
25 relinquishment described or referenced in this section for the Lehman Releasees and all successor
26 owners of the specified Projects, in accordance herewith, the Lehman Releasees also shall be
27 entitled to the issuance of a separate written release, waiver and relinquishment by the Settling ES
28 Claimant by Vote in the form set forth on, or attached to, the Ballot.

1 **7.9.3 Continued Prosecution of Equitable Subordination Claims.**

2 Unless all of the Estates of the ES Plan Debtors accept the ES Settlement Offer (through the
3 acceptance of the ES Settlement Offer by at least one-half in number and two-thirds in amount of
4 the voting ES Claimants of each such ES Plan Debtor’s Estate), resulting in a dismissal (with
5 prejudice), release and settlement of all Equitable Subordination Claims as to all ES Plan Debtors’
6 Estates, the Liquidating Trustee may continue prosecution of the Equitable Subordination Claims in
7 an ES Action seeking any alleged damages, subordination or other remedies that may be available
8 for the benefit of and attributable to the ES Claims of any Non-Settling ES Claimants, subject to the
9 Plan Release and as determined by the court with jurisdiction over such actions; provided, that the
10 PRA Recovery Security Pool will be the sole source for recovery on an ES Judgment, unless a
11 Lehman Lender elects to pay Cash in lieu thereof.

12 **(a) ES Litigation Loan.**

13 i. Unless the Equitable Subordination Claims in an ES Action are fully settled as to all
14 ES Plan Debtors’ Estates (*i.e.*, there is Estate Acceptance of the ES Settlement for all ES Plan
15 Debtors’ Estates), a Lehman Lender will make available to the Liquidating Trustee the ES
16 Litigation Loan in the aggregate principal amount of up to \$1 million for the Estates of those ES
17 Plan Debtors for which the Liquidating Trustee continues to prosecute Equitable Subordination
18 Claims. The ES Litigation Loan will accrue interest at a 10% annual rate (compounded annually).
19 The proceeds of the ES Litigation Loan may be used solely for the payment of ES Litigation
20 Expenses if and only if there is no Available Cash in the Post-Confirmation Accounts to fund the
21 ES Litigation Expenses and SunCal and its principals decline to continue paying the cost of
22 prosecuting the Equitable Subordination Claims in an ES Action.

23 ii. The ES Litigation Loan shall be made available by a Lehman Lender to the
24 Liquidating Trustee as the ES Litigation Expenses are incurred and shall be funded no more
25 frequently than on a monthly basis. The Liquidating Trustee shall provide the Lehman Lender with
26 reasonable substantiation and backup (including invoices and statements from the parties to be
27 paid) for any ES Litigation Expenses to be paid with the proceeds of the ES Litigation Loan in
28 connection with any request to the Lehman Lender for an advance of proceeds of the ES Litigation

1 particular ES Plan Debtors' Estates, the Net Cash Proceeds from the sale of their PRA Security
2 Projects or other Assets likely would be insufficient to pay the Allowed ES Claims against those
3 Estates and, for other particular ES Plan Debtors' Estates, such Net Cash Proceeds likely would
4 exceed the Allowed ES Claims against their Estates. Instead of any such excess Net Cash Proceeds
5 being available next to the Lehman Creditors, as Holders of Secured Claims or subordinated
6 Secured Claims against those Estates, the Lehman Creditors, to their own detriment, have agreed,
7 by virtue of permitting the PRA Security Pool to secure all ES Judgments, to voluntarily
8 subordinate their remaining Secured Claims in any such excess values in the PRA Security Projects
9 to any unpaid portion of an ES Judgment as to other ES Plan Debtors' Estates.

10 (ii) **To Obtain the ES Judgment in the First Instance for Del**
11 **Rio and SJD Partners, No Showing Will be Required that the Subject Estates Had Enough**
12 **Value In Them to Pay their ES Claims Without Regard to Any Lehman Secured Claim.** As to
13 the Estates of Del Rio and SJD Partners only, the Lehman Creditors will waive an objection or
14 defense, that, even were the applicable Lehman Secured Claim ignored, there was insufficient value
15 in those Estates to pay their Allowed ES Claims, provided that (I) all other grounds necessary to
16 obtain an ES Judgment have been satisfied, and (II) the applicable Estate executes the Del Rio /
17 SJD Partners Release within forty-five (45) days following the Effective Date.

18 **7.10 Post-Confirmation Expenses, Intercompany Loans and Payables and Priorities**
19 **in Payment.**

20 **7.10.1 Post Confirmation Expenses and Intercompany Loans.**

21 All Post-Confirmation Expenses may be paid by the Liquidating Trustee from the Post-
22 Confirmation Account(s) upon ten (10) days' prior written notice and opportunity to object
23 provided to the Lehman Lenders, the Committee(s), the Holders of Lehman Disputed Secured
24 Claim(s), or with their consent, but without further notice to other Creditors or Holders of Interests,
25 or approval of the Bankruptcy Court. Any disputes concerning the payment of Administrative and
26 Post-Confirmation Expenses shall be submitted to the Bankruptcy Court for resolution. To the
27 extent readily determinable, Post-Confirmation Expenses attributable to a particular Plan Debtor
28 shall be paid from that Plan Debtor's Assets consistent with the provisions of the Lehman Plan. To

1 the extent of available Assets from each Plan Debtor, other Post-Confirmation Expenses shall be
2 payable by each Plan Debtor Pro Rata consistent with the Lehman Plan, provided that after a Plan
3 Debtor's available Cash or Assets are exhausted, the other Plan Debtors shall absorb such Plan
4 Debtor's share of unpaid Post-Confirmation Expenses as provided in the Lehman Plan, which shall
5 be Pro Rata to the extent reasonably possible. To the extent one Plan Debtor advances funds on
6 behalf of another, the Liquidating Trustee shall book a receivable for the advancing Debtor and a
7 payable for the borrowing Debtor.

