

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:	)	
	)	Case Nos. 07-20412 through 07-20417,
	)	and 07-21468 through 07-21470
NEUMANN HOMES, INC., <u>et al.</u> , <sup>1</sup>	)	(Jointly Administered)
	)	
Debtors.	)	Chapter 11
	)	Hon. Eugene R. Wedoff

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER CONFIRMING THE  
MODIFIED JOINT PLAN OF LIQUIDATION OF NEUMANN HOMES, INC. AND ITS  
AFFILIATED DEBTORS AND DEBTORS IN POSSESSION, AS FURTHER MODIFIED**

(Regarding Docket Nos. 1848, 2051, 2053, 2101, 2105, 2109, 2110, 2111, 2115,  
2116, 2118, 2119, 2126, 2128, 2129, 2131, 2140, 2167, 2187, 2203, 2206 and 2209)

Upon the motion [Docket No. 1848] of Neumann Homes, Inc. and certain of its subsidiaries and affiliates, debtors and debtors-in-possession in the above-captioned cases (collectively, the “Debtors”) and the Court’s order with respect thereto (the “Solicitation Procedures Order”) [Docket No. 2053], each regarding the Debtors’ Disclosure Statement dated December 11, 2009 (the “Disclosure Statement”) [Docket No. 2051] with respect to the Joint Plan of Liquidation of Neumann Homes, Inc. and Its Affiliated Debtors and Debtors in Possession dated December 11, 2009, attached as Exhibit A to the Disclosure Statement (the “Proposed Plan”); and the Debtors having filed with the Court certain exhibits to the Proposed Plan, notices and certain information contemplated by the Proposed Plan, including a notice of the appointment of William Kaye as the Liquidation Trust Administrator under the Trust Agreement and Wayne Walker and Neil Luria as members of the Liquidation Trust Advisory

---

<sup>1</sup> The Debtors consist of: Neumann Homes, Inc. (EIN: 36-3372185); NDC Fabrications, LLC (EIN: 20-3927889); Neumann Homes of Colorado, LLC (EIN: 30-0016357); Neumann Homes of Michigan, LLC (EIN: 20-0266814); Neumann Homes of Wisconsin, LLC (EIN: 13-4233135); Neu Pro Co., LLC (EIN: 20-3927922); NHI Sky Ranch, LLC (EIN: 20-2680457); Precision Framing Systems, LLC (EIN: 61-1404308); and Sky Ranch, LLC (EIN: 20-2680547).

Board, and proposed modifications incorporated into the Modified Joint Plan of Liquidation of Neumann Homes, Inc. and Its Affiliated Debtors and Debtors In Possession, dated February 8, 2010, as Further Modified (the “Plan”)<sup>2</sup> attached hereto as Exhibit 1; and the Court having been advised that the Plan is dependent upon and incorporates the terms of certain compromises and settlements that are necessary for the success of the Plan, including but not limited to the settlement agreement with the KPN Entities set forth as Exhibit B to the Plan and the settlements with IndyMac, GMAC and Comerica embodied in the Plan; and the Court having held hearings pursuant to section 1129 of the Bankruptcy Code on January 27, 2010, February 3, 2010, February 8, 2010, February 10, 2009 and February 11, 2010 to consider confirmation of the Plan (the “Confirmation Hearing”); and the Court having considered the Debtors’ Memorandum of Law (i) in Support of Confirmation of the Joint Plan of Liquidation of Neumann Homes, Inc. and Its Affiliated Debtors and Debtors in Possession and (ii) in Response to Objections Thereto [Docket No. 2129]; and the Court having been advised on the record at the Confirmation Hearing that the modifications to the Proposed Plan incorporated in the Plan consensually resolve all of the confirmation objections filed with this Court or raised informally with the Debtors and, thus, all such objections have been withdrawn; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this proceeding is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and it appearing that venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice has been given under the circumstances and that no other or further notice is necessary; and after due deliberation thereon and good and sufficient cause appearing therefor, it hereby is FOUND, DETERMINED, ORDERED AND ADJUDGED THAT:

---

<sup>2</sup> Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Plan.

