IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
SECURITY NATIONAL PROPERTIES FUNDING III, LLC, *et al.*,	Case No. 11-13277 (KG)
	Joint Administration
Debtors.	

AMENDED DISCLOSURE STATEMENT FOR AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF SECURITY NATIONAL PROPERTIES FUNDING III, LLC AND ITS DEBTOR AFFILIATES

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Dated: October 1, 2012
Wilmington, Delaware

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

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NOTICE

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF SECURITY NATIONAL PROPERTIES FUNDING III, LLC AND ITS DEBTOR AFFILIATES TO HOLDERS OF CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. YOU SHOULD NOT RELY UPON OR USE THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY CONTAIN "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. THE DISTRIBUTION PROJECTIONS AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF DISCLOSURE CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

IT IS THE DEBTORS' POSITION THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, HOLDERS OF CLAIMS AND EQUITY INTERESTS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE DEBTORS AND/OR THE REORGANIZED DEBTORS MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS. THE PLAN RESERVES FOR THE DEBTORS AND THE REORGANIZED DEBTORS THE RIGHT TO BRING CAUSES OF ACTION (DEFINED IN THE PLAN) AGAINST ANY ENTITY OR PARTY IN INTEREST EXCEPT THOSE SPECIFICALLY RELEASED.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT OR THE DEBTORS' PRIOR STATEMENTS AND PLEADINGS EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED.

THE DEBTORS HAVE REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, NO ENTITY HAS AUDITED THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THEY HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE FILING OF THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS OR EQUITY INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR INTEREST IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL HEREIN.

ARTICLE I.

SUMMARY[1]

Pursuant to section 1125 of the Bankruptcy Code, the Debtors submit this Disclosure Statement to Holders of Claims and Equity Interests in connection with (a) the solicitation of votes to accept or reject the Plan dated as of October 1, 2012, a copy of which is annexed hereto as **Exhibit A**, and (b) the Confirmation Hearing, which is presently scheduled to begin on December 3, 2012 at 10:00 a.m. (Prevailing Eastern Time).

On April 24, 2012, the Debtors filed the Plan. The Debtors amended the Plan on October 1, 2012, a copy of which is attached hereto as **Exhibit A**. The Plan provides for the reorganization of the Debtors through, among other things, the investment of the New Investment by the Plan Sponsors. As the Plan is a full value plan, the Debtors believe that the Plan provides the best recoveries possible for Holders of Allowed Claims and strongly recommend that, if such Holders are entitled to vote, they vote to accept the plan.

[1] Capitalized terms not otherwise defined herein are defined in the glossary contained in Article XVI of this Disclosure Statement.

THE DEBTORS RECOMMEND THAT ALL CREDITORS VOTE IN FAVOR OF THIS PLAN.

A. The Chapter 11 Cases

On October 13, 2011, the Debtors filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of acceptances of the Plan.

B. The Disclosure Statement

The purpose of this Disclosure Statement is to set forth information that (i) outlines the history of the Debtors and their business and (ii) summarizes the Plan. No solicitation for votes on the Plan may be made except pursuant to this Disclosure Statement.

C. Bankruptcy Court Approval of this Disclosure Statement.

After notice and a hearing, the Bankruptcy Court approved this Disclosure Statement on [_____, __] 2012 [Docket No. ___], and found that it contained adequate information of a kind and in sufficient detail to enable each Creditor of the Debtors to make an informed judgment as to whether to vote to accept or reject the Plan.

D. Holders of Claims Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only Holders of allowed claims or equity interests in classes of claims or equity interests that are impaired and that are not deemed to have rejected the plan are entitled to vote to accept or reject a plan. Classes of claims or equity interests in which the Holders of claims or equity interests are not impaired under a chapter 11 plan are deemed to have accepted the plan and are not entitled to vote to accept or reject the plan. For a detailed description of the treatment of Claims and Equity Interests under the Plan, see Article V of this Disclosure Statement.

Claims in Class 2 (Senior Lender Secured Claim), Class 6 (General Unsecured Claims), and Class 8 (Affiliate Claims) of the Plan are impaired, and to the extent Claims in such Classes are Allowed, the Holders of such Claims will receive distributions under the Plan.[2] As a result, Holders of Claims in those 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.