8 **7.10.2 Payables and Priorities in Payment.**

9 Recoveries from the following sources as to which there are no unsubordinated Secured
10 Claims shall be applied in the following manner:

11 **(a) Funds Constituting ES Litigation Proceeds.**

12 ES Litigation Proceeds of a particular Estate (unless they are or may also be a Project
13 Related Action Recovery of a particular Estate with respect to a Cross-Collateralization Judgment)
14 shall be applied in the following order of priority until exhausted,:

- 15 (1) First, to payment of the ES Litigation Loan;
- 16 (2) Second, to payment of, or, in the discretion of the Liquidating
17 Trustee, reserve for its Pro Rata share of the unpaid Lehman Post-Confirmation Loans;
- 18 (3) Third, to payment of, or, in the discretion of the Liquidating
19 Trustee, reserve for the direct Post-Confirmation Expenses of such Estate and its Pro Rata share of
20 unpaid Post-Confirmation Expenses commonly allocable among it and other Plan Debtors (not
21 including any repayment of post-Confirmation Date intercompany payables);
- 22 (4) Fourth, to repayment of any post-Confirmation Date
23 intercompany payables;
- 24 (5) Fifth, to such Estate's Holders of Allowed Non-Settled ES
25 Claims entitled to the ES Litigation Proceeds pursuant to the terms of the ES Judgment until paid
26 the full amount of their Allowed ES Claims;
- 27 (6) Sixth, to the Estates of other Holders of Allowed ES Claims
28 entitled to the ES Litigation Proceeds pursuant to the terms of the ES Judgment, payable Pro Rata

1 among such Estates based upon their entitled and Allowed ES Claims not paid from their Estate's
2 own Assets, first to pay such Estate's share of the Lehman Post-Confirmation Loans and next to
3 pay such Allowed ES Claims until paid in full; and

4 (7) Seventh, to the applicable Lehman Creditors.

5 (b) **Various Other Funds, Including Funds Constituting a Project**
6 **Related Action Recovery With Respect to a Cross-Collateralization Judgment.**

7 (i) A Project Related Action Recovery of a particular Estate with respect to a Cross-
8 Collateralization Judgment (unless it also may become ES Litigation Proceeds based upon a
9 pending ES Action), (ii) any Net Cash Proceeds from the sale or disposition of Remaining Other
10 Assets or otherwise, including Net Cash Litigation Recoveries and other funds in the Post-
11 Confirmation Accounts, and (iii) any repayment of a post-Confirmation Date intercompany
12 payable, shall be applied in the following order of priority until exhausted:

13 (1) First, to payment of, or, in the discretion of the Liquidating
14 Trustee, reserve for its Pro Rata share of the Lehman Post-Confirmation Loan;

15 (2) Second, to payment of, or, in the discretion of the Liquidating
16 Trustee, reserve for the direct Post-Confirmation Expenses of such Estate and its Pro Rata share of
17 unpaid Post-Confirmation Expenses commonly allocable among it and other Plan Debtors (not
18 including any repayment of post-Confirmation Date intercompany payables);

19 (3) Third, to repayment of any post-Confirmation Date
20 intercompany payables,

21 (4) Fourth, to any of such Estate's due and payable Allowed
22 Administrative Claims, Allowed Tax Claims, and Allowed Priority Claims;

23 (5) Fifth, to pay or, in the discretion of the Liquidating Trustee,
24 reserve for unpaid Post-Confirmation Expenses of other Debtors and their share of the unpaid
25 Lehman Post-Confirmation Loans (to be booked upon use as a receivable to the advancing Estate
26 and as a payable by the borrowing Estate);

27 (6) Sixth, to pay, in the discretion of the Liquidating Trustee, an
28 accelerated payment for Tax Claims; and

1 (7) Seventh, as Residual Cash to the Holders of Allowed Claims
2 in Class 7 and Class 8 under the Plan.

3 (c) **Funds that Constitute Both ES Litigation Proceeds and a Project**
4 **Related Action Recovery With Respect to a Cross-Collateralization Judgment.**

5 ES Litigation Proceeds of a particular Estate that also are a Project Related Action Recovery
6 of such Estate with respect to a Cross-Collateralization Judgment, shall be applied in the following
7 order of priority until exhausted:

