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**COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	Chapter 11 Cases
	§	
R.E. LOANS, LLC,	§	Case No. 11-35865-BJH
R.E. FUTURE, LLC,	§	
CAPITAL SALVAGE, a California	§	(Jointly Administered)
corporation,	§	
	§	
Debtors.	§	

**MODIFIED FOURTH AMENDED JOINT CHAPTER 11 PLAN OF
REORGANIZATION**

June 1, 2012

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ARTICLE I INTRODUCTION

1.1 *Introduction.*

This Plan is proposed by and on behalf of R.E. Loans, LLC, R.E. Future, LLC, and Capital Salvage, a California corporation (collectively, the “**Debtors**”), as their joint plan under Chapter 11 of the Bankruptcy Code. Reference is made to the Disclosure Statement accompanying the Plan for a discussion of the Debtors’ history, results of operations, historical financial information and assets, and for a summary and analysis of the Plan. All holders of Claims against or Interests in a Debtor are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan. **The Debtors urge all Holders of Claims in Impaired Classes receiving Ballots to accept the Plan.**

Capitalized terms used but not defined herein have the meanings assigned to them in Section 2.1 of the Plan or elsewhere in the Plan. Unless otherwise stated herein, section (“§”) references are to the United States Bankruptcy Code, 11 U.S.C. §§ 101, et seq.

1.2 *Overview of the Plan.*

The Plan contemplates the reorganization of the Debtors’ businesses and the resolution of outstanding Claims against and Interests in the Debtors pursuant to § 1121(a) through the formation of a Liquidating Trust intended to hold and own the equity in the Reorganized R.E. Loans, to pursue litigation recoveries of claims owned by the Debtors and the Reorganized Debtors, and distribute the proceeds to the holders of Allowed Claims pursuant to the Plan and the Trust Agreement. Generally, the Plan provides that: (1) all Notes Receivable and REO Property, will re-vest in the Reorganized Debtors, and (2) all Causes of Action that are not settled or released by the Plan and the equity of the Reorganized R.E. Loans shall vest in the Liquidating Trust. All Causes of Action, including all Avoidance Actions, will be transferred to the Liquidating Trust, except Causes of Action against Wells Fargo (which are released under Section 10.6 of the Plan) and Causes of Action against Holders of Allowed Claims in REL Class 8 **if** REL Class 8 votes to accept the Plan and implement the Plan Compromise. The Liquidating Trustee will be designated as the Debtors’ representative pursuant to § 1123(b)(3)(B) and will be empowered to investigate, commence, prosecute and settle any claims and Causes of Action that the Debtors and the Reorganized Debtors may have or hold against third parties. In addition, New Equity Interests in Reorganized R.E. Loans will be issued to the Liquidating Trust and held by the Liquidating Trustee for the benefit of holders of Allowed Claims. Accordingly, the Liquidating Trustee will be the sole member of Reorganized R.E. Loans.

Which creditors will receive Distributions from the Liquidating Trust in what order will depend on whether the Creditors in REL Class 8 (the Noteholders and DSI) vote to accept the Plan and the Plan Compromise. If REL Class 8 votes to **accept** the Plan—

- the Holders of REL Class 8 Claims (including Noteholders) will release their Lien on the Debtors’ assets;

- the Noteholders' Claims (other than the Claims of the Debtors' insiders) shall not be subject to further objection, disallowance, or subordination;
- Noteholders will receive Beneficial Interests in the Trust that entitle them to a *Pro Rata* share of the assets of the Liquidating Trust, on account of the New Equity Interest in the Reorganized R.E. Loans (after payment of senior secured debt) and any recoveries from Causes of Action pursued by the Liquidating Trustee, *Pro Rata* with the Holders of Allowed Class 5 General Unsecured Claims after Holders of Allowed Class 5 Claims have received the first \$5,000,000 in Net Liquidating Trust Proceeds consistent with Section 7.5 of the Plan ; and
- Causes of Action that either the Debtors or Mortgage Fund 2008, LLC ("MF'08") could otherwise assert against Noteholders (other than insiders) that received transfers from R.E. Loans (other than insiders) shall be compromised, settled and released on the terms set forth in Section 4.8 of the Plan and pursuant to the Plan Support Agreement between MF'08 and the Debtors.

If REL Class 8 votes to reject the Plan, the Debtors' will seek to subordinate the Noteholders' Claims to other General Unsecured Claims, either as constructive fraudulent transfers or as improper distributions made to the Noteholders as former members of R.E. Loans. In that event, the Noteholders' Committee intends to intervene on behalf of Noteholders to oppose the proposed subordination of the Noteholders' Claims. Nevertheless, if the Debtors prevail in obtaining entry of an order from the Bankruptcy Court ruling that the REL Class 8 Claims are subordinated to Allowed General Unsecured Claims, then Noteholders will receive Subordinated Beneficial Interests that will entitle them to a *Pro Rata* share of the assets of the Liquidating Trust only after all Holders of Allowed General Unsecured Claims are paid in full.

The merits of this dispute and the reasons the Debtors recommend that REL Class 8 vote to accept the Plan are set forth in the Disclosure Statement § IV.D.

The Plan will be financed through the secured Wells Fargo Exit Facility, which will be provided by Wells Fargo in an amount sufficient to (i) repay in full Wells Fargo's Prepetition Claims and Wells Fargo's DIP Facility Claim, (ii) satisfy all Allowed Administrative Expenses, Priority Tax Claims and Priority Non-Tax Claims, and (iii) provide the Reorganized Debtors with sufficient liquidity to administer and dispose of their Assets, exclusive of the retained Causes of Action. The Liquidating Trust will receive and prosecute the retained Causes of Action on behalf of the Debtors against third parties, exclusive of any claims or Causes of Action against Wells Fargo or compromised by the Plan Compromise if it is implemented, as provided herein. The Wells Fargo Exit Facility will be secured by a first-priority Lien on all of the assets of the Reorganized Debtors, including all Notes Receivable and REO Property, but excluding all Causes of Action, which shall be transferred to the Liquidating Trust free and clear of Liens, claims and interests, and the proceeds thereof.

Net Cash proceeds from the sale or disposition of Notes Receivable and REO Property will be used first to fund the operations of the Reorganized Debtors and repay the Wells Fargo Exit Facility, pursuant to the terms of the Wells Fargo Exit Facility. Because the

Liquidating Trust will hold 100% of the New Equity Interests issued by Reorganized R.E. Loans (which will own 100% of the New Equity Interests of the other Reorganized Debtors), any Net Cash proceeds of Notes Receivable and REO Property after full and indefeasible payment in Cash of the Wells Fargo Exit Facility will be available for Distribution to Holders of Allowed Claims. In this way, Allowed General Unsecured Creditors and Noteholders will receive 100% of the value of the Reorganized Debtors' remaining Assets, including Notes Receivable and REO Property, after full and indefeasible payment in Cash of the Wells Fargo Exit Facility. Outstanding membership interests in R.E. Loans shall be canceled as of the Effective Date, so that existing equity holders will receive nothing under the Plan.

1.3 *Classification of Claims and Interests.*

Pursuant to § 1122 and 1123(a)(1), the following Classes of Claims and Interests are designated for each Debtor under the Plan for all purposes, including voting, Confirmation and Distribution. In accordance with § 1123(a)(1), DIP Facility Claims, Administrative Expenses and Priority Tax Claims have not been classified and are excluded from the following Classes.

Class	Description	Status	Entitled to Vote?
<i>Claims and Interests against R.E. Loans are classified as follows:</i>			
REL 1	Wells Fargo's Prepetition Claims	Impaired	Yes
REL 2	Other Secured Claims	Unimpaired	No
REL 3	Secured Tax Claims	Impaired	Yes
REL 4	Priority Non-Tax Claims	Impaired	Yes
REL 5	General Unsecured Claims	Impaired	Yes
REL 6	Intercompany Claims	Impaired	Yes
REL 7	Most Subordinated Claims	Impaired	No
REL 8	Claims of Noteholders and DSI	Impaired	Yes
REL 9	Claims of DSI (if the Bankruptcy Court compels separate Classification)	Impaired	Yes
REL 10	Interests in R.E. Loans	Impaired	No
<i>Claims and Interests against Capital Salvage are classified as follows:</i>			
CS 1	Wells Fargo's Prepetition Claims	Impaired	Yes
CS 2	Other Secured Claims	Unimpaired	No
CS 3	Secured Tax Claims	Impaired	Yes
CS 4	Priority Non-Tax Claims	Impaired	Yes
CS 5	General Unsecured Claims	Impaired	Yes
CS 6	Intercompany Claims	Impaired	Yes
CS 7	Subordinated Claims	Impaired	No
CS 8	Interests in Capital Salvage	Impaired	No

Class	Description	Status	Entitled to Vote?
<i>Claims and Interests against R.E. Future are classified as follows:</i>			
REF 1	Wells Fargo's Prepetition Claims	Impaired	Yes
REF 2	Other Secured Claims	Unimpaired	No
REF 3	Secured Tax Claims	Impaired	Yes
REF 4	Priority Non-Tax Claims	Impaired	Yes
REF 5	General Unsecured Claims	Impaired	Yes
REF 6	Intercompany Claims	Impaired	Yes
REF 7	Subordinated Claims	Impaired	No
REF 8	Interests in R.E. Future	Impaired	No

For convenience, collective references to all three Classes of a given type of Claim are referred to collectively by number alone. Thus, for example, a reference to "all Class 2 Claims" refers collectively to all Claims in Classes REL 2, REF 2 and CS 2.

The treatment in the Plan is in full and complete satisfaction of the legal, contractual, and equitable rights that each entity holding an Allowed Claim or an Allowed Interest may have in or against the Debtors or their property. This treatment supersedes and replaces any agreements or rights those entities have in or against the Debtors or their property. All Distributions under the Plan will be tendered to the Person holding the Allowed Claim. **EXCEPT AS SPECIFICALLY SET FORTH IN THIS PLAN, NO DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM OR ALLOWED INTEREST.** The Debtors have established the foregoing Classes to address treatment of Allowed Claims that are filed with the Bankruptcy Court, but the Debtors believe that there are no Claims in any of the following Classes: (1) Other Secured Claims (Class 2), or (2) Priority Non-Tax Claims (Class 4). The Debtors also believe there will be no Allowed Priority Tax Claims, although the IRS has filed a \$6,000 Claim, which the Debtors will review. It is a condition precedent to the Effective Date that the aggregate of all Allowed Claims Classes 2 and 4 and Allowed Priority Tax Claims combined not exceed \$500,000.

ARTICLE II DEFINITIONS

2.1 *Defined Terms.*

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

“**Administrative Expense**” means any Claim for an administrative expense that is allowable under § 503(b) or 28 U.S.C. § 1930, including Ordinary Course Administrative Expenses, Professional Fee Claims, and U.S. Trustee Fees.

“**Administrative Expense Bar Date**” means the date set forth in the Confirmation Order as the deadline for filing Administrative Expense Requests that are not subject to the Claims Bar Date, which deadline shall be forty-five (45) days after the Effective Date unless otherwise ordered by the Bankruptcy Court; *provided, however*, that the Administrative Expense Bar Date for Professional Fee Claims is the date set forth in Section 4.1(d) of the Plan.

“**Administrative Expense Objection Deadline**” means the deadline set forth in Section 6.1(b) hereof.

“**Administrative Expense Request**” shall mean a request or application for allowance or payment of an Administrative Expense other than an Ordinary Course Administrative Expense or a Professional Fee Claim.

“**Administrative Reserve**” means a Cash Reserve which shall be established by the Liquidating Trust in the estimated amount necessary to pay all Administrative Expenses, Priority Tax Claims and Priority Non-Tax Claims outstanding as of the Effective Date, including Professional Fee Claims and Ordinary Course Administrative Expenses, in full; pursuant to the terms and conditions of the Wells Fargo Exit Facility, the aggregate deposit into the Administrative Reserve shall not exceed the amount in the Agreed Budget, absent Wells Fargo’s written consent, and the balance of any Professional Fee Claims in excess of the amounts in the Agreed Budget shall be Deferred Administrative Professional Fees. Prior to the Effective Date, the Debtors, Wells Fargo, and the Noteholders’ Committee shall agree in writing upon the estimated amount necessary to fund the Administrative Reserve; *provided, however*, that such estimate shall not be construed as a modification of the treatment of Allowed Administrative Expenses, Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims provided for herein.

“**Affiliate**” has the meaning set forth in § 101(2).

“**Agreed Budget**” means the budget agreed upon under the DIP Facility.

“**Allowed**” means (a) any Claim or Interest that has been listed by a Debtor in the Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary Proof of Claim or interest has been timely filed; (b) any liquidated, noncontingent, undisputed Claim or Interest as to which a Proof of Claim or interest has been timely filed by on or before the applicable Bar Date and as to which no objection to allowance has been timely interposed in accordance with § 502 or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder; or (c) any Claim or Interest expressly allowed pursuant to this Plan.

“**Asset Manager**” means the asset manager responsible for managing and selling the Notes Receivable and REO Property vested in the Reorganized Debtors on the Effective
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Date, who shall be approved by the Bankruptcy Court at the Confirmation Hearing pursuant to the provisions of the Plan and the requirements of the Wells Fargo Exit Facility, or any successor appointed thereafter consistent with such terms. The Debtors anticipate that this will be Mackinac Partners and under the terms of the Wells Fargo Exit Facility any replacement Asset Manager would be subject to Wells Fargo's approval so long as Wells Fargo provides the Exit Facility.

"Assets" means all assets of the Debtors' Estates including "property of the estate" as described in § 541.

"Avoidance Action" means any Cause of Action arising under (i) chapter 5 of the Bankruptcy Code, including §§ 502(d), 506, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 or 553, (ii) any other state or federal law concerning the avoidance of fraudulent conveyances, fraudulent transfers, preferential transfers, or prohibited distributions to equity holders, or (iii) any similar state law or federal law that constitutes property of the Debtors' Estates under § 541, whether or not such Cause of Action is commenced on or before the Effective Date.

"B-4 Partners" means B-4 Partners, LLC, a California limited liability company. B-4 Partners is the sole member of R.E. Loans.

"Ballot" means the Ballot for accepting or rejecting the Plan in the form approved by the Bankruptcy Court and distributed with the Disclosure Statement.

"Ballot Date" means the date set by the Bankruptcy Court by which all Ballots with respect to the Plan must be received.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and codified in Title 11 of the United States Code, as in effect on the Petition Date or thereafter amended and applicable to the Cases, as the case may be. Unless otherwise noted, section (§) references in the Plan and Disclosure Statement are to the Bankruptcy Code.

"Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, or such other bankruptcy court as shall exercise jurisdiction over the Cases.

"Bankruptcy Rules" means, collectively, (a) the Federal Rules of Bankruptcy Procedure, as amended from time to time, and (b) the Local Bankruptcy Rules applicable to cases pending before the Bankruptcy Court, as now in effect or hereafter amended.

"Bankruptcy Schedules" means the *Schedules of Assets and Liabilities*, the lists of holders of Interests, and the *Statements of Financial Affairs* filed by the Debtors in the Cases, as the same may have been amended or supplemented from time to time prior to the Confirmation Date.

"Beneficial Interest" means the nontransferable, uncertificated, beneficial interest of a Person entitled to receive Liquidating Trust Proceeds pursuant to the Trust Agreement and Article VII of the Plan, which shall be senior to any Subordinated Trust Interest.

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“**Beneficiaries**” means the recipients of Beneficial Interests, and Subordinated Trust Interests.

“**Business Day**” means any day other than a Saturday, Sunday or a legal holiday as defined in Bankruptcy Rule 9006(a).

“**Capital Salvage**” means Capital Salvage, a California corporation.

“**Cases**” means the above captioned chapter 11 cases of the Debtors pending in the Bankruptcy Court and jointly administered under Case No. 11-35865-BJH.

“**Cash**” means cash or cash equivalents including, but not limited to, bank deposits, checks, wire transfer of immediately available funds, or other similar items.