1. Confirmation. The Plan attached hereto as Exhibit 1, including (a) all of the modifications to the Proposed Plan filed with the Court prior to the Confirmation Hearing or described on the record at the Confirmation Hearing and (b) all Exhibits attached to the Plan, is approved and confirmed under section 1129 of the Bankruptcy Code in the Chapter 11 Cases of all Debtors other than NHI Sky Ranch, LLC (Case No. 07-21469) and Sky Ranch, LLC (Case No. 07-21470) (together, the “Non-Confirming Debtors”). Notwithstanding anything contained herein to the contrary, this Order shall not apply to the Plans of the Non-Confirming Debtors, and the Confirmation Hearing with respect to the Non-Confirming Debtors is hereby continued to February 17, 2010 at 10:00 a.m. Nothing contained in the Plan (including, but not limited to, Section 5.1 thereof) or in this Order shall apply to, be binding in, or be determinative of any issue in, the Chapter 11 Cases of the Non-Confirming Debtors.

2. Good Faith. Votes on the Plan were solicited in good faith and in compliance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Solicitation Procedures Order, the local rules of this Court, all other applicable provisions of the Bankruptcy Code.

3. Satisfaction of 11 U.S.C. § 1129. The Plan complies with section 1129 of the Bankruptcy Code.

4. Releases, Injunctions, Limitations of Liability and Indemnification. The releases and injunctions set forth in Sections 14.6, 14.7, 14.1 and 14.8 of the Plan, the exculpation and limitation of liability provisions set forth in Section 14.4 of the Plan, the indemnification obligations set forth in Section 14.5 of the Plan, and the injunctions or stays set forth in Section 16.14 of the Plan, each of which is restated below in this paragraph (subject to the respective terms thereof and all other provisions and conditions set forth in the Plan) pursuant

to and/or otherwise in accordance with Bankruptcy Rule 3020(c)(1), are hereby approved, effective and binding, subject to the respective terms thereof and all other provisions and conditions set forth in the Plan, on all Persons and entities who may have had standing to assert, prosecute, or to continue to assert or prosecute such Claims or Causes of Action, and no Person or entity shall possess such standing to assert, prosecute, or to continue to assert or prosecute such Claims or Causes of Action after the Effective Date.

(a) Plan Section 14.6 (Releases by Debtors and Debtors-in-Possession).

(a) **Pursuant to section 1123(b)(3) of the Bankruptcy Code, effective as of the Effective Date, each Debtor, in its individual capacity and as a Debtor-in-Possession, for and on behalf of its Estate and any successor thereto, shall release and forever unconditionally release the Released Parties (including the Released KPN Claims) for and from any and all claims or Causes of Action existing as of the Effective Date in any manner arising from, based on or relating to, in whole or in part, the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest, the business or contractual arrangements between any Debtor or any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, or any act, omission, occurrence or event in any manner related to any such Claims, Interest, restructuring or the Chapter 11 Cases.**

(b) **Debtors' Release Pursuant to KPN Settlement Agreement. For the avoidance of doubt, pursuant to the KPN Settlement Agreement and the Plan, each of the Debtors, on their behalf and on behalf of all the Debtors' bankruptcy estates, and each of their attorneys, shareholders, employees, consultants, members, officers, directors, parents, subsidiaries, predecessors, successors, affiliates, assigns, professionals and agents, the Liquidation Trust and the Liquidation Trust Administrator (collectively, the "Estate Releasors"), shall be deemed to have irrevocably and unconditionally waived and forever released, acquitted, forever discharged, and covenanted not to sue any of the KPN Entities and each of their past and present, family members, attorneys, shareholders, employees, consultants, members, officers, directors, parents, subsidiaries, predecessors, successors, affiliates, professionals and agents (collectively, the "KPN Releasees"), from any and all claims, demands, liabilities, liens, losses, damages, expenses, costs, obligations, reimbursements, and causes of action of any**

and every kind, character or nature whatsoever, in law or in equity, tort or contract, whether asserted or unasserted, known or unknown, suspected or unsuspected, fixed or contingent, liquidated or unliquidated, which any or all of the Estate Releasers, have or may have or claim to have, now or in the future, against any of the KPN Releasees with respect to all matters from the beginning of time to the effective date of the KPN Settlement Agreement, including but not limited to, claims and matters related to, or connected to, the Debtors and their bankruptcy estates, the Creditors' Committee, the KPN Actions, and all claims and counterclaims that could have been asserted in the Chapter 11 Cases or any other action, specifically including but not limited to any and all causes of action against the KPN Entities pursuant to Chapter 5 of the Bankruptcy Code.