- 8 (1) First, to payment of the ES Litigation Loan;
- 9 (2) Second, to payment of, or, in the discretion of the Liquidating
10 Trustee, reserve for its Pro Rata share of the unpaid Lehman Post-Confirmation Loans;
- 11 (3) Third, to payment of, or, in the discretion of the Liquidating
12 Trustee, reserve for the direct Post-Confirmation Expenses of such Estate and its Pro Rata share of
13 unpaid Post-Confirmation Expenses commonly allocable among it and other Plan Debtors (not
14 including any repayment of post-Confirmation Date intercompany payables);
- 15 (4) Fourth, to repayment of any post-Confirmation Date
16 intercompany payables,
- 17 (5) Fifth, to any of such Estate's due and payable Allowed
18 Administrative Claims, Allowed Tax Claims, and Allowed Priority Claims;
- 19 (6) Sixth, to pay or, in the discretion of the Liquidating Trustee,
20 reserve for unpaid Post-Confirmation Expenses of other Debtors and their share of the unpaid
21 Lehman Post-Confirmation Loans (to be booked upon use as a receivable to the advancing Estate
22 and as a payable by the borrowing Estate);
- 23 (7) Seventh, to such Estate's Holders of Allowed Non-Settled ES
24 Claims entitled to the ES Litigation Proceeds pursuant to the terms of the ES Judgment until paid
25 the full amount of their Allowed ES Claims;
- 26 (8) Eighth, to the Estates of other Holders of Allowed ES Claims
27 entitled to the ES Litigation Proceeds pursuant to the terms of the ES Judgment, payable Pro Rata
28

1 among such Estates based upon their entitled and Allowed ES Claims not paid from their Estate's
2 own Assets, first to pay such Estate's share of the Lehman Post-Confirmation Loans and next to
3 pay such Allowed ES Claims until paid in full; and

4 (9) Seventh, as Residual Cash to the Holders of Allowed Claims
5 in Class 7 and Class 8 under the Plan; and

6 (d) **Funds that May Later be Determined to be Both ES Litigation**
7 **Proceeds and Project Related Action Recovery With Respect to a Cross-Collateralization**
8 **Judgment.**

9 Funds that presently are known to be either, but not both, ES Litigation Proceeds of a
10 particular Estate or a Project Related Action Recovery with respect to a Cross-Collateralization
11 Judgment, which potentially could also become the other upon final settlement or determination of
12 the relevant, pending Project Related Action, shall be applied in the following order of priority until
13 exhausted:

- 14 (1) First, reserved for payment of the ES Litigation Loan;
- 15 (2) Second, to payment of, or, in the discretion of the Liquidating
16 Trustee, reserve for its Pro Rata share of the unpaid Lehman Post-Confirmation Loans;
- 17 (3) Third, to payment of, or, in the discretion of the Liquidating
18 Trustee, reserve for the direct Post-Confirmation Expenses of such Estate and its Pro Rata share of
19 unpaid Post-Confirmation Expenses commonly allocable among it and other Plan Debtors (not
20 including any repayment of post-Confirmation Date intercompany payables);
- 21 (4) Fourth, to repayment of any post-Confirmation Date
22 intercompany payables,
- 23 (5) Fifth, to be reserved and applied upon final settlement or
24 determination of the relevant, pending Project Related Action in accordance with the above-
25 described priorities of distribution.
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1 **7.10.3 Allocations and Distributions Under this Section.**

2 For purposes of this Section 7.8.5(b)(2) of the Plan, in calculating the amount of Allowed
3 ES Claims not paid from an Estate’s own Assets for a distribution of ES Litigation Proceeds
4 pursuant hereto, the Liquidating Trustee may ignore future expected or possible recoveries, but
5 upon such later recoveries occurring for such Estates, the Liquidating Trustee shall recalculate the
6 prior distribution and adjust the amount of the later distribution to ensure that the aggregate
7 distributions are correct among entitled Holders of Allowed ES Claims.

8 **7.11 Plan Release.**

9 In exchange for the extension of credit represented by the additional Lehman Post-
10 Confirmation Loans, the ES Settlement Offer and the delayed satisfaction of the Secured Claims of
11 the Lehman Related Parties, as of the Effective Date, the Estate of each Plan Debtor, on behalf of
12 itself and its Affiliates exclusive of other Debtors herein shall be deemed to unconditionally,
13 irrevocably and generally release, acquit and forever discharge, waive and relinquish:

14 (a) any and all causes of action, actions, rights of action, suits,
15 judgments, liens, indebtedness, damages, losses, claims, liabilities, obligations, attorneys’ fees,
16 costs, expenses and demands of every kind and character, whether known or unknown, suspected or
17 unsuspected, disclosed or undisclosed, including without limitation any Litigation Claims, whether
18 for damages, subordination or other remedies, and including any and any objections or defenses to
19 Lehman Related Party’s Claims, Liens, rights, or causes of action, from and against all Lehman
20 Releasees, or any of them, and their subsidiaries and their respective officers, directors, employees,
21 agents, predecessors, successors, assigns, representatives, attorneys and other professionals, or their
22 property; except

23 (b) the following are not released, to the extent indicated:

24 (i) Avoidance Actions timely Filed and Filed no later than
25 sixty (60) days following the Effective Date other than to the extent of Cross-Collateralization
26 Claims; and

27 (ii) with respect to (1) all Equitable Subordination Claims in
28 an ES Action (*i.e.*, either (A) that certain adversary proceeding Filed in the Cases and pending

1 before the Bankruptcy Court as Adversary Case No. 8:09-ap-01005 or (B) such other adversary
2 proceeding in which Equitable Subordination Claims are asserted that is timely Filed and Filed no
3 later than sixty (60) days following the Effective Date) and (2) those Cross-Collateralization Claims
4 identified in the Debtors' Second Amended Disclosure Statement and asserted in a Cross-
5 Collateralization Action (*i.e.*, an Avoidance Action against a Lehman Related Party that relates to a
6 Cross-Collateralization Claim that is timely Filed and Filed no later than sixty (60) days following
7 the Effective Date), each owner of each PRA Security Project shall have a non-recourse obligation
8 to reconvey each PRA Security Project to the Liquidating Trustee if required by a Project Related
9 Action Recovery, which obligation shall be secured by the PRA Recovery Security Pool and, at a
10 Lehman Nominee's election, instead may be satisfied by a Cash payment in the amount of any
11 Project Related Action Recovery.