“**Cause of Action**” means any and all actions, proceedings, causes of action, obligations, suits, judgments, damages, demands, debts, accounts, controversies, agreements, promises, liabilities, powers to avoid transfers, legal remedies, equitable remedies, and claims (and any rights to any of the foregoing) that belong to a Debtor or its Estate that have been or may be asserted against any third party, whether core or non-core, reduced to judgment, not reduced to judgment, liquidated, unliquidated, known or unknown, foreseen or unforeseen, fixed, contingent, matured, unmatured, disputed, undisputed, then existing or thereafter arising, secured or unsecured, and whether asserted or assertable directly or derivatively or as a defense, counterclaim or cross-claim, in law, equity or otherwise including any recharacterization, subordination, avoidance or other claim, power or right arising under or pursuant to § 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state or federal law. Causes of Action include (i) rights of setoff, counterclaim or recoupment, and claims on contracts or for breaches of duties imposed by law, (ii) the right to object to claims or interests, (iii) all non-bankruptcy law claims and defenses, whether in tort or based on a contract, including without limitation, fraud, negligent misrepresentations, intentional or negligent mismanagement, mistake, professional malpractice, duress and usury, (iv) Avoidance Actions, (v) claims for tax refunds, (vi) claims to recover outstanding accounts receivable, (vii) such claims and defenses as alter ego and substantive consolidation, (viii) any other claims which may be asserted against third parties, (ix) all Potential Recovery Remedies against Noteholders that received any payments after the issuance of the Exchange Notes if REL Class 8 does not vote to accept the Plan and the Plan Compromise; and (x) the right to recover any payment made to any former Noteholder after the Exchange Transaction; *provided, however*, that Causes of Action shall not include (A) Note Receivable Claims, (B) any causes of action and Claims released by the Wells Fargo Release under the terms of this Plan, effective as of the Effective Date, or (C) any right compromised pursuant to the Plan Compromise if REL Class 8 votes to accept the Plan. Attached hereto as **Exhibit “1”** is a non-exhaustive list of all Causes of Action and Note Receivable Claims.

“**Claim**” has the meaning set forth in § 101(5).

“**Claims Agent**” shall mean AlixPartners LLP, the claims, noticing and balloting agent appointed by the Bankruptcy Court in these Cases.

“Claims Bar Date” means February 6, 2012, and any other date fixed by order of the Bankruptcy Court by which all Persons asserting a Claim must have filed a Proof of Claim or be forever barred from asserting such Claim.

“Claims Objection Deadline” means the deadline for the Liquidating Trustee to file objections to Claims as set forth in Section 9.4(a) of the Plan.

“Class” means a group of Claims or Interests as classified in Article IV of the Plan.

“Class 5 Preferred Payment” means the distribution of the first \$5,000,000 of Net Liquidating Trust Proceeds to Holders of Allowed Class 5 Claims, before the distribution of the remaining Net Liquidation Trust Proceeds Pro Rata to all recipients of Beneficial Interests, consistent with Section 7.5 of the Plan.

“Class 9 Interest Rate” shall be the rate of interest to accrue from and after the Effective Date on any Allowed Class 9 Claim if the Bankruptcy Court determines that DSI’s Allowed Claim, if any, must be separately classified from the Noteholders’ Claims. The Debtors believe that 6% is an appropriate rate to comply with Bankruptcy Code § 1129(b) and, therefore, the Class 9 Interest Rate shall be 6% or such higher rate as the Bankruptcy Court may find is the lowest rate necessary to comply with Bankruptcy Code § 1129(b) if DSI’s Allowed Claim, if any, must be separately classified.

“Collateral” means any property or interest in property of the Estates subject to a Lien that is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable federal and/or state law.

“Confirmation” means the entry of an order by the Bankruptcy Court confirming the Plan pursuant to § 1129.

“Confirmation Date” means the date on which the Bankruptcy Court enters the Confirmation Order on its docket with respect to the Cases.

“Confirmation Hearing” means the hearing before the Bankruptcy Court to consider the confirmation of the Plan pursuant to § 1128(a), as such hearing may be continued or adjourned from time to time.

“Confirmation Order” means the order of the Bankruptcy Court confirming the Plan and approving the transactions contemplated herein pursuant to § 1129.

“Creditor” has the meaning set forth in § 101(10).

“Debtors” means, collectively, R.E. Loans, Capital Salvage, and R.E. Future.

“Deferred Administrative Professional Fees” means all Administrative Professional Fees awarded by the Bankruptcy Court that exceed the amounts set forth in the Agreed Budget referenced in and incorporated by the DIP Financing Order.

“DIP Facility” means that certain postpetition secured credit facility extended by Wells Fargo to the Debtors and approved by the Bankruptcy Court pursuant to the DIP Financing Order and the Ratification and Amendment Agreement, dated as of September 22, 2011, as the same may be amended or modified from time to time.

“DIP Facility Claim” means any Claims of Wells Fargo against the Debtors arising under, in connection with, or related to the DIP Facility and all agreements and instruments relating thereto.

“DIP Financing Order” means the *Joint Stipulation And Agreed Final Order: (I) Authorizing Debtors To (A) Obtain Post-Petition Financing On A Super-Priority, Secured And Priming Basis In Favor Of Wells Fargo Capital Finance, LLC; (B) Use Cash Collateral On An Interim Basis, (C) Provide Adequate Protection To Wells Fargo Capital Finance, LLC And The Noteholders, and (D) Enter Into Post-Petition Agreements With Wells Fargo Capital Finance, LLC; and (II) Modifying The Automatic Stay*, entered by the Bankruptcy Court, and any other interim orders, extensions or modifications related thereto, together with any budgets referenced or contemplated thereby.

“Disclosure Statement” means the disclosure statement filed in support of the Plan, including all exhibits and schedules thereto, and approved by the Bankruptcy Court pursuant to § 1125.

“Disclosure Statement Order” means the order entered by the Bankruptcy Court approving the Disclosure Statement.

“Disputed” means, with respect to a Claim or Interest, a Claim or Interest, or any portion of a Claim or Interest, that is not yet Allowed, including any Claim (a) as to which a Proof of Claim has been filed and the dollar amount of such Claim is not specified in a fixed amount; (b) prior to the deadline to object to such Claim, as to which a Proof of Claim has been filed and the dollar amount of such Claim is specified in a fixed liquidated amount, the extent to which the stated amount of such Claim exceeds the amount of such Claim listed in the Schedules; (c) prior to the deadline to object to such Claim, as to which a Proof of Claim has been filed and such Claim is not included in the Schedules; (d) with respect to a Proof of Claim that is filed or is deemed filed under Bankruptcy Rule 3003(b)(1) and is listed as contingent, disputed or unliquidated; (e) as to which an objection has been filed by the Liquidating Trustee or is deemed to have been filed pursuant to any order approving procedures for objecting to Claims and such objection has neither been overruled nor been denied by a Final Order and has not been withdrawn; or (f) with respect to an Administrative Expense, as to which an objection: (1) has been timely filed (or the deadline for objection to such Administrative Expense has not expired) and (2) has neither been overruled nor been denied by a Final Order and has not been withdrawn.

“Distribution” means any disbursement or transfer of Cash or other property in accordance with the Plan, or the Cash or other property as distributed.

“DSI” means Development Specialists, Inc., former collateral agent for the Noteholders.

“**Effective Date**” means the first Business Day on which all conditions to the occurrence of the Effective Date set forth in Article XI of the Plan have been satisfied or duly waived.

“**Estate**” means the estate of each Debtor created by § 541.

“**Exchange Notes**” means the secured promissory notes made by R.E. Loans and issued pursuant to the Exchange Agreement.

“**Exchange Agreement**” means that certain R.E. Loans Exchange Agreement, dated as of November 1, 2007 by and among R.E. Loans, B-4 Partners, Bar-K and the persons and entities identified on the schedule of investors/noteholders thereto.

“**Exchange Agreement Security Agreement**” means the Security Agreement that jointly granted a *pari passu* security interest to DSI and the Noteholders to jointly secure the Exchange Notes and DSI’s Claims as collateral agent for the Noteholders.

“**Exchange Transaction**” means the actual exchange of the former membership interests in R.E. Loans for the Exchange Notes effective November 1, 2007.

“**Final Order**” means an order or judgment of the Bankruptcy Court or other applicable court, as entered on the applicable docket, that has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargument, or rehearing shall have been waived in writing in form and substance satisfactory to the Debtors, after consultation with the Noteholders’ Committee prior to the Effective Date or the Liquidating Trustee after the Effective Date, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court or other applicable court shall have been affirmed by the highest court to which such order or judgment was appealed, or certiorari has been denied, or from which reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

“**Fully Repaid Exchange Note**” means any Exchange Note that was fully repaid prior to the Petition Date.

“**General Unsecured Claim**” means any Claim against any of the Debtors that is not a Secured Claim and does not fit the definition of any other Class of Claim against a Debtor. For the avoidance of doubt, General Unsecured Claims shall include the Noteholders’ Unsecured Deficiency Claims, unless the Noteholders’ Claims are subordinated or disallowed.

“**Holder**” means the holder of a Claim against or Interest in a Debtor.

“**Impaired**” means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of § 1124.

“Intercompany Claim” means a Claim held by any Debtor against any other Debtor based on any fact, action, omission, occurrence or transaction that occurred or came into existence prior to the Confirmation Date, including any account receivable, account payable, contribution claim, or Cause of Action asserted by one Debtor against another Debtor, but excluding any Intercompany Note Claim.

“Intercompany Note Claim” means any Claim arising from a note receivable made by R.E. Future or Capital Salvage in favor of R.E. Loans, including all related documents, including deeds of trust, mortgages and security agreements securing such note.

“Interest” means any “equity security” in a Debtor, as such term is defined in § 101(16), including any stock, partnership, membership interest, warrants, options or other rights to purchase or acquire any equity interest in a Debtor.

“Interest Holder” means the record holder of an Interest. As of the date hereof, B-4 Partners is the sole Interest Holder of R.E. Loans, and R.E. Loans is the sole Interest Holder of both Capital Salvage and R.E. Future.

“Late Filed Claim” means any General Unsecured Claim described in §§ 726(a)(2) or 726(a)(3).

“Lien” shall have the meaning set forth in § 101(37).

“Liquidating Trust” means the trust formed pursuant to the Plan, Confirmation Order, and Trust Agreement.

“Liquidating Trustee” means the trustee of the Liquidating Trust, who has the powers and responsibilities set forth in the Plan, the Confirmation Order, and the Trust Agreement, or any successor trustee appointed pursuant to the Trust Agreement.

“Liquidating Trustee Disclosure” means written disclosures, to be filed with the Bankruptcy Court at least ten (10) Business Days prior to the Confirmation Hearing, disclosing the identity of the Liquidating Trustee, the Liquidating Trustee’s credentials, any and all relevant affiliations, and connections, and an engagement letter setting forth the terms of the Liquidating Trustee’s employment and compensation.

“Liquidating Trust Proceeds” means any and all Cash, property and other proceeds derived from the Trust Assets.

“Local Bankruptcy Rules” means the Local Bankruptcy Rules for the Bankruptcy Court, as now in effect or hereafter amended.

“Net Liquidating Trust Proceeds” means the net cash available for payment to Class 5 and Beneficiaries after all reserves and priority payments pursuant to Section 7.5(i) and 7.5(ii) of the Plan.

“New Equity Interests” means the authorized new economic membership interests issued by Reorganized R.E. Loans and Reorganized R.E. Future and stock issued by Reorganized Capital Salvage on the Effective Date pursuant to the terms of the Plan.

“New Second Lien Security Agreement” means the form of security agreement to be filed with the Plan Documents, pursuant to which DSI shall receive the grant of the New Second Priority Security Interest to secure the DSI Claim, if and only if (1) REL Class 8 rejects the Plan, and (2) the Bankruptcy Court determines that DSI’s alleged Claims must be classified separately for the Noteholders’ Claims. The New Second Lien Security Agreement shall be in form and substance acceptable to Wells Fargo and shall provide for a full and complete subordination of the DSI Claim and Lien until full and indefeasible payment in Cash to Wells Fargo of the obligations owing under the Wells Fargo Exit Facility.

“New Second Priority Security Interest” means the security interest that shall be created by the New Second Lien Security Agreement if it becomes effective, which Lien shall be subordinate to all Allowed Secured Tax Claims and to the security interests securing Wells Fargo’s Prepetition Claim, the DIP Facility and the Wells Fargo Exit Facility and shall be subject to subordination to the Liens securing an operating line of credit when the Wells Fargo Exit Facility is fully satisfied and no longer available to fund the Reorganized Debtors’ operations.

“Note Receivable” means any note receivable made in favor of R.E. Loans, including all related documents, including deeds of trust, mortgages and security agreements securing such notes and guaranties of such notes, whether that note is still outstanding or has already been foreclosed upon.

“Note Receivable Claim” means any and all claims or every type that R.E. Loans has against every current or former borrower under a Note Receivable or any guarantors, indemnitors or sureties of such Note Receivable, including contractual claims under such Note Receivable, deeds of trust, mortgages and other loan documents previously delivered to R.E. Loans, and any and all claims arising from or relating to the real or personal property securing such claim, including claims for waste or conversion and the right of foreclosure on such real or personal property securing such Note Receivable, and any claims for fraud in the inducement with respect to the Note Receivable or the deeds of trust, mortgages and other loan documents previously delivered to R.E. Loans.

“Noteholder” means any Holder of one or more Exchange Notes (or their permitted transferees).

“Noteholder Claim” means any Claim for payment of amounts owing under any Exchange Notes, including outstanding principal, accrued and unpaid interest thereon through the Petition Date, and any other amounts owing thereunder.

“Noteholders’ Committee” means the Official Committee of Note Holders, appointed by the U.S. Trustee in the Cases, as its composition may have changed from time to time since its initial appointment.

“Ordinary Course Administrative Expense” means a claim for administrative costs or expenses that are allowable under § 503(b) that are incurred in the ordinary course of the Debtors’ operations or the Cases, or are provided for in an order of the Bankruptcy Court.

“Other Secured Claim” means any Secured Claim other than (1) the DIP Facility Claim, (2) Wells Fargo’s Prepetition Claim, (3) any Secured Tax Claim, and (4) any Secured Claim of DSI.

“Penalty” means any Claim for any fine, penalty, or forfeiture, or for multiple, exemplary, or punitive damages, arising before the Petition Date, to the extent that such fine, penalty, forfeiture, or damages are not compensation for actual pecuniary loss suffered by the holder of such claim as set forth in § 726(a)(4).

“Person” has the meaning set forth in § 101(41).

“Petition Date” means September 13, 2011, the date on which the Debtors filed voluntary petitions commencing the Cases.

“Plan” means this amended joint plan of reorganization under chapter 11 of the Bankruptcy Code (as the same may be modified or amended in accordance with the Bankruptcy Code and the Bankruptcy Rules), including all exhibits, supplements, appendices, and schedules hereto and any documents incorporated herein by reference.

“Plan Documents” means the documents to be executed, delivered, assumed and/or performed in conjunction with the consummation of the Plan on the Effective Date, including, but not limited to, the Trust Agreement, the Wells Fargo Exit Facility Loan Documents, and the New Second Lien Security Agreement, if the conditions precedent to the issuance of the New Second Lien Security Agreement are satisfied.

“Plan Compromise” means the compromise of potential objections to or grounds to seek subordination of the Claims of Noteholders and DSI under the Exchange Agreement and Exchange Agreement Security Agreement as set forth under the treatment of REL Class 8 in Section 4.8, below, which shall be implemented only if REL Class 8 votes to accept the Plan.

“Plan Supplement” means a supplement or supplements to the Plan containing the Plan Documents, to be filed with the Bankruptcy Court no later than ten (10) days prior to the Voting Deadline. The Plan Supplement will contain the Wells Fargo Exit Facility Loan Documents and the Trust Agreement.

“Post Effective Date Trust Expenses” means all voluntary and involuntary, costs, expenses, charges, obligations, or liabilities of any kind or nature, whether unmatured, contingent, or unliquidated (collectively, the **“Expenses”**) incurred by the Liquidating Trust or the Liquidating Trustee after the Effective Date of or related to the implementation of the Plan, including (i) the Expenses of the Liquidating Trustee in connection with administering and implementing the Plan, including any taxes incurred by the Liquidating Trust or on the Trust Assets and accrued on or after the Effective Date; (ii) all fees which accrue after the Effective Date which are payable to the U.S. Trustee under 28 U.S.C. § 1930(a)(6); (iii) the Expenses of the Liquidating Trustee in making the Distributions required by the Plan, including paying taxes,
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filing tax returns, and paying professionals' fees with respect to such Distributions; (iv) any Expenses incurred by the Liquidating Trust, and the Liquidating Trustee; (v) the Expenses of independent contractors and professionals (including attorneys, advisors, accountants, brokers, consultants, experts, professionals and other Persons) providing services to the Liquidating Trustee; and (vi) the Expenses related to the Liquidating Trust indemnity obligations, the purchase of errors and omissions insurance and/or other forms of indemnification.

"Postpetition" means the time from and after the Petition Date and prior to the Effective Date.

"Postpetition Interest" means interest accrued on any Allowed Claim from the Petition Date until the date of payment at the federal judgment rate as set forth in 28 U.S.C. § 1961(a), in effect as of the Petition Date or the contract rate, if applicable.

"Potential Recovery Remedies" means the right: (1) to seek to recover any cash payments made by R.E. Loans to any former Noteholders between November 1, 2007, and the Petition Date; and (2) if REL Class 8 does not vote to accept the Plan and the Plan Compromise, to seek to recover any cash payments made by R.E. Loans to any Holder of a REL Class 8 Claim (Noteholders and DSI, unless DSI's Claim must be separately classified) made by R.E. Loans between November 1, 2007, and the Petition Date, or to disallow under Bankruptcy Code section 502(d) the Claim of any Holder of a REL Class 8 Claim that received such a cash payment from R.E. Loans.