(c) No provision of the Plan or of the Confirmation Order, including without limitation, any release or exculpation provision, shall modify, release or otherwise limit the liability of any Person not specifically released hereunder or in the Plan, including without limitation, any Person that is a co-obligor or joint tortfeasor of a Released Party or that otherwise is liable under theories of vicarious or other derivative liability.

(b) Plan Section 14.7 (Release by Holders of Claims, Parties in Interest and Other Persons).

On the Effective Date all Persons voting to accept the Plan, and all creditors, Holders of Claims, parties-in-interest, and other Persons (each, a "Release Obligor") to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, in consideration for the obligations of the Debtors under the Plan, the obligations of the KPN Entities under the KPN Settlement Agreement, the obligations of the GMAC Parties under the GMAC Settlement, and the Cash and other contracts, instruments, releases, agreements or documents to be delivered in connection with the Plan, that has held, holds or may hold a Claim or Cause of Action related to the Chapter 11 Cases or the Debtors' businesses, transactions, or financial affairs, as applicable shall have conclusively, absolutely, unconditionally, irrevocably and forever, released each Released Party from any such Claim or Cause of Action existing as of the Effective Date arising from, based on or relating to, in whole or in part, the subject matter of, or the transactions or events giving rise to, such Claim or Cause of Action of such Release Obligor, and any act, omission, occurrence or event in any manner related to such subject matter, transaction or obligation; provided,

**however**, that Section 14.7 of the Plan shall not release any Released Party from any Cause of Action existing as of the Effective Date, based solely on (i) the Internal Revenue Code or other domestic state, city or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city or municipality, (iii) any criminal laws of the United States or any domestic state, city or municipality, (iv) the Securities Exchange Act of 1934, as now in effect or hereafter amended, the Securities Act of 1933, as now in effect or hereafter amended, or other securities laws of the United States or any domestic state, city, or municipality, or (v) Sections 1104-1109 and 1342(d) of the Employee Retirement Income Security Act of 1974, as amended.

(c) Plan Section 14.1 (No Discharge of Claims Against Debtors; Preliminary Injunction).

**No Discharge of Claims Against Debtors.** Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will not discharge Claims against the Debtors; **provided, however**, that Holders of Claims against the Debtors are preliminarily enjoined from seeking or receiving any payment or other distribution from, or seeking recourse against the Liquidation Trust or any of its property on account of such Claims, **provided** that (a) nothing contained herein shall preclude such Holders from exercising their rights pursuant to and consistent with the terms of the Plan and (b) the preliminary injunction of actions against the Liquidation Trust and its property shall be dissolved and terminate one (1) day following the dissolution of the Liquidation Trust and the completion and winding-up of its affairs.

(d) Plan Section 14.8 (Injunction).

The satisfactions and releases contained in Article XIV of the Plan, excluding the preliminary injunction set forth herein and in Section 14.1 of the Plan, shall also act as a permanent injunction against any Person commencing or continuing any action, employment of process, or act to collect, offset or recover any Claim or Cause of Action satisfied or released under this Plan to the fullest extent authorized or provided by the Bankruptcy Code, including, without limitation, to the extent provided for or authorized by sections 524 and 1141 thereof; **provided** that, subject to Section 16.14 of the Plan, this paragraph (as set forth in Section 14.8 of the Plan) shall not enjoin foreclosure or other actions or proceedings by the Village of Gilberts against the IndyMac Collateral to enforce its rights, if any, in accordance with applicable law.

- (e) Plan Section 14.4 (Exculpation and Limitation of Liability).  
**The Released Parties, shall not have or incur, and are hereby released from, any claim, obligation, Cause of Action or liability to one another or to any Holder of any Claim or Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan except for their gross negligence or willful misconduct and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.**
- Notwithstanding any other provision of the Plan or the Confirmation Order, no Claim Holder or Interest Holder, or other party in interest, none of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, and no successors or assigns of the foregoing, shall have any right of action against the Released Parties for any act or omission in connection with, relating to or arising out of the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan except for their gross negligence or willful misconduct.**
- (f) Plan Section 14.5 (Indemnification Obligations).  
**In satisfaction and compromise of any obligations or rights of any of the Indemnitees' Indemnification Rights, (a) all Indemnification Rights except (i) all Indemnification Rights of an Indemnatee who is also a Released Party and (ii) those based solely upon any act or omission arising out of or relating to any Indemnatee's service with, for or on behalf of a Debtor on or after the Petition Dates (collectively, the "Continuing Indemnification Rights"), shall be released and terminated on and as of the Effective Date.**
- (g) Plan Section 16.14 (Term of Bankruptcy Injunctions or Stays).  
**Other than the injunctions established in Article XIV of this Plan, all injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect during the Holding Period; provided, however, that the automatic stay shall be deemed**