12 The releases given above include an express, informed, knowing and voluntary waiver and
13 relinquishment to the fullest extent permitted by law of rights under Section 1542 of the California
14 Civil Code, which reads as follows, and under any similar or comparable laws anywhere in the
15 world:

16 **A general release does not extend to claims which the creditor does not know or**
17 **suspect to exist in his favor at the time of executing the release, which if known by him must**
18 **have materially affected his settlement with the debtor.**

19 While the Confirmation Order, without more, shall effectuate the release, waiver and
20 relinquishment described or referenced in this section for the Lehman Releasees in accordance
21 herewith, the Lehman Releasees also shall be entitled to issuance of a separate written release,
22 waiver and relinquishment by the Liquidating Trustee in a form acceptable to the Lehman Lenders
23 and Liquidating Trustee or as reasonably proposed by the Lehman Lenders and approved by the
24 Bankruptcy Court at or after the hearing on confirmation of the Lehman Plan.

25 **7.12 Entry of Final Decrees.**

26 The Liquidating Trustee shall cause the entry of a final decree in the Case of each Estate of
27 a Plan Debtor at the earliest reasonable opportunity therefor. Such final decrees may be sought and
28 entered individually for each Case.

1 **8.3 Old Instruments and Securities.**

2 **(a) Surrender and Cancellation of Instruments and Securities.**

3 As a condition to receiving any distribution pursuant to the Lehman Plan in respect of a
4 Claim, each Person holding any note or other instrument or security evidencing such Claim must
5 surrender such instrument or security to the Distribution Agent, if requested.

6 **(b) Cancellation of Liens.**

7 Except as otherwise provided in the Lehman Plan, any Lien securing any Secured Claim
8 shall be deemed released and discharged, and the Person holding such Secured Claim shall be
9 authorized and directed to release any collateral or other property of the Liquidating Trustee
10 (including, without limitation, any Cash Collateral) held by such Person and to take such actions as
11 may be requested by the Liquidating Trustee to evidence the release of such Lien, including,
12 without limitation, the execution, delivery and Filing or recording of such releases as may be
13 requested by the Liquidating Trustee.

14 **8.4 De Minimis Distributions and Fractional Shares.**

15 No Cash payment of less than ten dollars (\$10) shall be made by the Liquidating Trustee to
16 any Holder of Claims unless a request therefor is made in writing to the Liquidating Trustee.
17 Whenever payment of a fraction of a cent would otherwise be called for, the actual payment shall
18 reflect a rounding down of such fraction to the nearest whole cent. Any Cash or other property that
19 is not distributed as a consequence of this section shall, after the last distribution on account of
20 Allowed Claims in the applicable Class, be treated as “Unclaimed Property” under the Lehman
21 Plan.

22 **8.5 Delivery of Distributions.**

23 Except as provided in the Lehman Plan with respect to Unclaimed Property, distributions to
24 Holders of Allowed Claims and Allowed Administrative Claims shall be distributed by mail as
25 follows: (1) with respect to each Holder of an Allowed Claim that has Filed a Proofs of Claim, at
26 the address for such Holder as maintained by the official claims agent for the Plan Debtors; (2) with
27 respect to each Holder of an Allowed Claim that has not Filed a Proofs of Claim, at the address
28 reflected on the Schedules Filed by the Plan Debtors, provided, however, that if the Plan Debtors or

1 the Liquidating Trustee has received a written notice of a change of address for such Holder, the
2 address set forth in such notice shall be used; or (3) with respect to each Holder of an Allowed
3 Administrative Claim, at such address as the Holder may specify in writing.

4 **8.6 Unclaimed Property.**

5 If either (1) the Distribution of Cash to the Holder of any Allowed Claim is returned to the
6 Liquidating Trustee (*e.g.*, as undeliverable) and the check or other similar instrument or distribution
7 remains unclaimed for one hundred twenty (120) days from sending or (2) the check or other
8 similar instrument used for the Distribution to the Holder of any Allowed Claim remains uncashed
9 for one hundred twenty (120) days from sending; or (3) the Liquidating Trustee does not have an
10 address for a Holder of any Allowed Claim on the date such Distribution first could have been
11 made under the Plan and for one hundred twenty (120) days thereafter, then such applicable
12 Distribution shall be Unclaimed Property under the Plan and the Liquidating Trustee shall be
13 relieved of making such Distribution or any further Distribution to such Holder of such Allowed
14 Claim unless and until the Liquidating Trustee is notified in writing of the then current address of
15 such Holder of an Allowed Claim. Subject to the remainder of this Section and the following
16 section, Unclaimed Property shall remain in the possession of the Liquidating Trustee pursuant to
17 this Section, and shall be set aside and (in the case of Cash) held in a segregated, interest bearing
18 account to be maintained by the Distribution Agent until such time as the subject Distribution
19 becomes deliverable. Nothing contained in the Lehman Plan shall require the Liquidating Trustee
20 or any other Person to attempt to locate the Holder of an Allowed Claim as to which there is
21 Unclaimed Property.