"Prepetition Loan Documents" means any and all loan documents evidencing the Wells Fargo Prepetition Claims, including all amendments and ratifications entered into prior to the Petition Date.

"Prepetition Wells Fargo Facility" means that certain Loan and Security Agreement, dated as of July 17, 2007, by and among R.E. Loans, B-4 Partners and the Prepetition Lender, as the same has been amended, modified, restated or ratified, and the other loan and security documents executed in connection therewith, but exclusive of the DIP Facility or the Ratification Agreement entered into with respect to the DIP Facility.

"Priority Non-Tax Claim" means any Claim entitled to priority pursuant to § 507 that is not an Administrative Expense or a Priority Tax Claim.

"Priority Tax Claim" means a Claim of a governmental unit against the Debtors entitled to priority against the Estates under § 507(a)(8) that is not a Secured Tax Claim.

"Professional" means any Person (i) retained pursuant to an order of the Bankruptcy Court in accordance with §§ 327, 363 or 1103 and to be compensated for services rendered on or before the Effective Date pursuant to §§ 328, 329, 330, 331 or 363, or (ii) awarded compensation and reimbursement by the Bankruptcy Court pursuant to § 503(b)(4)(D). This term excludes the Asset Manager and any Person that may be employed by the Liquidating Trustee on and after the Effective Date.

"Professional Fee Claim" means (i) any Claim asserted by a Professional or other Entity (except for Wells Fargo, as provided under the DIP Financing Order) for
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compensation for legal, financial advisory, accounting and other services and reimbursement of expenses Allowed pursuant to §§ 328, 330(a), 331, 363, 503(b) or 1103 or otherwise for the period commencing on the Petition Date and through the Effective Date, including any Claim by a Professional for fees or expenses incurred subsequent to the Effective Date in connection with the prosecution or resolution of any dispute or objection, of any final application for fees and expenses, and (ii) any Claim under § 503(b)(4) for compensation for professional services rendered or under § 503(b)(3)(D) for expenses incurred prior to the Effective Date in making a substantial contribution to the Estates.

“Proof of Claim” shall mean a Proof of Claim filed in the Cases pursuant to § 501 or any order of the Bankruptcy Court, together with supporting documents.

“Pro Rata” means proportionately, so that with respect to a particular Allowed Claim, the ratio of (i) the amount of property distributed on account of such Claim to (ii) the amount of such Claim is the same as the ratio of (x) the amount of property distributed on account of all Allowed Claims of the Class in which such Claim is included to (y) the amount of all Allowed Claims in that Class.

“Protected Party” means the Debtors, the Estates, the Reorganized Debtors, Mackinac Partners, the Noteholders’ Committee, the Wells Fargo Group, the Liquidating Trust, the Liquidating Trustee, their respective property or assets, and each of their current respective officers, directors, employees, members, managers, shareholders, advisors, attorneys, representatives, professionals and other agents, but not former officers, directors, employees, members, managers, shareholders, advisors, attorneys, representatives, professionals or other agents of the Debtors.

“Putative Class Action” shall mean the consolidated lawsuit filed in the California Superior Court by certain individual Noteholders in which they seek certification of the Noteholders as a class represented by the named plaintiffs therein to pursue alleged causes of action arising from and relating to R.E. Loans.

“R.E. Future” means R.E. Future, LLC, a California limited liability company.

“R.E. Loans” means R.E. Loans, LLC, a California limited liability company.

“R.E. Loans Borrowers” means all obligors on Notes Receivable and guarantors of such Notes Receivable.

“REO Property” means any real property, including all fixtures and personal property related thereto, acquired by any Debtor as a result of any Debtor’s exercise of its rights under a Note Receivable, whether through foreclosure, deed-in-lieu of foreclosure, or otherwise.

“Reorganized Capital Salvage” means Capital Salvage, from and after the Effective Date.

“Reorganized Debtors” means Reorganized Capital Salvage, Reorganized R.E. Future and Reorganized R.E. Loans.

“Reorganized R.E. Future” means R.E. Future, from and after the Effective Date.

“Reorganized R.E. Loans” means R.E. Loans, as from and after the Effective Date.

“Reserves” means all reserve accounts established under the Plan.

“Schedule of Assumed Contracts” means the list of executory contracts and unexpired leases, if any, to be assumed by the Reorganized Debtors on the Effective Date, which list shall be filed with the Bankruptcy Court as part of the Plan Supplement; *provided, however*, that list may be amended at any time prior to the Confirmation Hearing.

“Schedules” means each Debtors’ respective schedules of assets and liabilities as amended.

“Secured Claim” means a Claim secured by a Lien on Collateral to the extent of the value of such Collateral (a) as set forth in the Plan, (b) as agreed to by the holder of such Claim and the applicable Debtor, or (c) as determined pursuant to a Final Order in accordance with § 506(a) or, in the event that such Claim is subject to setoff under § 553, to the extent of such setoff.

“Secured Tax Claim” means a Secured Claim of a Governmental Unit for property taxes assessed or for property taxes if and to the extent that the Lien securing such Claim attached under applicable law before the commencement of the Cases.

“Settlement Letter” means the letter to be sent by the Liquidating Trustee to all former Noteholders (other than insiders) offering to settle the Liquidating Trust’s Cause of Action to sue the former Noteholder to recover payments made to the former Noteholder on account of a Fully Repaid Exchange Note. The Settlement Letter shall set forth the total amount of all such payments and contain offer to settle, release and discharge all claims for the avoidance and recovery of such payments in exchange for a cash payment equal to 5% of the aggregate amount of such payments if and only if the former Noteholder actually delivers payment to the Liquidating Trustee within thirty (30) days of receipt of the Settlement Letter.

“Subordinated Claim” means any Claim which by its terms or by Final Order of the Bankruptcy Court is subordinated to the payment of all General Unsecured Claims and all REL Class 8 Claims, including any Claim which is subordinated to the payment of another Claim pursuant to any applicable provision of the Bankruptcy Code (including § 510 thereof) or applicable non-bankruptcy law, but excluding the Allowed REL Class 8 Claims. Subordinated Claims will include any securities fraud Claim filed by any Noteholder and any Claims subordinated under Bankruptcy Code section 510(b) based on the improper conduct of the holder. Subordinated Claims will be subordinated to the REL Class 8 Claims, whether or not REL Class 8 accepts the Plan and, as a result, will receive no distribution under the Plan.

“Subordinated Trust Interest” means a subordinated beneficial interest in the Liquidating Trust to be issued to the Holders of Allowed REL Class 8 Claims if REL Class 8 votes to reject the Plan, which will entitle them to Distributions from the Liquidating Trust only

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after Distributions have been made in full to holders of Beneficial Interests as provided for in this Plan, in the Trust Agreement, and any applicable order of the Bankruptcy Court.

“Trust Agreement” means that certain “REL Liquidating Trust Agreement and Declaration of Trust,” by and among the Debtors and the Liquidating Trustee, to be entered into pursuant to the Plan and the Confirmation Order, substantially in the form included in the Plan Supplement, as may be amended from time to time.

“Trust Assets” means (i) except as otherwise released under the Plan, all Causes of Action belonging to any of the Debtors as of the Effective Date, all of which shall be transferred or assigned to the Liquidating Trust on the Effective Date of the Plan, free and clear of any Liens or claims that might otherwise have existed in favor of any party; (ii) an amount to be funded to the Liquidating Trust (subject to the terms of the Wells Fargo Exit Facility), to be drawn under the Wells Fargo Exit Facility and contributed by the Reorganized Debtors to the Liquidating Trust; and (iii) 100% of the New Equity Interests in Reorganized R.E. Loans.

“Unclassified Claim” means any Claim which is not part of any Class.

“Unimpaired” means, when used with reference to a Claim or Interest, a Claim that is not Impaired.

“U.S. Trustee” means the Office of the United States Trustee for the Northern District of Texas, Dallas Division.

“U.S. Trustee Fees” means all fees and charges assessed against the Estates by the U.S. Trustee and due pursuant to 28 U.S.C. § 1930.

“Voting Deadline” means June 18, 2012, which is the date by which a Holder of a Claim or Interest must deliver a Ballot voting to accept or reject the Plan as set forth in the order of the Bankruptcy Court approving the instructions and procedures relating to the solicitation of votes with respect to the Plan.

“Wells Fargo” means Wells Fargo Capital Finance, LLC.

“Wells Fargo Exit Facility” means a senior secured credit facility to be entered into among Wells Fargo, as lender, and the Reorganized Debtors, as borrowers, effective as of the Effective Date in form and substance acceptable to Wells Fargo.

“Wells Fargo Exit Facility Loan Documents” means the agreement evidencing the Wells Fargo Exit Facility and all documents executed in connection therewith, in form and substance acceptable to Wells Fargo.

“Wells Fargo Group” means Wells Fargo and its affiliates, including their current, former, and future entities, together with their respective current, former, and future officers, directors, members, partners, consultants, managers, employees, financial advisors, representatives, attorneys, professionals and other agents.

“Wells Fargo Release” means that, by the terms of the Plan, and effective as of the Effective Date, for good and valuable consideration, the Debtors, their Estates, the Reorganized Debtors, and any Person seeking to exercise the rights of the Debtors, the Debtors’ Estates or the Reorganized Debtors, including estate representatives, shall be deemed to completely and forever release, waive, void, extinguish, and discharge all claims, causes of action (including, but not limited to, any actions arising under Chapter 5 of the Bankruptcy Code), obligations, suits, judgments, remedies, damages, demands, debts, rights, and liabilities whatsoever, that may be asserted by any of the Debtors, their Estates, or the Reorganized Debtors, or any party acting by, through, or under the Debtors, their Estates, or the Reorganized Debtors, against the Wells Fargo Group (or any member thereof), whether liquidated or unliquidated, fixed or contingent, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date, relating in any way to the Debtors, the Reorganized Debtors, the Debtors’ Estates, the Cases, or the Plan, which general release shall further be incorporated into the Confirmation Order; the Wells Fargo Release shall include, without limitation, a full and complete release in favor of the Wells Fargo Group as to (i) the alleged causes of action described in the February 21, 2012 Motion to Assert Standing raised by the Noteholders’ Committee and in any amended pleading to the February 21, 2012 Motion to Assert Standing, delivered to the Debtors and Wells Fargo; (ii) additional causes of action that arose out of the conduct, transaction, or occurrence set out—or attempted to be set out—in the February 21, 2012 Motion to Assert Standing and any amendment thereto; and (iii) all other objections, challenges, avoidance actions, and claims of any kind or nature against Wells Fargo Group (or any member thereof), Wells Fargo’s pre-petition claims and pre-petition liens, as more fully described in the applicable provisions of the DIP Financing Order, all of which are barred and waived, effective as of the Effective Date; *provided, however*, that nothing herein shall be deemed a waiver or release of any right to enforce the terms of the Plan to enforce the Plan and any right or obligation of Wells Fargo under the Wells Fargo Exit Facility.

“Wells Fargo’s Prepetition Claims” means all Claims of Wells Fargo arising under the Prepetition Wells Fargo Facility.

2.2 Rules of Interpretation.

(a) Except as otherwise provided in the Plan, Bankruptcy Rule 9006(a) applies when computing any time period under the Plan.

(b) Any term used in the Plan that is not defined in the Plan, either in Article II or elsewhere, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules. Without limiting the foregoing, the rules of construction set forth in § 102 shall apply to the Plan, unless superseded herein.

(c) The definition given to any term or provision in the Plan supersedes and controls any different meaning that may be given to that term or provision in the Disclosure Statement.

(d) Whenever it is appropriate from the context, each term, whether stated in the singular or the plural, includes both the singular and the plural.

(e) Any reference to a document or instrument being in a particular form or on particular terms means that the document or instrument will be substantially in that form or on those terms or as amended by the terms thereof.

(f) Any reference to an existing document means the document as it has been, or may be, amended or supplemented.

(g) Unless otherwise indicated, the phrase “under the Plan” and similar words or phrases refer to the Plan in its entirety rather than to only a portion of the Plan.

(h) Unless otherwise specified, all references to Sections or Exhibits are references to the Plan’s Sections or Exhibits.

(i) Section captions and headings are used only as convenient references and do not affect the Plan’s meaning.

ARTICLE III TREATMENT OF UNCLASSIFIED CLAIMS

Pursuant to § 1123(a)(1), certain types of Claims are not placed into Classes that are entitled to vote to accept or reject the Plan. Such Claims are not considered Impaired, nor do they vote on the Plan because they are automatically entitled to specific treatment under the Bankruptcy Code. As such, the Debtors have not placed the following Claims in a Class. The respective treatments for these Claims are provided below.

3.1 *Administrative Expenses.*

(a) General.

Except as provided in Section 3.3 below with respect to the DIP Facility or to the extent that any Person entitled to payment of any Allowed Administrative Expense agrees to a less favorable treatment or unless otherwise ordered by the Bankruptcy Court, each holder of an Allowed Administrative Expense shall receive, in full satisfaction, discharge, exchange and release thereof, Cash in an amount equal to such Allowed Administrative Expense on or as soon as practicable after the later of (i) the Effective Date, and (ii) the fifteenth (15th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense. Notwithstanding the foregoing, Ordinary Course Administrative Expenses shall be paid in full in accordance with the terms and conditions of the particular transactions and any applicable agreements or as otherwise authorized by the Bankruptcy Court.

(b) Administrative Expense Bar Date.

All Administrative Expense Requests must be filed with the Bankruptcy Court no later than the Administrative Expense Bar Date or be forever barred. Within ten (10) business days after the Effective Date, the Debtors shall serve notice of the Effective Date and the

Administrative Expense Bar Date on all creditors and parties in interest. Holders of Ordinary Course Administrative Expenses shall not be required to file Administrative Expense Requests for allowance and payment of such Claims. The deadline for filing final applications for allowance and payment of Professional Fee Claims shall be governed by Section 3.1(d) below.

Any objection to the allowance of an Administrative Expense, other than an Ordinary Course Professional Claim or a Professional Fee Claim, must be filed no later than sixty (60) days after the expiration of the Administrative Expense Bar Date (the “**Administrative Expense Objection Deadline**”). The Administrative Expense Objection Deadline may be extended only by an order of the Bankruptcy Court. If no objection to the allowance of an Administrative Expense is filed on or before the Administrative Expense Objection Deadline, such Administrative Expense shall be deemed Allowed as of such date.

(c) U.S. Trustee Fees.

All outstanding fees owed to the Office of the U.S. Trustee pursuant to 28 U.S.C. § 1930 that have not been paid as of the Effective Date shall be paid when due in accordance with applicable law. The Debtors shall continue to file reports to show the calculation of such fees for the Estates until the Cases are closed under § 350.

(d) Professional Fee Claims.

All final applications for allowance and payment of a Professional Fee Claim for services rendered or reimbursement of expenses incurred through and including the Effective Date must be filed with the Bankruptcy Court and served no later than sixty (60) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court. All objections to allowance of Professional Fee Claims through the Effective Date must be timely filed and served in accordance with the deadlines established by the Bankruptcy Court.

Except to the extent that any Person entitled to payment of any Allowed Professional Fee Claim agrees to a less favorable treatment or unless otherwise ordered by the Bankruptcy Court, each holder of an Allowed Professional Fee Claim shall receive, in full satisfaction, discharge, exchange and release thereof, Cash in an amount equal to such Allowed Professional Fee Claim within five (5) Business Days after such Professional Fee Claim becomes an Allowed Professional Fee Claim, unless the Holder agrees to defer a payment of a portion of its Allowed Professional Fee Claim.

Pursuant to the terms of the DIP Financing Order and the DIP Facility, any Deferred Administrative Professional Fee Claims shall be deferred and subordinated to the indefeasible payment in full in Cash of the DIP Facility Claim and the Wells Fargo Exit Facility, unless the Plan is amended to provide that Wells Fargo will not provide the Wells Fargo Exit Facility.

3.2 *Priority Tax Claims.*

The Debtors believe that there are no Priority Tax Claims, although the IRS has filed a \$6,000 claim which the Debtors will review. Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtors before the Effective Date or agrees to **MODIFIED FOURTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION** – Page 20

a less favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction, discharge, exchange and release thereof, Cash in an amount equal to such Allowed Priority Tax Claim on the later of (i) the Effective Date and (ii) the fifteenth (15th) Business Day after such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable.