**lifted on the Effective Date for the Village of Gilberts and the Village of Antioch to the extent necessary to permit the Village of Gilberts and/or the Village of Antioch to fully commence (including appropriate service of process), but not prosecute any further until the 91st Day after the Effective Date (or either village obtains the affirmative written consent of the Debtors and IndyMac), a foreclosure action in accordance with applicable law (and only to the extent of the Village of Gilbert's and the Village of Antioch's existing rights, if any, which are neither created nor enlarged by any provision of this Plan) against the IndyMac Collateral to enforce Potential Rights and Burdens, if any, with respect to the Village of Gilberts, or the rights and obligations set forth in Section 14.9(b), if any exist, with respect to the Village of Antioch, including, if necessary, naming Neumann Homes or, if it holds Subject Property (defined in Section 16.18(a) in this Plan), the Liquidation Trust (but only with respect to and to the extent of such Subject Property) as a nominal defendant in such action; provided further that any obligation upon the Debtors, IndyMac or any other party to take responsive action in such foreclosure action shall be tolled until the 91st day after the Effective Date. The injunctions established in Article XIV of this Plan, other than Section 14.1, are and shall be permanent injunctions; the injunction established in Section 14.1 of this Plan is a preliminary injunction.**

5. Payments Related to Assumption of Executory Contracts and Unexpired Leases. The provisions (if any) of each executory contract or unexpired lease to be assumed under the Plan that are or may be in default shall be satisfied solely by Cure. Within ten (10) days after (a) entry of this Order (with respect to any Executory Contracts and Unexpired Leases set forth on Exhibit E to the Plan), and (b) with respect to any Continuing Contracts and Leases, the filing of a supplement to Exhibit E to the Plan, the Debtors shall mail to any and all parties subject to executory contracts or unexpired leases to be assumed by the Debtors a notice (a "Cure Notice") setting forth, among other things, the amount the Debtors propose to pay to such parties as Cure pursuant to section 365(b) of the Bankruptcy Code as reflected in the Debtors' books and records (the "Proposed Cure"). Any Person who disputes the Proposed Cure must file an



objection to the Proposed Cure (a "Cure Claim Objection") with the Court no later than thirty (30) days after the date on which the Debtors mail a Cure Notice (the "Cure Claim Objection Deadline"). Any party failing to submit a Cure Claim Objection by the Cure Claim Objection Deadline shall be forever barred from asserting, collecting, or seeking to collect any amounts in excess of the Proposed Cure against the Debtors or the Liquidation Trust. Any Cure Claim Objection shall be resolved consensually by the parties, by the Court, or at the mutual election of the parties in another forum. Cure Claim Objections shall be set for status at subsequent hearings following the Cure Claims Objection Deadline with separate evidentiary hearings to be set by the Bankruptcy Court as needed. If the Debtors do not receive a Cure Claim Objection by the Cure Claims Objection Deadline, then the Debtors shall pay the Proposed Cure, if any, within ten (10) days of the Cure Claims Objection Deadline. No later than such date, the Debtors shall also pay the undisputed portion of a Proposed Cure to any party who filed a Cure Claims Objection. In the event of a dispute regarding a Proposed Cure, Cure shall be paid by the Debtors as soon as reasonably practicable after resolved by agreement or a Final Order of the Court (but in no event any later than twenty (20) days thereafter), subject to Section 8.3 of the Plan.

6. Retention of Jurisdiction. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

7. Separate Orders. This Order is a separate Order with respect to each of the Debtors in each Debtor's separate Bankruptcy Case for all purposes.

Dated: Chicago, Illinois  
February 17, 2010

  
UNITED STATES BANKRUPTCY JUDGE