22 **8.7 Disposition of Unclaimed Property.**

23 If the Person entitled thereto notifies the Liquidating Trustee of such Person's Claim to a
24 Distribution of Unclaimed Property within ninety (90) days following such Person's initial
25 Distribution Date, the Unclaimed Property distributable to such Person, together with any interest
26 or dividends earned thereon, shall be paid or distributed to such Person as soon as practical. Any
27 Holder of an Allowed Claim that does not assert a Claim in writing for Unclaimed Property held by
28 the Liquidating Trustee within ninety (90) days after the Holders' initial Distribution Date shall no

1 longer have any Claim to or Interest in such Unclaimed Property, and shall be forever barred from
2 receiving any Distributions under the Lehman Plan or otherwise from the Liquidating Trustee. In
3 such cases, any property held for Distribution on account of such Claims shall become Available
4 Cash and deposited into the Post-Confirmation Account of the Plan Debtor's Estate against which
5 the applicable Allowed Claim was asserted.

6 **IX.**

7 **OBJECTIONS TO CLAIMS AND DISPUTED CLAIMS**

8 **9.1 Standing for Objections to Claims.**

9 The Liquidating Trustee and Lehman Lenders shall have the sole and exclusive right to File
10 and resolve for the Estates objections to Claims and their status as ES Claims (provided, however,
11 that the Lehman Lenders shall not be allowed to resolve for the Estates objections to Claims of any
12 Lehman Related Party). Any objection to a Claim or its status as an ES Claim shall be Filed with
13 the Bankruptcy Court and served on the Person holding such Claim on or before the applicable
14 Claims Objection Deadline, except as provided in the Plan.

15 **9.2 Treatment of Disputed Claims.**

16 **(a) No Distribution Pending Allowance.**

17 If any portion of a Claim is a Disputed Claim, no payment or distribution provided for under
18 the Lehman Plan shall be made on account of such Claim unless expressly provided hereunder or
19 unless and until such Claim becomes an Allowed Claim. No distribution shall be made under the
20 Plan on account of any Disputed Claims. A Claim that has not been Allowed by a Final Order of
21 the Bankruptcy Court and as to which the objection deadline has not passed, including as to its
22 status as an ES Claim, may be treated by the Liquidating Trustee as a Disputed Claim and, absent
23 the agreement of the Lehman Lenders, the Liquidating Trustee shall so treat any such Secured
24 Claim not expressly Allowed under the Plan and any ES Claim to which a payment otherwise
25 would be due under subparagraph (c) of Sections 5.8 of the Plan.

26 **(b) Distribution After Allowance.**

27 On the next Distribution Date following the date on which a Disputed Claim becomes an
28 Allowed Claim and is no longer a Disputed Claim, the Distribution Agent shall distribute to the

1 Person holding such Claim any Cash that would have been distributable to such Person if on the
2 initial Distribution Date such Claim had been an Allowed Claim and not a Disputed Claim.

3 (c) **Reserves for Disputed Claims.**

4 In the event that Disputed Claims are pending, the Liquidating Trustee shall establish
5 reasonable reserves, including the Plan Reserve for such Disputed Claims. The Distribution Agent
6 may move the Bankruptcy Court for approval of its determination to reserve certain amounts.

7 **X.**

8 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

9 **10.1 Executory Contracts Being Assumed.**

10 As of the Effective Date, the Liquidating Trustee shall assume and, as of and conditioned
11 upon the occurrence of the sale or conveyance of the related Remaining Real Estate Projects in
12 accordance with the Lehman Plan Sale or Foreclosure Procedures, shall assign to the appropriate
13 Lehman Nominee(s) or third party purchaser of each Remaining Real Estate Project, all of the
14 executory contracts and unexpired leases on an **Exhibit "A"**, to be attached to the Lehman Plan on
15 or before the Confirmation Date. With the consent of the Lehman Creditors, any required cure
16 payments shall be made by the Liquidating Trustee from Cash Collateral of a Lehman Related
17 Party on hand as of the Effective Date. The Lehman Lenders may add any executory contract or
18 unexpired leases to these exhibits or delete any contract or lease therefrom up to and including the
19 Confirmation Date. However, if **Exhibit "A"** first is Filed and served on affected contract or lease
20 parties, or any amendments thereto are Filed and so served, later than twenty-four (24) days before
21 the Confirmation Date, then, the affected contract or lease parties shall have at least fifteen (15)
22 days from the date of service of the amendments to serve a written objection to the same on the
23 Lehman Lenders. Upon the receipt of any such objection, the Lehman Lenders shall promptly set a
24 hearing on the same, and the assumption or rejection of the affected contract or lease will be
25 delayed until the Court makes a determination on this issue. To the extent that an executory
26 contract or unexpired lease has previously been assumed by a Plan Debtor pursuant to an order of
27 the Court, such assumption shall not be affected by the Lehman Plan. The assumption of any
28 contracts or leases pursuant to the provisions of the Lehman Plan shall be only to the extent that

1 such assumed contracts or leases constitute executory contracts and unexpired leases within the
2 meaning of Section 365 of the Bankruptcy Code. Inclusion of a matter in **Exhibit “A”** does not
3 constitute an admission by the Plan Debtors or the Liquidating Trustee that (i) such matter is an
4 executory contract or unexpired lease within the meaning of Section 365 of the Bankruptcy Code,
5 (ii) the Plan Debtors, Trustee or Liquidating Trustee must assume such matter in order to continue
6 to receive or retain rights, benefits, or performance thereunder or that any Claim under such matter
7 must be paid or default cured if it is not an executory contract or unexpired lease, or (iii) such
8 matter is a valid contract or lease. Any contract or lease assumed pursuant to the Lehman Plan shall
9 be assumed as previously amended or otherwise modified by the parties thereto, whether before or
10 after the Petition Date.