3.3 *DIP Facility Claim.*

Notwithstanding anything else contained in this Plan or the Confirmation Order, or any amendments thereto, and notwithstanding the confirmation of the Plan, the holder of the DIP Facility Claim, which is a secured Administrative Claim, shall be entitled to all of the Liens, protections, benefits, and priorities granted under the DIP Financing Order. All such Liens, protections, benefits, and priorities shall continue until the DIP Facility Claim is indefeasibly paid in full in Cash from the proceeds of the Wells Fargo Exit Facility, which secured Administrative Claim, by reason of the DIP Financing Order, (a) is allowed and payable in its entirety, (b) includes principal, accrued but unpaid interest, and attorneys' fees, costs, and expenses through the date of the full and indefeasible payment in Cash of the DIP Facility Claim (subject to the terms and conditions in the DIP Financing Order regarding attorneys' fees, costs, and expenses), and (c) is secured by the valid, unavoidable and perfected Liens and security interests granted under, or in connection with the Wells Fargo Loan Documents and authorized by the DIP Financing Order, which is subject only to Permitted Senior Liens as defined in the DIP Financing Order. All sums owing with respect to, and all payments made in reduction of, the DIP Facility Claim through the Effective Date shall be deemed to have been indefeasibly paid in full in Cash upon the closing and funding of the Wells Fargo Exit Facility on the Effective Date.

3.4 *Administrative Reserve.*

On the Effective Date, the Administrative Reserve shall be funded in Cash. Distributions shall be made to Holders of Allowed Administrative Expenses, Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims from the Administrative Reserve.

ARTICLE IV TREATMENT OF CLAIMS AND INTERESTS

Pursuant to § 1122 and 1123(a)(1), Claims against and Interests in the Debtors are classified as set forth below for all purposes under the Plan, including voting, Confirmation, and Distribution. Except as expressly stated otherwise in Article V, each Class listed below shall vote as a single separate Class, including with respect to the confirmation requirements under § 1129(b). A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and the remaining portion of such Claim or Interest, if any, shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date.

4.1 *Classes REL 1, REF 1 and CS 1—Wells Fargo's Prepetition Claims.*

(a) Class 1 consists of all of Wells Fargo's Prepetition Claims against R.E. Loans, R.E. Future and Capital Salvage. All Wells Fargo's Prepetition Claims are deemed Allowed in their entirety for all purposes under the Plan.

(b) On the Effective Date, the Allowed Wells Fargo's Prepetition Claims shall be indefeasibly paid in full in Cash from the proceeds of the Wells Fargo Exit Facility.

(c) All payments on account of Wells Fargo's Prepetition Claims made prior to the Effective Date shall be deemed to be paid indefeasibly. Any portion of Wells Fargo's Prepetition Claims unpaid as of the Effective Date shall be deemed indefeasibly paid in full in Cash on the Effective Date under the Wells Fargo Exit Facility. Notwithstanding anything else contained in this Plan or the Confirmation Order, or any amendments thereto, and notwithstanding the confirmation of this Plan, Wells Fargo, as the holder of Wells Fargo's Prepetition Claims, shall be entitled to all the Liens, protections, benefits, and priorities granted to it or confirmed by the DIP Financing Order until Wells Fargo's Prepetition Claims are deemed indefeasibly paid in full in Cash under the Wells Fargo Exit Facility. Wells Fargo's Prepetition Claims, by reason of the DIP Financing Order (i) are allowed and payable in their entirety, (ii) include unpaid principal and accrued but unpaid interest until Wells Fargo's Prepetition Claims are indefeasibly paid in full in Cash, and (iii) are secured by the valid, unavoidable, and perfected Liens and security interests granted under or in connection with, the Prepetition Loan Documents and confirmed by the DIP Financing Order and this Plan, which Liens are senior to all Liens other than any Permitted Senior Liens, as defined in the DIP Financing Order.

(d) Class 1 is Impaired. Therefore, Wells Fargo, on account of its Class 1 Claims, is entitled to vote to accept or reject the Plan.

4.2 *Classes REL 2, REF 2 and CS 2—Other Secured Claims.*

(a) Class 2 consists of all Other Secured Claims against each of the Debtors. The Debtors believe there are no Class 2 Claims. To the extent that there is more than one Holder of a Class 2 Claim, the Claim of each such Holder shall be deemed to be classified in a separate sub-class of Class 2, and each such sub-class of Class 2 shall be deemed to be a separate Class under the Plan.

(b) On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 2 Claim will receive, at the election of the Reorganized Debtors, one of the following treatments in full satisfaction, discharge, exchange and release of its Allowed Class 2 Claim, subject to the rights of any Holder of a senior Lien on such Collateral:

1. payment in full in Cash of its Allowed Class 2 Claim; or
2. the Distribution of the Collateral securing such Allowed Class 2 Claim, in which event such Holder shall be entitled within thirty (30) days of such election to file a Proof of Claim for any deficiency entitled to treatment as an Allowed General

Unsecured Claim or be forever barred from thereafter asserting such deficiency against any Debtor, the Reorganized Debtors or the Liquidating Trustee.

(c) Class 2 is Unimpaired. Therefore, Holders of Allowed Class 2 Claims are not entitled to vote to accept or reject the Plan.

4.3 *Classes REL 3, REF 3 and CS 3—Secured Tax Claims.*

(a) Class 3 consists of all Secured Tax Claims.

(b) Each Holder of an Allowed Class 3 Claim shall (i) retain its Lien securing such Claim, (ii) continue to accrue interest at the applicable statutory rate as required by Bankruptcy Code § 511, and (iii) be paid regular quarterly installments of interest only each quarter after the Effective Date for up to five (5) years after the Petition Date, with 100% of the unpaid principal of such Allowed Claim to be paid in full in Cash on the fifth anniversary of the Petition Date; *provided, however*, each Allowed Class 3 Claim shall be paid in full in Cash from the net sales proceeds of the Collateral securing that Allowed Class 3 Claim, upon the closing of any sale of such Collateral.

(c) Class 3 is Impaired. Therefore, Holders of Allowed Class 3 Claims are entitled to vote to accept or reject the Plan.

4.4 *Classes REL 4, REF 4 and CS 4—Priority Non-Tax Claims.*

(a) Class 4 consists of any Priority Non-Tax Claims. The Debtors believe that there are no Claims in Class 4.

(b) Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each Allowed Priority Non-Tax Claim will be paid, in full satisfaction, discharge, exchange and release thereof, in Cash in full the amount of the Allowed Priority Non-Tax Claim (which shall not include any interest accrued after the Petition Date) on the later of (i) the Effective Date and (ii) the fifteenth (15th) Business Day after the date that the Claim becomes an Allowed Priority Non-Tax Claim, or as soon thereafter as is practicable.

(c) Class 4 is Impaired. Therefore, Holders of Allowed Class 4 Claims, if any, are entitled to vote to accept or reject the Plan.

4.5 *Classes REL 5, REF 5 and CS 5—General Unsecured Claims.*

(a) Class 5 consists of all General Unsecured Claims

(b) On the Effective Date, except to the extent that the Holder of any such Claim agrees to a different treatment, each Holder of an Allowed General Unsecured Claim shall receive on account of its Allowed General Unsecured Claim, in full and complete satisfaction, discharge, exchange and release thereof, its *Pro Rata* share of both: (i) the right to receive the first \$5,000,000 in Net Liquidating Trust Proceeds; and (ii) the Beneficial Interests in the Liquidating Trust issued pursuant to Section 7.5 of the Plan, which shall entitle the Holder to

receive, from the Liquidating Trust, a *Pro Rata* Distribution of the Net Liquidating Trust Proceeds, after the initial \$5,000,000 Class 5 Preferred Payment described in (i), above. If REL Class 8 votes to accept the Plan, the holders of Allowed REL Class 8 Claims will also receive Beneficial Interests in the Liquidating Trust, such that the *Pro Rata* calculation will be based on all Allowed Claims in both Class 5 (after reduction for the initial \$5,000,000 Class 5 Preferred Payment which goes solely to Holders of Allowed Class 5 Claims) and REL Class 8. If the Bankruptcy Court determines by Final Order that the Holder of a General Unsecured Claim does not have an Allowed General Unsecured Claim, then such Holder's Beneficial Interest shall terminate and be of no further force and effect.

(c) Class 5 is Impaired. Therefore, Holders of Allowed Class 5 Claims are entitled to vote to accept or reject the Plan.

4.6 *Classes REL 6, REF 6 and CS 6—Intercompany Claims.*

(a) Class 6 consists of all Intercompany Claims.

(b) All Intercompany Claims are deemed satisfied, and holders of Intercompany Claims shall receive no distribution under the Plan on account of such Claims.

(c) Class 6 is Impaired. Therefore, Holders of Allowed Class 6 Claims are entitled to vote to accept or reject the Plan.

4.7 *Classes REL 7, REF 7 and CS 7—Subordinated Claims.*

(a) Class 7 consists of all Subordinated Claims. Any Claims filed by Noteholders for damages based on allegations of securities fraud or other Claims of the type described in Bankruptcy Code § 510(b)(as distinguished from Claims for the amount due under the Exchange Notes, which shall be REL Class 8 Claims), shall be Class 7 Claims. In addition, all Claims that are equitably subordinated under Bankruptcy Code section 510(c) will be in Class 7. Class 7 consists of Claims that are subordinated to all other Classes of Claims, including all Claims in REL Class 8 and REL Class 9.

(b) Class 7 Claims shall be canceled and Holders of any Class 7 Claim shall receive no Distribution under the Plan on account thereof.

(c) Because the Holders of Class 7 Claims will receive no Distribution under the Plan, Class 7 is conclusively deemed to reject the Plan pursuant to § 1126(g). Therefore, the Holders of Class 7 Claims are not entitled to vote to accept or reject the Plan.

4.8 *REL Class 8—Claims of Noteholders and DSI Arising Under the Exchange Notes.*

(a) The Debtors contend that the Allowed Claims of the Noteholders and the Allowed Claims of DSI, if any, all of which were incurred pursuant to the Exchange Agreement and are secured by the Exchange Agreement Security Agreement, are substantially similar and can and should be classified together. The Debtors further contend that the Exchange Agreement Security Agreement authorizes the Noteholders to modify the rights of all "Secured

Parties” to the Exchange Agreement Security Agreement (including DSI). Absent an order of the Bankruptcy Court to the contrary the Allowed Claims of the Noteholders and the Allowed Claims of DSI shall all be classified as REL Class 8 Claims. If the Bankruptcy Court determines that the Allowed Claims of DSI, if any, must be separately classified pursuant to Section 4.9(a) below then REL Class 8 shall consist of the Noteholders’ Allowed Claims.

(b) The treatment of REL Class 8 Claims will depend on whether REL Class 8 votes to accept the Plan and thereby agrees to the compromise set forth in this Section, or rejects the Plan.

Settlement Alternative Triggered By Acceptance of the Plan

(c) If REL Class 8 votes to accept the Plan, Allowed Claims in REL Class 8 will be treated as provided in the following consensual compromise:

1. The Lien under the Exchange Security Agreement securing the REL Class 8 Claims shall be released.

2. The holders of REL Class 8 Claims shall be deemed to have settled, released and waived unconditionally any and all Lien, Claims, suits and causes of action of any kind and nature whatsoever that each such holder has, had, held, holds or might hold, assert or have asserted against any Debtor, except for the distributions to REL Class 8 under Paragraph 5, below.

3. In exchange for the foregoing agreements, the REL Class 8 Claims (other than the Claims of Walter Ng, Barney Ng, Kelly Ng, Bruce Horwitz, Bar-K, or B-4 Partners, or any other insider of the Debtors that held Exchange Notes) shall be deemed Allowed under the Plan as follows: (a) for Noteholders in the amount set forth in the Debtors’ amended Schedules of Assets and Liabilities for each Noteholder, minus 50% of the cash paid to that Holder after the Exchange Transaction, but in no event in an amount less than zero, in final settlement of any Cause of Action that may exist to recover payments made after the Exchange Agreement to any Noteholder and/or to seek disallowance of any REL Class 8 Claim based on the existence of payments that are recoverable or avoidable as set forth in Bankruptcy Code § 502(d); or (b) for DSI in the amount set forth in its proof of claim or such other amount as the Bankruptcy Court determines to be appropriate based on any objection to DSI’s proof of claim or any properly noticed motion. Such Holders of REL Class 8 Claims will receive Beneficial Interests on a Pro Rata basis with the Holders of General Unsecured Claims (Class 5), and except as provided below, REL Class 8 Claims shall not be subject to any objection, disallowance, subordination, or avoidance, all of which are and shall be deemed to be expressly waived and released by the Debtors, their Estates and the Liquidating Trustee; provided, however, that the Liquidating Trust shall have the right to object to any amounts asserted as due by any Holder of a REL Class 8 Claim (including DSI) other than the principal balance and accrued interest as of the Petition Date on each Exchange Note, including without limitation, the reasonableness of any fees or costs incurred by any Holder of a REL Class 8 Claim. Notwithstanding anything else contained in the Plan Compromise, the Liquidating Trustee shall reserve the right to object to any Claim, including, without limitation, any Class 8 Claim, asserted by or on behalf of Walter

Ng, Barney Ng, Kelly Ng, Bruce Horwitz, Bar-K, or B-4 Partners, or any other insider of the Debtors.

4. On the Effective Date and subject to reduction pursuant to the preceding paragraph, except to the extent that the Holder of any such Claim agrees to a different treatment, each Holder of an REL Class 8 Claim (i.e., each Noteholder and DSI, unless DSI is separately classified) shall receive on account of that Claim, in full and complete satisfaction, discharge, exchange and release thereof, a Beneficial Interest in the Liquidating Trust issued pursuant to Section 7.5 of the Plan, which shall entitle the Holder to receive a *Pro Rata* Distribution of the Liquidating Trust Proceeds remaining after payment of the \$5,000,000 Class 5 Preferred Payment, collectively with Holders of Allowed Class 5 General Unsecured Claims. If the Bankruptcy Court determines by Final Order that the Holder of an REL Class 8 Claim does not have an Allowed Claim, then such Holder's Beneficial Interest shall terminate and be of no further force and effect.

Subordination Alternative Will Apply if REL Class 8 Rejects the Plan

(d) If REL Class 8 votes to reject the Plan, then the Debtors shall seek to subordinate the Allowed REL Class 8 Claims (including the Noteholder Claims) to all Class 5 General Unsecured Claims. If the Bankruptcy Court enters an order subordinating the REL Class 8 Claims to other General Unsecured Claims, then on the Effective Date, except to the extent that the Holder of any such Claim agrees to a different treatment, each Holder of an REL Class 8 Claim (i.e., each Noteholder and DSI, unless DSI is separately classified) shall receive on account of that Claim, in full and complete satisfaction, discharge, exchange and release thereof, a Subordinate Trust Interest in the Liquidating Trust issued pursuant to Section 8.5 of the Plan, which shall entitle the Holder to receive a *Pro Rata* Distribution of the Liquidating Trust Proceeds only after all Holders of Allowed Class 5 General Unsecured Claims are paid in full. Further, the Liquidating Trust shall have the right to pursue any Potential Recovery Remedy.

(e) Whether REL Class 8 votes to accept the Plan or to reject the Plan the Debtors reserve the right to object to any amounts asserted as due by any Holder of an REL Class 8 Claim (including DSI) other than the principal balance and accrued interest as of the Petition Date on each Exchange Note, including without limitation, the reasonableness of any fees or costs incurred by the Holder of an REL Class 8 Claim.

(f) REL Class 8 is Impaired. Therefore, Holders of Allowed Claims in this Class are entitled to vote to accept or reject the Plan. If the conditions set forth in Section 4.9(a) below are satisfied, then DSI's Claim shall be treated in REL Class 9.

4.9 REL Class 9—DSI Secured Claim (If Separate Classification Is Required).

(a) REL Class 9 consists of any Allowed Claim of DSI (1) if the Bankruptcy Court determines, at the Confirmation Hearing, that the Noteholders have not caused the release of the Lien asserted by DSI, and (2) the Bankruptcy Court determines that DSI's Claim, as collateral agent for the Noteholders, is not sufficiently similar to the Allowed Claims of the Noteholders to permit classification of such Claims in the same Class. The Debtors believe that

DSI and the Noteholders' rights are the same and therefore, should be classified together. If this occurs, there will be no Claims in REL Class 9.

(b) If the Bankruptcy Court rules that DSI's Allowed Claim, if any, is separately classified under Section 4.9(a), above, then DSI, on account of any Allowed REL Class 9 Claim will receive the following treatment in full satisfaction, discharge, exchange and release of its Allowed REL Class 9 Claim, subject to the rights of any Holder of a senior Lien on such Collateral:

1. retain its Lien securing such Claim, subject to the provisions of the New Second Lien Security Agreement;

2. accrue interest at the Class 9 Interest Rate on any Allowed Claim, and

3. 100% of the unpaid principal and interest of such Allowed Claim, if any, to be paid in full in Cash on the earlier of (A) the fifth anniversary of the Effective Date, or (B) one-year after the Wells Fargo Exit Facility is indefeasibly paid in full in Cash.

(c) REL Class 9 is Impaired. Therefore, if the Bankruptcy Court determines that DSI's Claim must be separately classified, DSI will be entitled to vote its Allowed REL Class 9 Claim, if any, to accept or reject the Plan.