Claims in Class 1 (Secured Governmental Unit Claims), Class 4 (Other Secured Claims), Class 5 (Unsecured Priority Claims), and Class 9 (Equity Interests) are not impaired by the Plan.[3] Pursuant to section 1126(f) of the Bankruptcy Code, Holders of Claims in those Classes are therefore conclusively presumed to have accepted the Plan and the votes of Holders of such Claims will therefore not be solicited.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. For a more detailed description of the requirements for confirmation of the Plan, see Article XIII of this Disclosure Statement.

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[2] As described in greater detail below, the Senior Lender Unsecured Claims (Class 3) will be reclassified as General Unsecured Claims (Class 6) and, therefore, entitled to vote to accept or reject the Plan in the event of an Adverse SLUC Ruling.

[3] As described in greater detail below, the Intercompany Claims (Class 7) shall not be entitled to vote, and shall not receive or retain any property or interest in property under the Plan on account of such Intercompany Claims unless the Debtors make the Non-Consolidation Election or substantive consolidation is not ordered.

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors reserve the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization notwithstanding the rejection of a plan by one or more impaired classes of claims or equity interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each rejecting class. For a more detailed description of the requirements for confirmation of a nonconsensual plan, see Article XIII.B of this Disclosure Statement

THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS IN CLASSES 2, 6, AND 8 VOTE TO ACCEPT THE PLAN.

ARTICLE II.

OVERVIEW OF PLAN TREATMENT

The following table briefly summarizes the classification and treatment of Administrative Claims, Claims and Equity Interests under the Plan:

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[4]	Approximate Percentage Recovery
--	Administrative Claims: Non-Professional Fee Claims	Paid in full, in Cash, without interest on the later of (i) the Initial Distribution Date or (ii) 30 days following the date on which an Administrative Claim becomes an Allowed Administrative Claim; provided, however, that Allowed Ordinary Course Administrative Claims shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating to such Ordinary Course Administrative Claims.	$2,720,796	100%
--	Administrative Claims: Professional Compensation and Reimbursement Claims	Paid in full, in Cash, without interest in accordance with the *Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331, Fed. R. Bankr. P. 2016 and Del. Bankr. L.R. 2016-2 Establishing Procedures for Interim Compensation of Fees and Reimbursement of Expenses for Professionals and Official Committee Members* [Docket. No. 117] or any order of the Bankruptcy Court entered with respect to final fee applications filed by any Professional.	$400,000 - $600,000	100%

[4] The amounts set forth herein are the Debtors' estimates based on the Debtors' books and records. Actual amounts will depend upon the amounts of Claims timely filed before the Bar Date, final reconciliation and resolution of all Claims, and the negotiation of cure amounts. Accordingly, the actual amounts may vary significantly from the amounts set forth herein.

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[4]	Approximate Percentage Recovery
--	Priority Tax Claims	As shall have been determined by the Debtors or Reorganized Debtors in their sole discretion, each Holder shall be entitled to receive (i) on the Initial Distribution Date, Cash equal to the unpaid portion of such Allowed Priority Tax Claim, (ii) deferred Cash payments over time pursuant to section 1129(a)(9)(C) of the Bankruptcy Code in an aggregate principal amount equal to the Face Amount of such Allowed Priority Tax Claim, plus interest on the unpaid portion thereof at the rate of interest determined under applicable nonbankruptcy law as of the calendar month in which the Plan is confirmed, or (iii) such other less favorable treatment as to which the Debtors or Reorganized Debtors and such Holder shall have agreed upon in writing.	$143,235	100%
1	Secured Governmental Unit Claims	Not impaired. On, or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Distribution Date immediately following the date on which a Secured Governmental Unit Claim becomes an Allowed Secured Governmental Unit Claim, the Holder of such Allowed Secured Governmental Unit Claim shall receive at the election of the Reorganized Debtors, in full satisfaction, settlement, release and discharge of and in exchange for, such Allowed Secured Governmental Unit Claim, (i) Cash equal to the value of its Allowed Governmental Unit Claim, (ii) the return of the Holder's Collateral securing the Secured Governmental Unit Claim, (iii) payment in full as provided under sections 1129(a)(9)(C) and (D) of the Bankruptcy Code on the schedule provided for payment of General Unsecured Claims, or (iv) such other less favorable treatment to which the Debtors or Reorganized Debtors and such Holder shall have agreed upon in writing. To the extent such payments are paid over time, such payments shall be calculated to result in payment in full of the Allowed Secured Governmental Unit Claim with all accrued interest.	$27,091	100%
2	Senior Lender Secured Claim	Impaired. (i) If the Agent and Senior Lenders opt into the Senior Lender Settlement, except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Senior Lender Secured Claim in Class 2, if any, shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Senior Lender Secured Claim, receive the following on the Effective Date (or as soon as practicable thereafter): (A) The New Senior Debt, on the more favorable	Undetermined	100%