11 **10.2 Executory Contracts Being Rejected.**

12 As of the Effective Date, the Plan Debtors, Trustee or Liquidating Trustee, as appropriate,
13 shall reject all of their executory contracts and unexpired leases other than those executory
14 contracts or unexpired leases listed on **Exhibit “A”** to the Lehman Plan that are expressly assumed
15 under the Lehman Plan.

16 **10.3 Retention of Property Rights by Lehman Nominees or Liquidating Trustee.**

17 To the extent that a matter that provides the Plan Debtors or their Estates with property
18 rights does not constitute an executory contract or unexpired lease, or the Plan Debtors have
19 obtained property rights under the executed portion of an executory contract or unexpired lease,
20 rejection shall not constitute an abandonment by the Plan Debtors, the Lehman Nominees or the
21 Liquidating Trustee of any such property rights.

22 **10.4 Bar Date for Rejection Damages.**

23 Any Claim arising out of the rejection of an executory contract or unexpired lease under the
24 Plan shall be forever barred and shall not be enforceable against the Plan Debtors, their Estates, the
25 Liquidating Trustee, their Affiliates, their successors, or their properties, and shall not be entitled to
26 any distribution under the Lehman Plan, unless a Proof of Claim for such Claim is Filed and served
27 on the Plan Debtors, or the Liquidating Trustee within thirty (30) days after the earlier of (a) the
28 date of entry of the order of the Bankruptcy Court approving the rejection of the executory contract

1 or unexpired lease, or (b) the Confirmation Date.

2 **10.5 Cure Statements.**

3 Any party whose executory contract or unexpired lease is assumed under the terms of the
4 Lehman Plan must File and serve on the Plan Debtors, the Trustee, the Liquidating Trustee and the
5 Lehman Lenders a statement within thirty (30) days after the Confirmation Date itemizing all
6 charges and other costs that the party contends must be paid in order to cure any defaults upon the
7 assumption of the contract or lease (the "Cure Statement"). Failure to timely File a Cure Statement
8 shall constitute a waiver of any cure claim and of any defaults occurring prior to the Confirmation
9 Date. If the Plan Debtors, the Committee(s), the Liquidating Trustee or the Lehman Lenders do not
10 File an objection to the Cure Statement within the later of thirty (30) days after the Effective Date
11 and thirty (30) days after the receipt of the Cure Statement by all of the required notice parties, the
12 Liquidating Trustee will pay the amount reflected on the Cure Statement. If there is a timely
13 objection to the Cure Statement that cannot be resolved with the claimant, the Lehman Lenders
14 may either 1) elect within forty-five (45) days after the Cure Statement is Filed to have the contract
15 rejected, or 2) ask the Court to promptly set a hearing with respect to the objection. If such an
16 objection is Filed, any cure amount payable upon the assumption of the executory contract or
17 unexpired lease shall be due and payable on or before the fifteenth (15th) day after the entry of a
18 Final Order fixing the cure amount and then only in the amount fixed by such order.

19 **10.6 Changes in Rates Subject to Regulatory Commission Approval.**

20 The Plan Debtors are not subject to governmental regulatory commission approval of their
21 rates.

22 **XI.**

23 **EFFECT OF CONFIRMATION OF THE PLAN**

24 Except as otherwise expressly provided in the Lehman Plan, the documents executed
25 pursuant to the Lehman Plan, or the Confirmation Order, on and after the Effective Date, all
26 Persons and Entities who have held, currently hold, or may hold a debt, Claim, or Interest against
27 the Plan Debtors (including but not limited to States and other governmental units, and any State
28 official, employee, or other entity acting in an individual or official capacity on behalf of any State

1 or other governmental units) shall be permanently enjoined from: (a) taking any of the following
2 actions on account of any such debt, Claim, or Interest: (1) commencing or continuing in any
3 manner any action or other proceeding against the Plan Debtors and the Liquidating Trustee, their
4 successors, or their property; (2) enforcing, attaching, executing, collecting, or recovering in any
5 manner any judgment, award, decree, or order against the Plan Debtors or the Liquidating Trustee,
6 their successors, or their property; (3) creating, perfecting, or enforcing any Lien or encumbrance
7 against the Plan Debtors or the Liquidating Trustee, their successors, or their property; (4) asserting
8 any set off, right of subrogation, or recoupment of any kind against any obligation due the Plan
9 Debtors or the Liquidating Trustee, their successors, or their property; and (5) commencing or
10 continuing any action, in any manner, in any place that does not comply with or is inconsistent with
11 the provisions of the Lehman Plan; and (b) taking any of the following actions on account of any
12 Claims or rights of action that are revested in, or transferred to, the Liquidating Trustee as of the
13 Effective Date or under the Lehman Plan (to the extent one or more Plan Debtors' Estates first held
14 such claim or rights of action or held the right to assert such claim or right of action after the
15 Petition Date), including, without limitation: (1) asserting such Claims or rights of action against
16 nondebtor third parties; and (2) commencing or continuing in any manner any action or other
17 proceeding of any kind with respect to such claims or rights of action. Any person or entity injured
18 by any willful violation of such injunction shall recover actual damages, including costs and
19 attorneys' fees, and, in appropriate circumstances, may recover punitive damages from the willful
20 violator.