4.10 *REL Class 10—Interests.*

(a) REL Class 10 consists of B-4 Partners' Interest in R.E. Loans.

(b) The existing REL Class 10 Interests shall be canceled and B-4 Partners, the sole Holder of any REL Class 10 Interest, shall receive no Distribution under the Plan on account of such Interests.

(c) The Holder of REL Class 10 Interests will receive no Distribution under the Plan and is conclusively deemed to reject the Plan pursuant to § 1126(g). Therefore, the Holder of REL Class 10 Interests is not entitled to vote to accept or reject the Plan.

4.11 *Classes REF 8 and CS 8—Interests.*

(a) Classes REF 8 and CS 8 consist of R.E. Loans' Interests in R.E. Future and Capital Salvage, respectively.

(b) Class REF 8 and CS 8 Interests will be re-vested, unaltered in Reorganized R.E. Loans, the sole Holder of any Class REF 8 and CS 8 interests. Because the New Equity Interests in Reorganized R.E. Loans will be issued to the Liquidating Trust, it will indirectly own the New Equity Interests in Reorganized R.E. Future and Reorganized Capital Salvage.

(c) The Holder of Class REF 8 and CS 8 Interests will receive no Distribution under the Plan and is conclusively deemed to reject the Plan pursuant to § 1126(g).

Therefore, the Holder of Class REF 8 and CS 8 Interests is not entitled to vote to accept or reject the Plan.

ARTICLE V ACCEPTANCE OR REJECTION OF THE PLAN

5.1 Impaired Classes of Claims Entitled to Vote.

Except as otherwise provided in an order of the Bankruptcy Court pertaining to solicitation of votes on the Plan, Classes 1 (Wells Fargo's Prepetition Claims), 3 (Secured Tax Claims), 4 (Priority Non-Tax Claims), 5 (General Unsecured Claims), and 6 (Intercompany Claims) and, REL Class 8 (Noteholders and DSI) and REL Class 9 (DSI only if separate classification is required) are Impaired under the Plan. Pursuant to § 1126(c), Holders of Claims in these Classes are entitled to vote to accept or reject the Plan. If and to the extent any other Class identified as being not Impaired is Impaired (whether as a result of the terms of the Plan or any modification or amendment thereto), upon such determination, such Class shall then be entitled to vote to accept or reject the Plan.

5.2 Class Deemed to Accept the Plan.

Class 2 (Other Secured Claims) is Unimpaired under the Plan. Pursuant to § 1126(f), Holders of Claims in Class 2 are, therefore, conclusively presumed to have accepted the Plan, and the votes of Holders of such Claims will not be solicited.

5.3 Classes Deemed to Reject the Plan.

Class 7 for each Debtor (Subordinated Claims), REL 10, REF 8 and CS 8 (Interests) are Impaired and not entitled to receive any Distribution under the Plan. Pursuant to § 1126(g), therefore, these Classes are conclusively presumed to have rejected the Plan, and the votes of Holders of Claims in those will not be solicited.

5.4 Nonconsensual Confirmation.

To the extent necessary, the Debtors intend to seek confirmation of the Plan pursuant to § 1129(b).

ARTICLE VI MEANS FOR IMPLEMENTATION OF THE PLAN

6.1 Reorganized Debtors.

Each Debtor shall, upon the occurrence of the Effective Date, become a Reorganized Debtor and continue to exist after the Effective Date as a separate Entity, with all the powers of a corporation or limited liability company, as applicable, under applicable law, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

6.2 *General Company Matters.*

Upon the occurrence of the Effective Date, the Reorganized Debtors shall file amended certificates of organization with the Secretary of State of California in accordance with applicable California law. The amended certificates of organization shall provide for, among other things, (a) the cancellation of the existing Interests in R.E. Loans; (b) the issuance of the New Equity Interests; and (c) a prohibition on the issuance of nonvoting equity securities to the extent, and only to the extent, required by § 1123(a)(6). Each Debtor shall take such action as is necessary under applicable state and federal law to effect the terms and provisions of the Plan and the Plan Documents.

6.3 *New Equity Interests*

(a) On the Effective Date, Reorganized R.E. Loans shall issue its New Equity Interests to the Liquidating Trust as a Trust Asset for the benefit of all Beneficiaries of the Trust.

(b) All of the Assets transferred to the Reorganized Debtors shall be subject to the Liens securing the DIP Facility and Wells Fargo's Prepetition Claims until such Claims are indefeasibly paid in full in Cash from the proceeds of the Wells Fargo Exit Facility.

(c) On the Effective Date, the Reorganized Debtors shall consummate the Wells Fargo Exit Facility, including, without limitation, the granting to Wells Fargo of a first- priority Lien on all assets of the Reorganized Debtors, subject only to the Liens securing Allowed Secured Tax Claims (Class 3) and executing and delivering to Wells Fargo all of the Wells Fargo Exit Facility Loan Documents.

(d) As the result of the foregoing transfers and agreements, (1) the Liquidating Trust will acquire the Trust Assets, including without limitation the New Equity Interests in Reorganized R.E. Loans, which should own the New Equity Interests in the other Reorganized Debtors, free and clear of all Liens, Claims and Interests, and (2) the Reorganized Debtors will be re-vested with all Assets of the Debtors that are not Trust Assets, free and clear of all Liens, Claims and Interests, except those granted or preserved under the Plan.

6.4 *Wells Fargo Exit Facility.*

(a) On the Effective Date, the Reorganized Debtors shall enter into the Wells Fargo Exit Facility with Wells Fargo. Wells Fargo's secured indemnification claims arising under the Prepetition Wells Fargo Facility and/or the DIP Facility shall be provided for in a manner set forth in the Wells Fargo Exit Facility Loan Documents (with Wells Fargo's indemnification rights under the Wells Fargo Prepetition Loan Documents and DIP Facility continuing to be secured by all of the Reorganized Debtors' assets) and Wells Fargo's status as a "holder" of each Note Receivable, within the meaning of Article 3 of the Uniform Commercial Code, shall date from when actual physical possession of each such Note Receivable was originally delivered to Wells Fargo.

(b) If Wells Fargo does not provide the Wells Fargo Exit Facility, then the Plan will be amended and (i) the identity of the lender providing an alternative to the Wells

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Fargo Exit Facility and the terms of the alternative to the Wells Fargo Exit Facility shall be filed with the Bankruptcy Court as part of the Plan Supplement, (ii) Wells Fargo's Prepetition Claims and DIP Facility Claims will be indefeasibly paid in full in Cash as set forth in Section 3.3 and Article IV of the Plan and in accordance with the terms and conditions of the DIP Financing Order, and (iii) Wells Fargo shall be entitled to a secured indemnification claim to the extent provided for under the Prepetition Wells Fargo Facility and/or the DIP Facility, and any such Claim shall be provided for in a manner mutually acceptable to the Debtors (consistent with the terms that may be acceptable to a lender providing an alternative to the Wells Fargo Exit Facility, if applicable under a modified Plan hereafter) and Wells Fargo, or in a manner determined by the Bankruptcy Court to comply with the requirements of the Bankruptcy Code and the DIP Financing Order.

(c) The Confirmation Order shall specifically approve the Wells Fargo Exit Facility (including the transactions contemplated thereby and all actions to be taken and payment of all fees, indemnities, and expenses provided for therein) and grant authorization for the Reorganized Debtors to enter into and execute the Wells Fargo Exit Facility Loan Documents and such other documents as may be required to consummate the Wells Fargo Exit Facility. The Reorganized Debtors may use the Wells Fargo Exit Facility for any purpose permitted thereunder, including the funding of obligations under the Plan, including the payment of Allowed DIP Facility Claims, Wells Fargo's Prepetition Claims, Administrative Expenses, Priority Tax Claims and Priority Non-Tax Claims, and the funding of any Reserves established under the Plan.

6.5 *Implementing Actions In General.*

On the Effective Date, the following shall occur in implementation of the Plan:

(a) All transactions, actions, documents and agreements necessary to implement the Plan shall be deemed authorized and approved by the Debtors without any requirement of further action by the Debtors or their members, including the Trust Agreement and the Wells Fargo Exit Facility Loan Documents.

(b) The Debtors shall have received authorizations, consents, rulings, opinions or other documents that are determined by the Debtors to be necessary to implement the Plan.

(c) The Reorganized Debtors and the Liquidating Trust shall make all Distributions required to be made on the Effective Date to holders of Allowed Claims pursuant to the Plan.

(d) The Reserves shall be funded.

(e) The transfers described in Section 7 shall be implemented.

6.6 *Cancellation of Instruments and Agreements.*

Upon the occurrence of the Effective Date, except as otherwise provided herein, all promissory notes (including, without limitation, the Exchange Notes), shares, certificates,

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instruments, indentures, membership interests, stock or agreements evidencing, giving rise to or governing any Claim or Interest shall be deemed canceled and annulled without further act or action under any applicable agreement, law, regulation, order or rule; the obligations of the Debtors under such promissory notes, shares, certificates, instruments, indentures, membership interests, stock or agreements shall be discharged and the Holders thereof shall have no rights against the Debtors, the Reorganized Debtors, the Liquidating Trustee or the Estates; and such promissory notes, shares, certificates, instruments, indentures, membership interests, stock or agreements shall evidence no such rights, except the right to receive the Distributions provided for in this Plan.

ARTICLE VII LIQUIDATING TRUST

7.1 Purpose of Trust.

(a) The Liquidating Trust is created pursuant to the Plan for the primary purpose of collecting, liquidating and distributing the assets transferred to it with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. The Liquidating Trust is intended to be classified as a "Liquidating Trust" for federal income tax purposes within the meaning of Treasury Regulation § 301.7701-4(d). The Liquidating Trustee shall ascribe valuations to the assets assigned or transferred to the Liquidating Trust on the dates of assignment and transfer of such assets to the Liquidating Trust, and such valuations shall be used by the Debtors, the Reorganized Debtors and the Liquidating Trustee for all federal income tax reporting purposes.

(b) The Liquidating Trustee will liquidate all of the Trust Assets (which do not include the REO Property and Notes Receivable, which are separately vested in the Reorganized Debtors).

(c) The Reorganized Debtors shall liquidate the Assets transferred to the Reorganized Debtors. Upon the disposition of each REO Property, all direct costs of sale and real property taxes secured by that REO Property will be paid in full and the balance of any proceeds will be turned over to Wells Fargo and applied against the Wells Fargo Exit Facility until the Wells Fargo Exit Facility has been indefeasibly paid in full in Cash. After the Wells Fargo Exit Facility has been indefeasibly paid in full in Cash, any net proceeds from future sales (after payments of direct costs of sale and property taxes secured by Liens on the REO Property sold, and establishment of reasonable reserves by the Reorganized Debtors for future payments required under the Plan and future expenses) will be paid to the Liquidating Trust, unless DSI holds an Allowed REL Class 9 claim. If DSI has an Allowed REL Class 9 Claim this Claim will be paid in full in Cash and then any remaining proceeds will be turned over to the Liquidating Trust. Any remaining Cash will be distributed by the Liquidating Trust first to pay the Class 5 Preferred Payment, second to the recipients of Beneficial Interests and, if those Holders are paid in full, then to the Holders of Subordinated Trust Interests. Through the foregoing waterfall of distributions, existing priorities will be preserved.

7.2 *Governing Document; Effectiveness.*

(a) Governing Document. The Liquidating Trust shall be governed by the Trust Agreement, which shall be filed with the Bankruptcy Court as part of the Plan Supplement.

(b) Effectiveness. On the Effective Date, the Trust Agreement shall become effective, and, if not previously signed, the Debtors and the Liquidating Trustee shall execute the Trust Agreement. The Liquidating Trust shall remain constituted and in existence from and after the Effective Date, and until all payments and distributions to holders of Allowed Claims have been made under the Plan.

7.3 *Vesting of Assets in the Liquidating Trust.*

On the Effective Date, pursuant to the Plan and §§ 1123, 1141 and 1146(a), the Debtors and their Estates are authorized and directed to transfer, grant, assign, convey, set over, and deliver to the Liquidating Trustee, for the benefit of the Liquidating Trust, all of the respective Debtors' and Estates' right, title and interest in and to the Trust Assets free and clear of all Liens, Claims, encumbrances or interests of any kind in such property of any other or Holders of Claims against or Interests in the Debtors, except as otherwise expressly provided for in the Plan or the Wells Fargo Exit Facility. To the extent required to implement the transfer of the Trust Assets from the Debtors and Estates to the Liquidating Trust and the Liquidating Trustee as provided for herein, all Persons and governmental entities shall cooperate with the Debtors and the Estates to assist the Debtors and the Estates to implement said transfers.

7.4 *Beneficiaries.*

In accordance with Treasury Regulation Section 301.7701-4(d), the Beneficiaries of the Liquidating Trusts are the holders of Allowed General Unsecured Claims and Allowed REL Class 8 Claims. The Holders of Allowed General Unsecured Claims shall receive an allocation of Beneficial Interests. If REL Class 8 accepts the Plan, Holders of Allowed Claims in REL Class 8 (including Noteholders and DSI) shall also receive an allocation of Beneficial Interests and in this case no Subordinated Trust Interests will be issued. If REL Class 8 votes to reject the plan, Holders of Allowed REL Class 8 Claims shall receive Subordinated Trust Interests, instead of Beneficial Interests. The New Equity Interests in Reorganized R.E. Loans shall be an asset of the Liquidating Trust. Only holders of Allowed Claims will receive Beneficial Interests or Subordinated Beneficial Interests and the Liquidating Trust reserves the right to seek to disallow the Claims of any REL Class 8 holder (including any Noteholder) that does not return all distributions received from and after the consummation of the Exchange Agreement.

7.5 *Distribution of Trust Proceeds.*

The Liquidating Trust Proceeds, including any distributions from Reorganized R.E. Loans, shall be allocated and disbursed in Cash by the Liquidating Trustee as follows:

(i) first, in an amount sufficient to pay the expenses and projected future expenses associated with the disposition of such Trust Assets,

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including the fees and expenses of the Liquidating Trustee and the fees and expenses of any professionals (including legal and financial advisors) employed by the Liquidating Trustee and associated with the disposition of such Trust Assets;

(ii) second to repay the loan from Reorganized R.E. Loans for any Cash that it advances to the Liquidating Trust on the Effective Date as part of the initial Trust Assets;

(iii) third, the Class 5 Preferred Payment of \$5,000,000 to Holders of Allowed Class 5 Claims;

(iv) fourth, to the extent any proceeds remain, and after giving effect to any necessary reserve for Disputed Claims or projected future expenses, to fund Distributions to holders of Beneficial Interests until paid in full;

(v) fifth, to the extent any proceeds remain, and after giving effect to any necessary reserve for Disputed Claims, to fund Distributions to holders of Beneficial Interests in an amount equal to the lesser of (A) 100% of the net remaining proceeds from the disposition of Trust Assets, and (B) an amount sufficient to pay Postpetition Interest on Allowed Claims of the recipients of Beneficial Interests; and

(vi) sixth, to the extent any proceeds remain, and after giving effect to any necessary reserve for Disputed Claims, any such surplus will be used to fund Distributions to holders of Subordinated Trust Interests (*i.e.*, former holders of Allowed Class REL 8 Claims if Class REL 8 votes to reject the Plan).

7.6 *Liquidating Trustee.*

(a) Appointment; Powers. The Liquidating Trustee shall be appointed by the Confirmation Order as the representative of the respective Estates pursuant to §§ 1123(a)(5), (a)(7) and (b)(3)(B), and as such shall be vested with the authority and power (subject to the Trust Agreement) to (i) administer the Liquidating Trust; (ii) administer, investigate, prosecute, settle and abandon all Causes of Action in the name of, and for the benefit of, the Estates; and (iii) make Distributions provided for in the Plan. The Confirmation Order shall provide the Liquidating Trustee with express authority to convey, transfer and assign any and all of the Trust Assets and to take all actions necessary to effectuate same. After the Effective Date, the affairs of the Liquidating Trust and of all assets held or controlled by the Liquidating Trust shall be managed under the direction of the Liquidating Trustee, as provided by the terms of the Plan and Trust Agreement. The Liquidating Trustee shall also have standing to monitor and seek to enforce the performance of obligations under the Plan and the performance of other provisions of the Plan that have an effect upon the treatment of Claims.

(b) Litigation Rights. As the representative of the Estates, the Liquidating Trustee shall succeed to all of the rights and powers of the Debtors and the Estates with respect to all Causes of Action, and the Liquidating Trustee shall be substituted and shall replace the Debtors, their Estates and the Noteholders' Committee, as applicable, as the party in

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interest in any such Causes of Action pending as of the Effective Date. All actions taken thereunder in the name of a Debtor shall be taken through the Liquidating Trustee.

(c) Causes of Action Against former Noteholders; Settlement Offer.

