

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

In Re:)	Bankruptcy Case No.: 10-31632
)	Chapter 11
PETTUS PROPERTIES, INC.,)	
EIN: 48-1265078)	
)	PLAN OF REORGANIZATION
<u>Debtor.</u>)	

Pettus Properties, Inc., the Debtor-in-Possession, proposes the following Plan of Reorganization:

ARTICLE I: DIVISION INTO CLASSES AND TREATMENT OF CLASSES

The Plan provides for the creation of four (4) classes of claims. The classes and the treatment of creditors in these classes are as follows:

1. **Cost of Administration.** Creditors in this class consist of the post-petition costs of administering the Chapter 11 bankruptcy case. These creditors will be paid in full on the Effective Date of the Plan or in accordance with some other agreement that may be mutually agreed to by the Debtor and the Creditor.

2. **VFC Partners 8, LLC.** This creditor is secured with real property of the Debtor located at Devonridge, Chatelaine and Battery Gaillard. It's obligation is guaranteed by J.R. Pettus. This claimant will be paid in full no later than July 31, 2011, in accordance with the settlement agreement described Section III(C) of the Disclosure Statement. The source of the funds that will be used to pay this obligation shall be either from funds derived from the sale of real estate owned by Sterling or borrowing by Pettus entities other than the Debtor. However, as to any lots sold by the Debtor prior to payment in full to VFC or July 31, 2011, whichever is earlier, payments will be made to VFC from these sales in an amount equal to an amount that is seventy (70%) percent of the sale price of each lot that is sold.

3. **General Unsecured Creditors.** These creditors will be paid in full with interest at the rate of three and one-quarter (3.25%) from the Effective Date of the Plan. Payment to this class will be made in quarterly payments from the proceeds of lot sales in pro rata payments in amounts no less than set out on Exhibit C attached to the Disclosure Statement. Quarterly payments will be equal to an amount that is seventy (70%) percent of the sale price of each lot that is sold. Payment to this class will commence on the 15th day of the month following the end of the first full calendar quarter after VFC has been paid in full in accordance with Section IV(A)(2) of the Disclosure Statement. above. Payment thereafter will be made to this class on the 15th day of the month following each subsequent calendar quarter. Payments shall only be made from funds made available from continuing lot sales as provided herein.

4. **Equity Secured Holders.** Equity Security Holders will retain their claims. However, no payment shall be made on account of any claim of an Equity Security Holder until all payments provided for all other classes in the Plan have been paid in full.

ARTICLE II: CLASSES IMPAIRED BY THE PLAN

Classes 3 and 4 are impaired by the Plan.

ARTICLE III: MEANS FOR PERFORMING THE PLAN

The funds necessary for the satisfaction of claims as proposed in Article I of this Plan will be generated in accordance with the provisions set out above as to each class.

ARTICLE IV: EFFECTIVE DATE OF THE PLAN

The Effective Date of the Plan shall be the first day of the first full calendar month following the date upon which the order confirming the plan becomes final and non-appealable.

ARTICLE V: DISCHARGE

When the Plan is confirmed, the Debtor will be discharged of all those debts, which are dischargeable under the Bankruptcy Code, 11 U.S.C. § 1141. However, the Debtor will be obligated to pay debts as provided for in the Plan.


ARTICLE VI: RETENTION OF JURISDICTION

The Court shall retain jurisdiction after confirmation of the Plan: (a) to consider (and reconsider if appropriate) claims and objections thereto; (b) to fix expenses of administration and compensation therefore; (c) to hear and determine any dispute arising under or relating to the Plan or arising under or relating to this Chapter 11 reorganization case; (d) to enforce all discharge provisions of the Plan; and (e) to make such orders and directions pursuant to the Bankruptcy Code, 11 U.S.C. §§ 1127 and 1142, as may be necessary or appropriate.

This the 27th day of April, 2011.

PETTUS PROPERTIES, LLC

By: 
Jerry Pettus, President


Richard M. Mitchell
Attorney for the Debtor
MITCHELL & CULP, PLLC
1001 Morehead Square Drive, Suite 330
Charlotte, North Carolina 28203
Tel: (704) 333-0630
Fax: (704) 333-4975
Email: rmitchell@mitchellculp.com