21 XII.

22 LIMITATION OF LIABILITY

23 12.1 No Liability for Solicitation or Participation.

24 As specified in Section 1125(e) of the Bankruptcy Code, entities that solicit acceptances or
25 rejections of the Lehman Plan and/or that participate in the offer, issuance, sale, or purchase of
26 securities offered or sold under the Lehman Plan, in good faith and in compliance with the
27 applicable provisions of the Bankruptcy Code, shall not be liable, on account of such solicitation or
28 participation, for violation of any applicable law, rule, or regulation governing the solicitation of

1 acceptances or rejections of the Lehman Plan or the offer, issuance, sale, or purchase of securities.

2 **12.2 Limitation of Liability.**

3 Effective as of the Effective Date, none of the Liquidating Trustee, the Lehman Related
4 Parties or their respective Affiliates, nor any of their respective members, officers, directors,
5 employees and other agents, advisors, attorneys and accountants shall have or incur any liability to
6 any Holder of any Claim or Interest or any other Person for any act or omission in connection with
7 or arising out of the negotiation, preparation and pursuit of confirmation of the Lehman Plan, the
8 Lehman Disclosure Statement, the consummation of the Lehman Plan, the administration of the
9 Lehman Plan, the Cases or the property to be distributed under the Lehman Plan except: (a) the
10 Liquidating Trustee shall be liable contractually for the performance of obligations assumed or
11 imposed under or by the Lehman Plan; (b) for liability based on willful misconduct as finally
12 determined by a Final Order of the Bankruptcy Court; and (c) for gross negligence in connection
13 with implementing the Distribution provisions of the Lehman Plan and the making or withholding
14 of Distributions pursuant to the Lehman Plan. Each of the Liquidating Trustee, Lehman Related
15 Parties and their respective Affiliates, and each of their respective officers, directors, employees
16 and other agents, advisors, attorneys and accountants) shall be entitled to rely, in every respect,
17 upon the advice of counsel with respect to their duties and responsibilities under or with respect to
18 the Lehman Plan.

19 **XIII.**

20 **CONDITIONS TO CONFIRMATION AND**

21 **EFFECTIVENESS OF THE PLAN**

22 **13.1 Conditions Precedent to Plan Confirmation.**

23 The following are conditions precedent to Confirmation of the Lehman Plan: (a)
24 the Bankruptcy Court shall have entered the Confirmation Order; and (b) the Lehman Settlement
25 Approval shall be represented by a Final Order.
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1 the Bankruptcy Code, and (ii) in accordance with the Lehman Plan, and may modify the Lehman
2 Plan in accordance with Section 1127(a) of the Bankruptcy Code.

3 **XVI.**

4 **MISCELLANEOUS**

5 **16.1 Payment of Statutory Fees.**

6 All quarterly fees due and payable to the Office of the United States Trustee pursuant to
7 Section 1930(a)(6) of Title 28 of the United States Code with respect to the Plan Debtors shall be
8 paid in full on or before the Effective Date, or, to the extent such quarterly fees are disputed, an
9 adequate reserve shall have been established and set aside for payment in full thereof, as required
10 by Section 1129(a)(12) of the Bankruptcy Code. The Liquidating Trustee shall remain responsible
11 for timely payment of quarterly fees due and payable after the Effective Date with respect to the
12 Plan Debtors until each applicable Plan Debtor's Case is closed, to the extent required by Section
13 1930(a)(6) of Title 28 of the United States Code.

14 **16.2 Payment Dates.**

15 Whenever any payment or distribution to be made under the Lehman Plan shall be due on a
16 day other than a Business Day, such payment or distribution shall instead be made, without interest,
17 on the immediately following Business Day.

18 **16.3 Headings.**

19 The headings used in the Lehman Disclosure Statement and in the Lehman Plan are inserted
20 for convenience only and neither constitutes a portion of the Lehman Disclosure Statement or the
21 Lehman Plan nor in any manner affect the construction of the provisions of the Lehman Disclosure
22 Statement or the Lehman Plan.

23 **16.4 Other Documents and Actions.**

24 The Liquidating Trustee may execute such other documents and take such other actions as
25 may be necessary or appropriate to effectuate the transactions contemplated under the Lehman
26 Plan.

1 **16.5 Notices.**

2 All notices and requests in connection with the Lehman Disclosure Statement and the
3 Lehman Plan shall be in writing and shall be hand delivered or sent by mail addressed to:

4 Edward Soto, Esq.
5 Nellie P. Camerick, Esq.
6 Weil, Gotshal & Manges LLP
7 1395 Brickell Avenue
8 Suite 1200
9 Miami, FL 33131

10 and

11 Shai Y. Waisman, Esq.
12 Weil, Gotshal & Manges LLP
13 767 Fifth Avenue
14 New York, NY 10153-0119

15 **With copies to:**

16 Dean A. Ziehl, Esq.
17 Pachulski Stang Ziehl & Jones LLP
18 10100 Santa Monica Blvd., 11th Fl.
19 Los Angeles, CA 90067

20 All notices and requests to any Person holding of record any Claim or Interest shall be sent
21 to them at their last known address or to the last known address of their attorney of record. Any
22 such Person may designate in writing any other address for purposes of this Section, which
23 designation will be effective on receipt.