All Causes of Action against the Holders of Fully Repaid Exchange Notes are expressly preserved and shall vest in the Liquidating Trust on the Effective Date, and the Liquidating Trustee shall be vested with all rights to seek to avoid and recover payments made to Holders of Fully Repaid Exchange Notes as fraudulent conveyances or under any other applicable law. Notwithstanding the foregoing, if Class 8 votes to accept the Plan, any Holder (other than an insider) of a Fully Repaid Exchange Note may obtain a full settlement, release and discharge of any Cause of Action to avoid and recover payments made on a Fully Repaid Exchange Note by tendering payment in cash to the Liquidating Trustee in an amount equal to 5% of the aggregate distributions and other payments received by such Holder on account of such Fully Repaid Exchange Note. If Class 8 votes to accept the Plan, the Liquidating Trustee shall send the Settlement Letter to each former Noteholder that is the holder of a Fully Repaid Exchange Note not later than thirty (30) days after the Effective Date.

(d) Member and Manager.

Effective on the occurrence of the Effective Date, the Liquidating Trustee shall be the sole member of Reorganized R.E. Loans. The sole manager of Reorganized R.E. Loans shall be the Asset Manager, approved by the Bankruptcy Court consistent with the Wells Fargo Exit Facility, until and unless either (i) Wells Fargo and the Liquidating Trustee mutually agree in writing on a successor Asset Manager, or (ii) the Wells Fargo Exit Facility is indefeasibly paid in full in Cash and terminated, in which case the Liquidating Trustee can select and appoint a successor Asset Manager unilaterally.

(e) Bond.

The Liquidating Trustee shall serve without bond and shall receive no other fee for its services other than its fees earned as Liquidating Trustee.

7.7 Implementation of the Liquidating Trust.

On the Effective Date, the Debtors, on behalf of the Estates, and the Liquidating Trustee shall be authorized to, and shall, take all such actions as are required to transfer from the Debtors and the Estates all of the Trust Assets to the Liquidating Trust. From and after the Effective Date, the Liquidating Trustee shall be authorized to, and shall take all such actions as are required, to implement the Liquidating Trust and the provisions of the Plan as are contemplated to be implemented by the Liquidating Trustee, including administering the Trust Assets, including, without limitation, the Causes of Action. The Liquidating Trustee shall thereafter exercise the rights of the sole member of Reorganized R.E. Loans, subject to the terms of the Plan.

7.8 Funding of Post Effective Date Trust Expenses.

All Post Effective Date Trust Expenses incurred from and after the Effective Date, shall be expenses of the Liquidating Trust, and the Liquidating Trustee shall disburse funds from the Liquidating Trust Proceeds for purposes of funding such expenses.

7.9 *Provisions Relating to Federal Income Tax Compliance.*

A transfer to the Liquidating Trust shall be treated for all purposes of the Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”), as a transfer to Creditors to the extent Creditors are Beneficiaries of the Liquidating Trust. For example, such treatment shall apply for purposes of Internal Revenue Code sections 61(a)(12), 483, 1001, 1012 and 1274. Any such transfer shall be treated for federal income tax purposes as a deemed transfer to the Beneficiaries followed by a deemed transfer by the Beneficiaries to the Liquidating Trust. The Beneficiaries of the Liquidating Trust shall be treated for federal income tax purposes as the grantors and deemed owners of the Liquidating Trust.

7.10 *Accounts.*

The Liquidating Trustee may establish one or more interest-bearing accounts as it determines may be necessary or appropriate to effectuate the provisions of the Plan. To the extent reasonably possible, the Liquidating Trustee shall attempt to indemnify the funds in accordance with § 345.

7.11 *Indemnification; Mutual Indemnification.*

The Reorganized Debtors shall indemnify and hold the Liquidating Trustee and its professionals harmless from any loss, liability, claim, demand, or cause of action that is asserted against the Liquidating Trustee and that arises directly from payments or distributions under the Plan or actions taken in connection with the implementation of the Plan or the resolution of objections to Claims; provided, however, nothing herein shall constitute an obligation of the Reorganized Debtors to fund the operations and actions of the Liquidating Trustee and its professionals following the Effective Date of the Plan. Notwithstanding anything in the Plan or the Confirmation Order to the contrary, the Liquidating Trustee shall not be indemnified for intentional or willful misconduct. The Reorganized Debtors shall further indemnify and hold the Liquidating Trustee and the Liquidating Trust and their respective agents, representatives, attorneys, and accountants harmless from any and all claims and causes of action arising with respect to any asset transferred or assigned to the Liquidating Trust prior to the date on which it is transferred or assigned to the Liquidating Trust; and the Liquidating Trustee and the Liquidating Trust shall indemnify and hold the Reorganized Debtors and its agents, representatives (including the Asset Manager), attorneys, and accountants harmless from any and all claims and causes of action arising with respect to any asset transferred or assigned to the Liquidating Trust after the date on which it is transferred or assigned to the Liquidating Trust.

7.12 *Payment of Fees and Expenses to Liquidating Trustee.*

(a) Compensation of Liquidating Trustee. The Liquidating Trustee shall be entitled to reimbursement of its reasonable and necessary expenses incurred in carrying out its duties under the Plan. The Liquidating Trustee’s agreement with respect to the employment and compensation be approved in the Confirmation Order and all such compensation (including fees and reasonable and necessary expenses) shall be paid from the Liquidating Trust Proceeds.

(b) Retention of Professionals. The Liquidating Trustee shall be authorized, without any supervision by or approval of the Bankruptcy Court or the U.S. Trustee, to employ and compensate such persons, including counsel and accountants, as the Liquidating Trustee may deem necessary to enable it to perform its functions under the Plan and the Liquidating Trust. Any such professionals employed by the Liquidating Trustee shall be compensated for their services rendered in connection with the administration of the Liquidating Trust and all Trust Assets and the implementation of the Plan without further motion, application, notice, hearing or other order of the Bankruptcy Court.

7.13 *Resignation, Replacement or Termination of Liquidating Trustee.*

From and after the Confirmation Date, the Liquidating Trustee or his successor shall continue to serve in his capacity as the sole member of Reorganized R.E. Loans through the earlier of (i) the date Reorganized R.E. Loans is dissolved in accordance with the Plan, and (ii) the date the Liquidating Trustee resigns or is replaced or terminated. The Liquidating Trustee may be removed, with or without cause, by order of the Bankruptcy Court. In the event that the Liquidating Trustee dies, resigns or is otherwise unable to fulfill the duties of Liquidating Trustee, then a successor Liquidating Trustee shall be appointed in accordance with the Trust Agreement.

7.14 *Counterclaims.*

The Liquidating Trust shall not be subject to any counterclaims with respect to any Causes of Action constituting Trust Assets, *provided, however*, that Causes of Action constituting Trust Assets will be subject to any set-off rights to the same extent as if the Debtors themselves had pursued the Causes of Action.

7.15 *Termination of Liquidating Trust.*

The Liquidating Trust shall terminate when the Liquidating Trustee has performed all his duties under the Plan and the Trust Agreement.

7.16 *Preservation of Causes of Action; Note Receivable Claims.*

(a) Preservation of Causes of Action; Designation of Estate Representative. On the Effective Date, the Liquidating Trustee, as representative of each Debtors' Estate, shall retain and have the exclusive right to commence, pursue, enforce and settle, as appropriate, all Causes of Action (including all Avoidance Actions) that otherwise belong to a Debtor and arose before the Effective Date, including all Causes of Action of a trustee or debtor in possession under the Bankruptcy Code, other than those Causes of Action expressly released or compromised as part of or pursuant to the Plan or by other order of the Bankruptcy Court entered prior to the Effective Date. If the Plan Compromise is not implemented, the Causes of Action shall include any right to recover payments made after the Exchange Transaction to any holder of a REL Class 8 Claim on any available basis, and to object to the Claim of any REL Class 8 holder that has not returned all such payments. As of the Effective Date, the Liquidating Trustee shall be authorized to exercise and perform the rights, powers and duties held by the Debtors' Estates with respect to all Causes of Action, including the authority under § 1123(b)(3) to provide for the settlement, adjustment, retention and **MODIFIED FOURTH AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION** – Page 36

enforcement of any such Causes of Action, without the consent or approval of any third party, and without any further order of the Bankruptcy Court, except as otherwise provided in this Section.

(b) Preservation of Note Receivable Claims; Designation of Estate Representative. Also on the Effective Date, the Reorganized Debtors, as the representatives of the respective Debtors' Estates, shall have the exclusive right to commence, pursue, enforce and settle, as appropriate, all Note Receivable Claims that otherwise belong to a Debtor and arose before the Effective Date, including all Note Receivable Claims that constitute claims of a trustee or debtor in possession under the Bankruptcy Code, other than any Note Receivable Claims expressly released or compromised by separate order of the Bankruptcy Court entered prior to the Effective Date. As of the Effective Date, the Reorganized Debtors shall be authorized to exercise and perform the rights, powers and duties held by the Debtors' Estates with respect to all Note Receivable Claims, including the authority under § 1123(b)(3) to provide for the settlement, adjustment, retention and enforcement of any such Note Receivable Claims, without the consent or approval of any third party (except Wells Fargo as provided under the Wells Fargo Exit Facility), and without any further order of the Bankruptcy Court, except as otherwise provided in this Section.

(c) Description of Retained Causes of Action and Note Receivable Claims. Attached hereto as **Exhibit "1"** is a non-exhaustive list of all Causes of Action and Note Receivable Claims; *provided, however*, notwithstanding any otherwise applicable principle of law or equity, including any principles of judicial estoppel, *res judicata*, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, analyze or refer to any claim or Cause of Action or any Note Receivable Claim, or potential Cause of Action or Note Receivable Claim, in the Plan, the Disclosure Statement, or any other document filed with the Bankruptcy Court shall in no manner waive, eliminate, modify, release, or alter the Liquidating Trustee's right to commence, prosecute, defend against, settle, and realize upon any Cause of Action, or Reorganized Debtors' right to pursue any Note Receivable Claim, that the Debtors or the Estates have or may have as of the Effective Date. The Debtors reserve the right to amend Exhibit "1" to add additional identified Causes of Action at any time prior to the Effective Date. Subject to the limitations expressly set forth in the Trust Agreement, the Liquidating Trustee may commence, prosecute, defend against, recover on account of, and settle all Causes of Action in its sole discretion in accordance with what is in the best interests, and for the benefit, of the Liquidating Trust, and the Reorganized Debtors may commence, prosecute, defend against, recover on account of, and settle all Note Receivable Claims in their sole discretion in accordance with what is in the best interests, and for the benefit, of the Reorganized Debtors, consistent with the terms of the Wells Fargo Exit Facility.

Unless a Cause of Action against a Person, Entity or a governmental entity is expressly waived, relinquished, released, compromised, or settled in the Plan or any Final Order, the Debtors expressly reserve such Causes of Action for later adjudication (including Causes of Action of which the Debtors may presently be unaware, or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time, or facts or circumstances which may change or be different from those which the Debtors now believe to exist) and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches

shall apply to Causes of Action upon, or after, the Confirmation or consummation of the Plan based on the Disclosure Statement, the Plan, or the Confirmation Order, except where such Causes of Action have been expressly released by virtue of the Plan or other Final Order.

(d) Decision to Pursue. The Liquidating Trustee (subject to the Trust Agreement) and the Reorganized Debtors will make the decision of whether or not to pursue any Cause of Action or Note Receivable Claim, respectively, not otherwise released under the Plan or pursuant to other orders of a court of competent jurisdiction. This decision will be based upon the Liquidating Trustee's or the Reorganized Debtors' review, as applicable, of the merits of each Cause of Action or Note Receivable Claim as well as the costs required to prosecute such claims in light of the limited resources available for the Distribution to Creditors. The Liquidating Trustee (subject to the Trust Agreement) may seek to retain counsel on a contingency basis to prosecute some or all of such Causes of Action and may seek to finance any costs relating to the prosecution of such litigation, or may decide not to pursue such claims at all.

(e) Reservation of Rights. The failure to explicitly list any Cause of Action or Note Receivable Claim is not intended to limit the rights of the Liquidating Trustee or the Reorganized Debtors, as applicable, to pursue any such Cause of Action or Note Receivable Claim not so identified. In this connection, the Liquidating Trustee and the Reorganized Debtors will continue to review payments made by and transactions involving the Debtors prior to the Petition Date to determine whether preference and other actions to avoid such payments and transactions should be brought. Failure to specifically identify potential actions in the Plan shall not be deemed a waiver of any such action by any Debtor, the Reorganized Debtors, the Liquidating Trustee or any other party.

Except to the extent that such Causes of Action have been released under the Plan or as otherwise provided under any orders of the Bankruptcy Court, any Person or governmental entity with respect to which the Debtors have incurred an obligation (whether on account of services, purchase or sale of property, or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Liquidating Trustee, on behalf of the Liquidating Trust, subsequent to the Effective Date and may, if appropriate, be the subject of an action after the Effective Date, whether or not (i) such Person or governmental entity has filed a Proof of Claim against the Debtors; (ii) such Person's or governmental entity's Proof of Claim has been objected to by the Debtors; (iii) such Person's or governmental entity's Claim was included in the Bankruptcy Schedules; or (iv) such Person's or governmental entity's scheduled Claims have been objected to by the Debtors or have been identified by the Debtors as disputed, contingent, or unliquidated.

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 *Executory Contracts and Unexpired Leases to be Rejected.*

(a) Subject to the occurrence of the Effective Date, Effective on the Effective Date, except for any Executory Contract that (i) previously expired or terminated by its

own terms, (ii) was previously assumed or rejected by an order of the Bankruptcy Court pursuant to § 365 or (iii) is assumed pursuant to this Plan, all executory contracts and unexpired leases not listed on the *Schedule of Assumed Contracts* shall be rejected by the Debtors.

(b) The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to § 365, effective as of the Petition Date. Any party to an executory contract or unexpired lease identified for rejection as provided herein may, within the same deadline and in the same manner established for filing objections to Confirmation of the Plan, file any objection thereto. Failure to file any such objection within the time period set forth above shall constitute consent and agreement to the rejection.

8.2 *Bar Date for Rejection Damages.*

(a) Any Claim arising from the rejection of an executory contract or unexpired lease shall be forever barred and shall not be enforceable against the Liquidating Trust, the Debtors, the Reorganized Debtors or any of their affiliates, successors, estates or properties, unless a Proof of Claim is filed with the Claims Agent at the following address within thirty (30) days after the Effective Date:

R.E. Loans Claims Agent
c/o AlixPartners, LLP
2101 Cedar Springs Rd., Suite 1100
Dallas, TX 75201

(b) Any Claim arising from the rejection of an executory contract or unexpired lease shall be treated as a General Unsecured Claim against the Debtor that is a party to that contract or lease (Class 4). Nothing in this Plan extends or modifies the Bar Date, except as specifically provided herein.

8.3 *Assumption and Cure of Executory Contracts.*

(a) The *Schedule of Assumed Contracts* shall identify executory contracts and unexpired leases, if any, to be assumed by the Debtors. The Debtors reserve the right to amend the *Schedule of Assumed Contracts* at any time up to three (3) Business Days before the Confirmation Hearing to delete any executory contract or unexpired lease listed therein or, with the consent of the affected counterparty, to add any executory contract or unexpired lease to the *Schedule of Assumed Contracts*. The Debtors will provide notice of any amendment to the *Schedule of Assumed Contracts* to the parties to the affected contracts or leases, Wells Fargo, and the Noteholders' Committee. The *Schedule of Assumed Contracts* shall include a designation of the Cure Amount, if any, proposed by the Debtors to be paid in connection with the assumption and assignment of each Executory Contract listed therein.

(b) On the Effective Date, each executory contract and unexpired leases that is identified in the *Schedule of Assumed Contracts* shall be deemed assumed by the Reorganized Debtor that is a party to that contract in accordance with the provisions and requirements of §§ 365 and 1123, and all defaults, if any, shall be deemed cured by the payment of the Cure Amount, if any, corresponding to such contract or lease.

(c) Except as provided elsewhere in this Plan, any Person objecting to the proposed assumption or assignment of any executory contract or unexpired lease, including on the basis of any objection to (i) the amount of the proposed Cure Amount, if any, to be paid in connection with such assumption and assignment, (ii) ability of the Reorganized Debtor to provide “adequate assurance of future performance” of such Executory Contract (within the meaning of § 365), or (iii) any other matter pertaining to the assumption or assignment of such Executory Contract, shall file and serve such objection on or before the deadline for the filing of objections to Confirmation of the Plan. To the extent any such objections are filed, the hearing on such objections shall be scheduled for the same date as the Confirmation Hearing. Failure to timely file an objection to the proposed assumption of an executory contract or unexpired lease, including any proposed Cure Amount associated therewith, shall constitute consent to the assumption of such contract or lease, including the Cure Amount, if any, payable in connection therewith, and an acknowledgment that such assumption and assignment satisfies all requirements of §§ 365(b), (c) and (f).

(d) If any Person files an objection to the proposed assumption or assignment of an Executory Contract, the Debtors reserve the right to delete such contract or lease from the *Schedule of Assumed Contracts* and declare such contract or lease to be rejected pursuant to Section 8.1 hereof.

8.4 *Cure of Defaults of Assumed Executory Contracts.*

All Cure Amounts to be paid in connection with the Executory Contracts to be assumed and assigned pursuant to the Plan shall be treated as Administrative Expenses and shall receive the treatment specified in Section 3.1 of the Plan.

8.5 *Effect of Assumption.*

Each executory contract or unexpired lease assumed pursuant to this Article VIII (or pursuant to Bankruptcy Court order) shall remain in full force and effect and be fully enforceable by the Reorganized Debtor that is a party thereto in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption. This Plan shall not affect any Executory Contract that was assumed, rejected or assumed and assigned pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date.

8.6 *Contracts Entered Into on or After the Petition Date.*

On the Effective Date, all contracts, leases, and other agreements entered into by any Debtor on or after the Petition Date, which agreements have not been terminated in accordance with their terms on or before the Confirmation Date shall revert in, and remain in full force and effect as against, the Reorganized Debtors and the other parties to such contracts, leases and other agreements unless otherwise rejected pursuant to the terms of the Plan.

ARTICLE IX DISTRIBUTIONS

9.1 Distribution Under the Plan.

(a) Source of Distributions. The sources of all Distributions and payments under the Plan are and will be Cash, including Cash in any Reserves, and Liquidating Trust Proceeds.

(b) Manner of Cash Payments. Cash Distributions made pursuant to the Plan shall be in United States funds, by check drawn on a domestic bank, or by wire transfer from a domestic bank.

(c) No *De Minimis* Distributions. Notwithstanding anything to the contrary in the Plan, no Distribution of less than \$25.00 will be made to any Holder of an Allowed Claim or Beneficial Interest on account thereof. No consideration will be provided in lieu of the *de minimis* Distributions that are not made under this Section.

(d) No Distributions With Respect to Disputed Claims and Interests. Notwithstanding any other Plan provision, Distributions will be made on account of a Disputed Claim only after, and only to the extent that, the Disputed Claim either becomes or is deemed to be an Allowed Claim for purposes of Distributions.

(e) Undeliverable or Unclaimed Distributions. Distributions to Persons or entities holding Allowed Claims will initially be made by mail as follows:

(i) Distributions will be sent to the address, if any, set forth on a filed Proof of Claim as amended by any written notice of address change that is received by Liquidating Trustee no later than ten (10) Business Days prior to the date of any Distribution; or

(ii) If no such address is available, Distributions will be sent to the address set forth on the Bankruptcy Schedules.

If no address is available either on a Proof of Claim or on the Bankruptcy Schedules, the Distribution will be deemed to be undeliverable. If a Distribution is returned to the Liquidating Trustee or is deemed to be an undeliverable Distribution, the Liquidating Trustee will make no further Distribution to the Person or entity holding the Claim on which the Distribution is being made unless and until the Liquidating Trustee is timely notified in writing of that Person's or entity's current address. Subject to the following paragraph, until any such Distribution becomes deliverable, the Liquidating Trustee may create a separate Reserve for undeliverable Distributions for the benefit of the Persons or entities entitled to such Distributions. These Persons and entities will not be entitled to any interest on account of any delay in the payment of any undeliverable Distributions.

Any Person or entity that is otherwise entitled to an undeliverable Distribution and that does not, within one (1) year after a Distribution is returned as undeliverable, provide the Liquidating Trustee with a written notice asserting its right to receive that undeliverable

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Distribution and setting forth a current, deliverable address, will be deemed to waive any claim to or interest in that undeliverable Distribution and will be forever barred from receiving that undeliverable Distribution or asserting any Claim against the Debtors, the Estates, The Reorganized Debtors or the Liquidating Trust. Any undeliverable Distribution that is not claimed under this Section will be added back to the Liquidating Trust Proceeds and disbursed in accordance with the Trust Agreement and the Plan. The Liquidating Trustee shall not be required to attempt to locate any Person or entity holding an Allowed Claim and whose Distribution is undeliverable.

(f) Record Date. The record date for purposes of Distributions under the Plan shall be the date the Bankruptcy Court enters its order approving the Disclosure Statement. The Liquidating Trustee will rely on the register of Proofs of Claim filed in the Cases except to the extent a notice of transfer of Claim or Interest has been filed with the Bankruptcy Court prior to the record date pursuant to Bankruptcy Rule 3001. On and after the Effective Date, no notice of transfer of any Claim or Interest based on or arising from any Claim or Interest shall be effective without the Liquidating Trustee's prior written consent. Beneficial Interests and Subordinated Trust Interests cannot be transferred, except to the limited extent set forth in the Trust Agreement.

(g) Fractional Cents. When any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent (rounding down in the case of less than \$0.005 and rounding up in the case of \$0.005 or more).

(h) Release of Reserved Funds. Any Cash remaining in any Reserve, after all applicable Distributions or other payments have been made from said Reserve, shall be released therefrom and shall be distributed by the Liquidating Trustee in accordance with the Plan.

9.2 *Reserved Amounts; Estimations.*

(a) Administrative Reserve. On the Effective Date, the Administrative Reserve shall be funded with sufficient monies to pay for all Allowed and Disputed Administrative Expenses, Priority Tax Claims and Priority Non-Tax Claims. Any Cash remaining in the Administrative Reserve after all applicable Distributions or other payments have been made from said Reserve shall be released therefrom and turned over to the Liquidating Trust for distribution in accordance with the Plan.

(b) Disputed Claims Reserve. Prior to making any Distribution to recipients of Beneficial Interests or Subordinated Trust Interests, the Liquidating Trustee shall reserve for the account of each holder of a Disputed General Unsecured Claim or Subordinated Claim in the Disputed Claim Reserve the property which would otherwise be distributable to such holder on such date in accordance with the Plan were such Disputed Claim an Allowed Claim on such date.

Property reserved under this Section 9.2(b) shall be set aside and, to the extent practicable, held by the Liquidating Trustee in an interest bearing account to be established and

maintained by the Liquidating Trustee pending resolution of such Disputed Claims; *provided, however*, that Cash shall be invested in a manner consistent with the requirements of § 345 or otherwise ordered by the Bankruptcy Court. All interest accruing on funds held in the Disputed Claim Reserve Account shall be added to funds available for Distribution pursuant to the terms of the Plan and the Trust Agreement.

To the extent a Disputed Claim becomes an Allowed Claim, the property reserved for the holder thereof shall be distributed by the Liquidating Trustee to such holder as soon as practicable after such Claim becomes an Allowed Claim. To the extent an objection to a Disputed Claim is upheld or a Claim is withdrawn or reduced, the reserves held on account of such Disputed or withdrawn Claim shall be distributed pursuant to the Plan and the Trust Agreement. When all Disputed Claims have been resolved and corresponding Distributions made thereon, any amounts remaining in the Disputed Claim Reserve shall be distributed to holders of Allowed Claims pursuant to the Plan.

(c) Estimations. The Liquidating Trustee may request estimation or liquidation of any Disputed Claim that is contingent or unliquidated pursuant to § 502(c). For purposes of carrying out the provisions of this Section 10.2(c) and the Distributions of Cash to holders of Allowed Claims, upon a request for estimation by the Liquidating Trustee, the Bankruptcy Court will determine what amount of Cash is sufficient to reserve on account of any Disputed Claim not otherwise treated in the Plan pursuant to § 502 or other applicable law, in which event the amount so determined will be reserved on account of such Disputed Claim for purposes of the Plan, or, in lieu thereof, the Bankruptcy Court will determine the maximum amount for such Disputed Claim, which amount will be the maximum amount in which such Claim may ultimately be Allowed, if such Claim is Allowed in whole or in part. If no such estimation is requested with respect to a liquidated Disputed Claim, the Liquidating Trustee will reserve Cash in the Disputed Claim Reserve based on the face amount of such Claim until the Claim is Allowed by an order of the Bankruptcy Court, at which time the reserve amount pending a Final Order may be the amount so Allowed.

9.3 *Setoff and Recoupment.*

Notwithstanding anything to the contrary in this Plan, the Debtors, The Reorganized Debtors and the Liquidating Trustee may set off, recoup, or withhold against the Distributions to be made on account of any Allowed Claim any claims that a Debtor or its Estate may have against the Person or entity holding such Allowed Claim. The Debtors, The Reorganized Debtors and the Liquidating Trustee will not waive or release any Claim against any such Persons or entity by failing to effect such a setoff or recoupment, by allowing any Claim against a Debtor or its Estate, or by making a Distribution on account of an Allowed Claim.

9.4 *Objections to Claims.*

(a) General. An objection to the allowance of a Claim (other than an Administrative Expense Claim) shall be in writing and may be Filed by the Liquidating Trustee, at any time on or before the Claims Objection Deadline. The “**Claims Objection Deadline**” is the later of (a) the 120th day following the Effective Date unless such period is extended by

order of the Bankruptcy Court, (b) thirty (30) days after the Filing of the proof of such Claim or Interest or (c) such other date set by order of the Bankruptcy Court. The Liquidating Trustee shall serve a copy of each such Objection upon the holder of the Claim to which it pertains and upon the Reorganized Debtors and the Liquidating Trustee will prosecute each Objection to a Claim until determined by a Final Order unless the Liquidating Trustee (i) compromises and settles an Objection to such Claim by written stipulation subject to Bankruptcy Court approval, if necessary, or (ii) withdraws an Objection to a Claim. Notwithstanding anything else contained in the Plan, any right to object to the REL Class 8 Claims shall be governed by the Plan Compromise if REL Class 8 accepts the Plan.

(b) No Distributions Pending Allowance. No payment or Distribution will be made with respect to any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled, withdrawn, determined by a Final Order, and the Disputed Claim has become an Allowed Claim. Any Proof of Claim filed with all of the dollar amounts listed as contingent, unknown or otherwise containing unliquidated amounts shall be deemed to be a Disputed Claim and shall be treated as such for Distribution purposes in accordance with the terms of this paragraph.

9.5 *Claims and Amendments Filed After the Confirmation Date.*

Except as otherwise provided in this Plan, after the Confirmation Date, a Claim may not be filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may be amended by the holder of such Claim solely to decrease, but not to increase, the face amount of such Claim. Except as otherwise provided in this Plan, any new or amended Claim Filed after the Confirmation Date shall be deemed Disallowed in full and expunged without any action by the Reorganized Debtors or the Liquidating Trustee.

ARTICLE X EFFECT OF CONFIRMATION

10.1 *Vesting of Assets.*

Upon the Effective Date, pursuant to §§ 1141(b) and (c), the Trust Assets shall be transferred to the Liquidating Trust, free and clear of all Claims, Liens, encumbrances, charges, and other interests, except as provided herein, in the Wells Fargo Exit Facility Loan Documents, the Trust Agreement or in the Confirmation Order. From and after the Effective Date, the Reorganized Debtors may operate their business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, subject to the terms and conditions of the Plan.

10.2 *Binding Effect.*

Subject to the occurrence of the Effective Date, on and after the Effective Date, the provisions of the Plan shall bind the Debtors, the Noteholders' Committee, Wells Fargo, and all current and former holders of a Claim against, or Interest in, the Debtors and such holders' respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired

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under the Plan, whether or not such holder accepted the Plan, and whether or not such holder is entitled to any distribution under the Plan.

10.3 *Discharge of Claims and Termination of Interests.*

Except as otherwise provided herein or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims and terminate all Interests of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by § 1141. Except as provided in the Plan, upon the occurrence of the Effective Date, all existing Claims against and Interests in the Debtors, shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Interests shall be precluded and enjoined from asserting against the Reorganized Debtors, the Liquidating Trustee, the Liquidating Trust, or their successors or assigns, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim or proof of Interest and whether or not the respective facts or legal bases were known or existed prior to the Effective Date.

10.4 *Release and Discharge of Debtors.*

Upon the occurrence of the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise expressly provided herein, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Interest and any affiliate of such holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by § 1141, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to § 524, from prosecuting or asserting any such discharged Claim against or terminated Interest in the Debtors.

10.5 *Exculpation and Releases.*

(a) No Protected Party shall have or incur any liability for, and each Protected Party is hereby released from, any and all Claims, liabilities, causes of action, rights, damages, costs and obligations held by any party against any Protected Party, whether known or unknown, matured or contingent, liquidated or unliquidated, existing, arising or accruing, whether or not yet due in any manner, relating to any act taken or omitted to be taken on or after the Petition Date in connection with, related to, or arising out of the Cases, the formulation, preparation, dissemination, implementation, confirmation, approval, or administration of the Plan or any compromises or settlements contained herein, the Disclosure Statement related thereto, the property to be distributed under the Plan, or any contract, instrument, release or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan, all of which shall be deemed fully waived, barred, released and discharged in all respects; *provided, however*, that nothing herein shall release or exculpate any Protected Party to the extent that such claims arise from the gross negligence, willful misconduct or fraud of such Protected Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction. This exculpation does not release any other

Claims, liabilities, causes of action, rights, damages, costs or obligations held by any of the Debtors against any party, with the exception of the release of the Wells Fargo Group pursuant to the Wells Fargo Release and the Plan effective as of the Effective Date, if not sooner, as provided by the orders of the Court, and no such release is being granted by any of the Debtors under this Plan, though the Debtors reserve the right to seek authority to release or settle claims prior to the Effective Date if the Debtors believe that doing so is in the best interests of Creditors and the Estates.

(b) Without limiting the generality of the foregoing, no Protected Party shall have or incur any liability to any Person or governmental entity for its role, if any, in soliciting acceptance or rejection of the Plan in good faith, and shall be entitled to and granted all the protections and benefits of § 1125(e).

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

(d) Notwithstanding anything set forth above or elsewhere in the Plan, nothing in the Plan shall operate to discharge, release, preclude, exculpate or enjoin any Entity from or against its obligations under the Plan, the Trust Agreement or the Wells Fargo Exit Facility Loan Documents.

(e) Notwithstanding anything set forth above or elsewhere in the Plan, nothing in the Plan shall operate to discharge, release, preclude, exculpate or enjoin the Liquidating Trust from pursuing any Causes of Action against Walter Ng, Barney Ng, Kelly Ng, Bruce Horwitz, Bar-K, or B-4 Partners, any other insider of the Debtors, or any professional employed by the Debtors prior to the Petition Date, based on any acts or omissions prior to the Petition Date, or objecting to any Claims asserted by such parties.

10.6 *Wells Fargo Release by the Estates.*

The Wells Fargo Release shall be effective from and after the Effective Date unless (1) Wells Fargo is not the Exit Lender, (2) the Plan is amended to delete this provision, and (3) the treatment of the Class 1 Claims is modified to provide for protection of Wells Fargo's indemnification claims arising from the prosecution of Causes of Action against Wells Fargo or any claims of third parties, including the Noteholders under the Putative Class Action or otherwise, against Wells Fargo. Effective as of the Effective Date, all Causes of Action against Wells Fargo contained in the DIP Financing Order or the DIP Facility are waived and barred. Nothing contained herein shall waive or release any right to enforce the terms of the Plan or any rights or obligations under the Wells Fargo Exit Facility.

10.7 *Exemption from Stamp, Transfer and Other Taxes.*

Pursuant to § 1146(c), the issuance, transfer, or exchange of assets under the Plan by the Debtors, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or instrument of transfer under, in furtherance of, or in connection with the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

10.8 *Plan Injunction.*

(a) The Plan is the sole means for resolving, paying or otherwise dealing with Claims against and Interests in the Debtors and their Estates. Except as provided in the Plan, as of the Effective Date, all non-Debtor entities are permanently enjoined from commencing or continuing in any manner, any Cause of Action, whether directly, derivatively, on account of or respecting any Cause of Action of the Debtors, the Liquidating Trust or The Reorganized Debtors, which the Liquidating Trust or the Reorganized Debtors, as the case may be, retain sole and exclusive authority to pursue in accordance with the terms of the Plan, or which have been released pursuant to the Plan.

(b) Further, except as expressly provided herein (including under the terms of the Wells Fargo Exit Facility), at all times on and after the Effective Date, all Persons or governmental entities who have held, hold or may hold Claims against or Interests in the Debtors arising prior to the Effective Date are permanently enjoined (other than actions brought to enforce any rights or obligations under the Plan and any adversary proceedings pending in the Cases as of the Effective Date or the enforcement of any police or regulatory powers by any governmental agency) from:

1. commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against the Liquidating Trust, the Liquidating Trustee or the Reorganized Debtors or any property of any such party with respect to any such Claim against or Interest in a Debtor;

2. the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree or order against the Liquidating Trust, the Liquidating Trustee or the Reorganized Debtors or any property of any such party with respect to any such Claim against or Interest in a Debtor;

3. creating, perfecting or enforcing, directly or indirectly, any lien or encumbrance of any kind against the Liquidating Trust, the Liquidating Trustee or the Reorganized Debtors or any property of any such party with respect to any such Claim against or Interest in a Debtor;

4. effecting, directly or indirectly, any setoff or recoupment of any kind against any obligation due to the Liquidating Trust, the Liquidating Trustee or the Reorganized Debtors or any property of any such party with respect to any such Claim against or Interest in a Debtor, unless approved by the Bankruptcy Court; and

5. any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan with respect to such Claim against or Interest in a Debtor.