24 **16.6 Governing Law.**

25 Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code
26 and Bankruptcy Rules), the laws of the State of California (without reference to its conflict of law
27 rules) shall govern the construction and implementation of the Lehman Plan and any agreements,
28 documents, and instruments executed in connection with the Lehman Plan, unless otherwise
specifically provided in such agreements, documents, or instruments.

29 **16.7 Binding Effect.**

30 This Plan and all rights, duties and obligations thereunder shall be binding upon and inure to
31 the benefit of the Lehman Creditors, the Plan Debtors, the Liquidating Trustee, Holders of Claims,
32 Holders of Interests, and their respective successors and assigns.

1 **16.8 Successors and Assigns.**

2 The rights, benefits, and obligations of any entity named or referred to in the Lehman Plan
3 shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators,
4 successors, and assigns of such entity.

5 **16.9 Severability of Plan Provisions.**

6 If, prior to the Confirmation Date, any term or provision of the Lehman Plan is held by the
7 Bankruptcy Court to be illegal, impermissible, invalid, void or unenforceable, or otherwise to
8 constitute grounds for denying confirmation of the Lehman Plan, the Bankruptcy Court shall, with
9 the consent of the Lehman Proponents, have the power to interpret, modify or delete such term or
10 provision (or portions thereof) to make it valid or enforceable to the maximum extent practicable,
11 consistent with the original purpose of the term or provision held to be invalid, void or
12 unenforceable, and such term or provision shall then be operative as interpreted, modified or
13 deleted. Notwithstanding any such interpretation, modification or deletion, the remainder of the
14 terms and provisions of the Lehman Plan shall in no way be affected, impaired or invalidated by
15 such interpretation, modification or deletion.

16 **16.10 No Waiver.**

17 The failure of the Plan Debtors, Liquidating Trustee, Committee or Lehman Lenders or any
18 other Person to object to any Claim for purposes of voting shall not be deemed a waiver of the
19 Committee(s)', the Plan Debtors', the Liquidating Trustee's or the Lehman Lenders' right to object
20 to or examine such Claim, in whole or in part.

21 **16.11 Inconsistencies.**

22 In the event the terms or provisions of the Lehman Disclosure Statement are inconsistent
23 with the terms and provisions of the Lehman Plan or documents executed in connection with the
24 Lehman Plan, the terms of the Lehman Plan shall control.

25 **16.12 Exemption from Certain Transfer Taxes and Recording Fees.**

26 Pursuant to Section 1146(c) of the Bankruptcy Code, any transfers from a Plan Debtor or its
27 Estate to the Liquidating Trustee or to any other Person or entity pursuant to the Lehman Plan, or
28 any agreement regarding the transfer of title to or ownership of any of the Plan Debtors' real or

1 personal property or of any other interest in such property (including, without limitation, a security
2 interest), including, without limitation, transfers or sales pursuant to the Lehman Plan Sale or
3 Foreclosure Procedures or Reconveyance Agreements will not be subject to any document
4 recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real
5 estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or
6 other similar tax or governmental assessment, and the Confirmation Order will direct the
7 appropriate state or local governmental officials or agents to forego the collection of any such tax
8 or governmental assessment and to accept for filing and recordation any of the foregoing
9 instruments or other documents without the payment of any such tax or governmental assessment.

10 **16.13 Post-Confirmation Status Report.**

11 By the earlier of 180 days following the entry of the Confirmation Order a status report
12 shall be Filed with the Court explaining what progress has been made toward consummation of the
13 confirmed Plan, which report shall be Filed by the Liquidating Trustee, if the Effective Date occurs
14 with 120 days following the entry of the Confirmation Order and, otherwise, by the Lehman
15 Lenders. The status report shall be served on the United States Trustee, the list of twenty largest
16 unsecured creditors Filed by the Debtors or Trustee for the jointly administered Cases of the
17 Debtors, the Lehman Creditors, the Liquidating Trustee and those parties who have requested
18 special notice. Unless otherwise ordered, further status reports shall be Filed every 180 days and
19 served on the same entities.

20 **16.14 Post-Confirmation Conversion/Dismissal.**

21 A creditor or party in interest may bring a motion to convert or dismiss any Case of a Plan
22 Debtor under § 1112(b), after the Lehman Plan is confirmed, if there is a default in performing the
23 Lehman Plan, subject to the right of any party in interest to object to such motion. If the Court
24 orders any of the Cases converted to Chapter 7 after the Lehman Plan is confirmed, then all
25 property that had been property of the chapter 11 Estate, and that has not been disbursed pursuant
26 to the Lehman Plan, will revert in the Chapter 7 estate. The automatic stay will be reimposed upon
27 the reverted property, but only to the extent that relief from stay was not previously authorized by
28 the Court during this case.

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16.15 Final Decree.

Once a Plan Debtor’s Estate has been fully administered, as referred to in Bankruptcy Rule 3022, the Liquidating Trustee, or other party as the Court shall designate in the Confirmation Order, shall File a motion with the Court to obtain a final decree to close the Case of such Plan Debtor.

Dated: September 9, 2009

PACHULSKI STANG ZIEHL & JONES LLP

By /s/ Robert B. Orgel
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Attorneys for Lehman Commercial Paper
Inc., Lehman ALI, Inc., Northlake
Holdings LLC and OVC Holdings LLC

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Exhibit "A"

List of Assumed Executory Contracts and Assumed Unexpired Leases

[TO BE FILED]