(c) Nothing contained in this Section 10.8 of the Plan shall prohibit the holder of a Claim or Interest with respect to which a Proof of Claim was timely filed from litigating its right to seek to have such Claim or Interest declared an Allowed Claim or Interest and paid in accordance with the Distribution provisions of this Plan, or enjoin or prohibit the interpretation or enforcement by the Holder of such Claim or Interest of any of the obligations of the Debtors, the Reorganized Debtors, Wells Fargo (as the lender under the Wells Fargo Exit Facility), or the Liquidating Trustee under this Plan.

(d) The Debtors do not believe that either the Reorganized Debtors or the Liquidating Trustee will be required to be a reporting entity under any federal statute and do not contemplate registering under any securities law. Nothing in the Plan is intended to exempt the Reorganized Debtors or the Liquidating Trust from complying with any securities laws that might otherwise apply to any of them.

10.9 *Conclusion of the Cases and Dissolution of Noteholders' Committee.*

Except with respect to any appeal of an order in the Cases, and any matters related to any proposed modification of the Plan, on the Effective Date, the Noteholders' Committee shall be dissolved and the members, employees, agents, advisors, affiliates and representatives (including, without limitation, attorneys, financial advisors, and other Professionals) of each thereof shall thereupon be released from and discharged of and from all further authority, duties, responsibilities and obligations related to, arising from and in connection with or related to the Cases and shall be indemnified (including for reasonable attorneys' fees and costs) by the Liquidating Trust and (the Reorganized Debtors, if applicable) for any and all acts performed, or omissions, in connection with or related to the Cases, except for acts or omissions as shall constitute fraud, willful misconduct or gross negligence of their duties.

ARTICLE XI CONDITIONS PRECEDENT

11.1 *Conditions to Occurrence of the Effective Date.*

This Plan shall not become effective, and the Effective Date shall not occur, unless and until each of the following conditions shall have been satisfied in full:

(a) The Confirmation Order shall be in form and substance acceptable to the Debtors, the Noteholders' Committee, and Wells Fargo.

(b) The Confirmation Order shall have been entered by the Bankruptcy Court and shall not be subject to any stay of effectiveness; the Confirmation Date shall have occurred and no request for revocation of the Confirmation Order under § 1144 shall have been made, or, if made, shall remain pending;

(c) All documents, instruments and agreements, in form and substance reasonably satisfactory to the Debtors, provided for under or necessary to implement the Plan and the Wells Fargo Exit Facility shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the party or parties benefited thereby.

(d) The Debtors have determined in their reasonable discretion that sufficient Cash and/or Reserves exist to satisfy all Administrative Expenses, Professional Fee Claims, and Priority Tax Claims, which are Allowed Claims.

(e) The Debtors shall have approved each of the Plan Documents, including the Wells Fargo Exit Facility Loan Documents and the Trust Agreement.

(f) Each of the Plan Documents, including the Trust Agreement and the Wells Fargo Exit Facility Loan Documents, shall have been executed in accordance with its terms, and the Liquidating Trust shall have been funded in accordance with the terms of the Plan and the Trust Agreement.

(g) Funding of the Wells Fargo Exit Facility shall have occurred or shall occur contemporaneously with the occurrence of the Effective Date.

(h) The total of all Allowed Priority Tax Claims and all Allowed Claims in Classes 2 and 4 is not more than \$500,000.

11.2 *Waiver of Conditions to Occurrence of the Effective Date.*

The Debtors, in consultation with the Noteholders' Committee and Wells Fargo, may in their reasonable discretion, waive any of the conditions set forth above; *provided, however*, that Wells Fargo shall not be required to fund the Wells Fargo Exit Facility unless it agrees to that waiver. Additionally, the Debtors' rights under the "mootness doctrine" shall be unaffected by any provision hereof. The failure to satisfy any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any act, action, failure to act, or inaction by the Debtors). If the Debtors fail to assert the non-satisfaction of any such conditions, such failure shall not be deemed a waiver of any other rights hereunder.

ARTICLE XII ADMINISTRATIVE PROVISIONS

12.1 *Entry of a Final Decree.*

Promptly following substantial consummation of the Plan, the Reorganized Debtors or the Liquidating Trustee will file a motion with the Bankruptcy Court to obtain entry of a final decree closing the Cases.

12.2 *Post-Effective Date Quarterly Fees.*

After the Effective Date and until the Cases are closed, the Liquidating Trust shall timely pay all U.S. Trustee Fees.

12.3 *Post-Effective Date Status Reports.*

The Liquidating Trustee shall file status reports regarding the status of implementation of the Plan and the review, prosecution and resolution of Causes of Action, respectively, every 120 days following the entry of the Confirmation Order through entry of a final decree closing the Cases, or as otherwise ordered by the Bankruptcy Court.

12.4 *Withholding and Reporting Requirements.*

In connection with the consummation of the Plan, the Liquidating Trustee shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. The Liquidating Trustee may reasonably request tax reporting information from Persons or entities entitled to receive Distributions under the Plan and may withhold the payment of such Distributions pending the receipt of such tax reporting information.

12.5 *Evidence of Claims.*

As of the Effective Date, notes and any other evidence of Claims will represent only the right to receive the Distributions contemplated under the Plan.

12.6 *Injunctions or Stays.*

Unless otherwise provided, all injunctions or stays arising under or entered during the Cases under § 105 or § 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. From and after the Effective Date, the injunctions and stays arising from the Plan shall govern.

12.7 *No Admissions.*

(a) Except as specifically provided in the Plan, nothing contained in the Plan shall be deemed or construed in any way as an admission by the Debtors or their Estates with respect to any matter set forth in the Plan, including the amount or allowability of any Claim, or the value of any property of the Estates.

(b) Notwithstanding anything to the contrary in the Plan, if the Plan is not confirmed or the Effective Date does not occur, the Plan will be null and void, and nothing contained in the Plan will: (a) be deemed to be an admission by the Debtors with respect to any matter discussed in the Plan, including liability on any Claim or the propriety of any Claim's classification; (b) constitute a waiver, acknowledgement, or release of any Claims, Interests, or any claims held by the Debtors; or (c) prejudice in any manner the rights of the Debtors or the Estates in any further proceedings.

12.8 *Revocation of the Plan.*

Subject to the terms of the Wells Fargo Exit Facility or the DIP Facility, as applicable, the Debtors (in consultation with Wells Fargo and the Noteholders' Committee)

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

12.9 *Substantial Consummation.*

On the Effective Date, for purposes of § 1127(b) and other applicable sections of the Bankruptcy Code, the Plan shall be deemed to be substantially consummated as such term is defined in § 1101.

12.10 *Severability of Plan Provisions.*

If, before the Confirmation Date, the Bankruptcy Court holds that any Plan term or provision is invalid, void, or unenforceable, the Bankruptcy Court may alter or interpret that term or provision so that it is valid and enforceable to the maximum extent possible consistent with the original purpose of that term or provision. That term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the Plan's remaining terms and provisions will remain in full force and effect and will in no way be affected, impaired, or invalidated. The Confirmation Order will constitute a judicial determination providing that each Plan term and provision, as it may have been altered or interpreted in accordance with this Section, is valid and enforceable under its terms.

12.11 *Governing Law.*

Except as to the Wells Fargo Exit Facility, the rights and obligations arising under the Plan and any agreements, contracts, documents, or instruments executed in connection with the Plan will be governed by, and construed and enforced in accordance with, California law without giving effect to California law's conflict of law principles, unless a rule of law or procedure is supplied by (i) federal law (including the Bankruptcy Code and the Bankruptcy Rules), or (ii) an express choice-of-law provision in any document provided for, or executed under or in connection with, the Plan.

12.12 *Plan Supplement.*

The Plan Supplement and the documents contained therein shall be filed with the Bankruptcy Court no later than ten (10) days before the deadline for voting to accept or reject the Plan, provided that the documents included therein may thereafter be amended and supplemented prior to execution, so long as no such amendment or supplement materially affects the rights of holders of Claims or Interests, and provided further that amendment of the *Schedule of Assumed Contracts* shall be governed by Section 8.3 of the Plan. The Plan Supplement and the documents contained therein are incorporated into and made a part of the Plan as if set forth in full herein.

12.13 *Conflict.*

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

12.14 *Notices.*

Any notices required under this Plan or any notices or requests by parties in interest under or in connection with this Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

(a) To the Debtors:

James A. Weissenborn
Managing Partner
Mackinac Partners, as manager
180 High Oak Road, Suite 100
Bloomfield, MI 48304
Telephone: 248-258-6900

With a copy to:

Jeffrey C. Krause, Esq.
Stutman, Treister & Glatt, Professional Corporation
1901 Avenue of the Stars
12th Floor
Los Angeles, CA 90067-6013
Telephone: 310-228-5740
Facsimile: 310-228-5788

(b) To the Prepetition Lender and the DIP Lender:

Wells Fargo Capital Finance, LLC
14241 Dallas Parkway, Suite 1300
Dallas, TX 75254
Attn: Loan Portfolio Manager-LE, Loans, LLC
Facsimile: 866-209-7031
Email Address: Tami.Barrows@wellsfargo.com

With a copy to :

David Weitman, Esq.
Gary Null, Esq.
K&L Gates, LLP
1717 Main Street
Suite 2800
Dallas, TX 75201
Telephone: 214-939-5427
Facsimile: 214-939-5849

(c) To the Noteholders' Committee:

Akin Gump Strauss Hauer & Feld LLP
Attn: Charles R. Gibbs, Esq.
Attn: Michael P. Cooley, Esq.
1700 Pacific Avenue, Suite 4100
Dallas, TX 75201
Telephone: 214-969-2800
Facsimile: 214-969-4343

12.15 *Retention of Jurisdiction.*

The Bankruptcy Court will retain and have exclusive jurisdiction over any matter arising under the Bankruptcy Code, arising in or related to the Cases or the Plan, or that relates to the following:

(a) resolution of any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtors are a party or with respect to which the Debtors may be liable, and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;

(b) entry of such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan;

(c) determination of any and all motions, adversary proceedings, applications, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Reorganized Debtors or the Liquidating Trustee after the Effective Date;

(d) ensuring that Distributions to Holders of Allowed Claims are accomplished as provided in the Plan;

(e) hearing and determining any objections to Administrative Expenses or Proofs of Claim, both before and after the Confirmation Date, including any

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objections to the classification of any Claim and to allow, disallow, determine, liquidate, classify, estimate, or establish the priority of secured or unsecured status of any Claim, in whole or in part;

(f) entry and implementation of such orders as may be appropriate in the event that the Confirmation Order is, for any reason, stayed, revoked, modified, reversed, or vacated;

(g) issuance of such orders in aid of execution of the Plan, to the extent authorized by § 1142;

(h) consideration of any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(i) hearing and determining all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;

(j) hearing and determining disputes arising in connection with, or relating to, the Plan or the interpretation, implementation, or enforcement of the Plan, or the extent of any Person's obligations incurred in connection with or released or exculpated under the Plan;

(k) the recovery of all assets of the Reorganized Debtors and property of the Debtors' Estates, including the Liquidating Trust Assets, wherever located;

(l) the administration and orderly liquidation of Note Receivable Claims, including foreclosure proceedings or other Causes of Action relating to the Note Receivable Claims or the collateral securing them;

(m) issuance of injunctions or other orders as may be necessary or appropriate to restrain interference by any Person or governmental entity with consummation or enforcement of the Plan;

(n) determination of any other matters that may arise in connection with, or are related to, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan or the Disclosure Statement, including the Trust Agreements;

(o) hearing and determining matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146;

(p) hearing any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code;

(q) entry of a final decree closing the Cases;

(r) hearing and determining, to the fullest extent authorized by applicable law, any issue or dispute directly or indirectly arising from or related to the Liquidating Trust, the Trust Assets, the Trust Agreement, or the Liquidating Trustee;

(s) hearing and determining any other matter deemed relevant to the consummation of the Plan and the administration of the Cases; and

(t) interpreting and enforcing orders entered by the Bankruptcy Court; provided that if the Bankruptcy Court abstains from exercising jurisdiction, or is without jurisdiction, over any matter, this Section will not affect, control, prohibit, or limit the exercise of jurisdiction by any other court that has jurisdiction over that matter.

12.16 *Successors and Assigns.*

The rights, benefits, and obligations of any Person referred to in the Plan will be binding on, and will inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of that Person.

12.17 *Nonconsensual Confirmation.*

In the event that the Classes entitled to vote to accept or reject the Plan fail to accept the Plan in accordance with § 1129(a)(8), the Debtors reserve the right to modify the Plan in accordance with Section 12.20, below, or to seek Confirmation of the Plan pursuant to § 1129(b).

12.18 *Saturday, Sunday, or Legal Holiday.*

If any payment or act under the Plan should be made or performed on a day that is not a Business Day, then the payment or act may be completed on the next succeeding day that is a Business Day, in which event the payment or act will be deemed to have been completed on the required day.

12.19 *No Waiver.*

Neither the failure to list a Claim in the Schedules filed by the Debtors, the failure of any Person to object to any Claim for purposes of voting, the failure of any Person to object to a Claim or Administrative Expense prior to Confirmation or the Effective Date, the failure of any Person to assert a Cause of Action or any Note Receivable Claim prior to Confirmation or the Effective Date, the absence of a Proof of Claim having been Filed with respect to a Claim, nor any action or inaction of any Person with respect to a Claim, Administrative Expense, or Cause of Action other than a legally effective express waiver or release shall be deemed a waiver or release of the right of the Debtors or their successors or representatives, before or after solicitation of votes on the Plan or before or after Confirmation or the Effective Date to (a) object to or examine such Claim or Administrative Expense, in whole or in part or (b) retain and either assign or exclusively assert, pursue, prosecute, utilize, otherwise act or otherwise enforce any Cause of Action.

12.20 Plan Modification.

Subject to the restrictions set forth in § 1127, the Debtors (in consultation with Wells Fargo and the Noteholders' Committee) reserve the right to alter, amend, or modify the Plan at any time prior to Confirmation or after Confirmation and before the Plan is substantially consummated (subject to the terms of the Wells Fargo Exit Facility or the DIP Facility, as applicable). Prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims or Interests (subject to the terms of the Wells Fargo Exit Facility or the DIP Facility, as applicable).

12.21 Post-Effective Date Notice.

From and after the Effective Date, any Person or governmental entity who desires notice of any pleading or document filed in the Cases, or of any hearing in the Bankruptcy Court, or of any matter as to which the Bankruptcy Code requires notice to be provided, shall file a request for post-confirmation notice and shall serve the request on counsel for the Debtors, counsel for the Noteholders' Committee and the Liquidating Trustee. The U.S. Trustee, Wells Fargo, the Reorganized Debtors, and the Liquidating Trustee shall be deemed to have requested post-confirmation notice.

**ARTICLE XIII
RECOMMENDATIONS AND CONCLUSION**

The Debtors believe that confirmation and implementation of the Plan are preferable to any other alternative because, in their view, the Plan will provide Holders of Allowed Claims and Allowed Interests with the maximum recovery. Accordingly, the Debtors urge Creditors to vote to accept the Plan.

Dated: June 1, 2012

R.E. LOANS, LLC,
Chapter 11 Debtor and Debtor in Possession

By: /s/ James A. Weissenborn
James A. Weissenborn, managing partner of
Mackinac Partners, sole manager of R.E.
Loans, LLC

Dated: June 1, 2012

CAPITAL SALVAGE, a California corporation,
Chapter 11 Debtor and Debtor in Possession

By: /s/ James A. Weissenborn
Name: James A. Weissenborn
Title: President

Dated: June 1, 2012

R.E. FUTURE, LLC,
Chapter 11 Debtor and Debtor in Possession

By: /s/ James A. Weissenborn

James A. Weissenborn, managing partner of
Mackinac Partners, sole manager of R.E.
Loans, LLC

DATED: June 1, 2012

Respectfully submitted by:

/s/ Holland N. O'Neil

Stephen A. McCartin (TX 13374700)

Holland Neff O'Neil (TX 14864700)

Virgil Ochoa (TX 24070358)

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/s/ Gregory K. Jones

Gregory K. Jones (CA 153729)

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**COUNSEL FOR DEBTORS AND
DEBTORS IN POSSESSION**