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[4]	Approximate Percentage Recovery
		terms and conditions for the Agent and Senior Lenders as described in the definition of New Senior Debt and in Article I.A.75 of the Plan; (B) The conveyance by Sequoia Investments V, LLC and Security National Properties Funding, LLC, respectively, to the Agent and Senior Lenders or their designee, by deed-in-lieu, of Orchards Mall and Soup Lots; provided, however, that upon the consummation of such conveyance of Orchards Mall and Soup Lots, the appraised value of Orchards Mall (i.e., $4,540,000) and Soup Lots (i.e., $1,750,000) will be credited to reduce the New Loan Amount on a dollar for dollar basis; (C) Authorization for the Agent and Senior Lenders to retain and indefeasibly apply the Adequate Protection Payments made by any Debtor from the Petition Date through the Confirmation Date; and (D) The Senior Lender Releases under the Plan. (ii) If the Agent or any of the Senior Lenders do not opt into the Senior Lender Settlement, except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Senior Lender Secured Claim in Class 2, if any, shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Senior Lender Secured Claim, receive the following on the Effective Date (or as soon as practicable thereafter): (A) The New Senior Debt without the more favorable terms and conditions for the Agent and Senior Lenders as described in the definition of New Senior Debt and in Article I.A.75 of the Plan; (B) The conveyance by Sequoia Investments V, LLC and Security National Properties Funding, LLC, respectively, to the Agent and Senior Lenders or their designee, by deed-in-lieu, of Orchards Mall and Soup Lots; provided, however, that upon the consummation of such conveyance of Orchards Mall and Soup Lots, the appraised value of Orchards Mall (i.e., $4,540,000) and Soup Lots (i.e., $1,750,000) will be credited to reduce the New Loan Amount on a dollar for dollar basis; and (C) Solely to the extent determined by a Final Order to be necessary for the Plan to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code or the Debtors agree in writing in their sole discretion after consultation with the Plan Sponsors, the Agent and Senior Lenders shall be entitled to retain and apply some or all of the Adequate Protection Overpayments as set forth in Article IV.I of the Plan; provided, however, to the extent that allowing the Agent and Senior Lenders to retain the Adequate Protection		

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[4]	Approximate Percentage Recovery
		Overpayments is adjudicated not to be necessary for the Plan to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code, in the sole and absolute discretion of the Debtors, after consultation with the Plan Sponsors, the portion of the Adequate Protection Overpayments not needed to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code shall be either (x) turned over to the Debtors or the Reorganized Debtors, as applicable, or (y) credited to reduce the New Loan Amount on a dollar for dollar basis.		
3	Senior Lender Unsecured Claims	Not impaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Senior Lender Unsecured Claim in Class 3 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Senior Lender Unsecured Claim, be treated as follows: (i) If the Agent and the Senior Lenders opt into the Senior Lender Settlement, the Agent, for the benefit of itself and the Holders of Allowed Senior Lender Unsecured Claims, shall receive $1 on the Effective Date; or (ii) If the Agent or any of the Senior Lenders do not opt into the Senior Lender Settlement, the following shall apply: (A) if there **has not been** an Adverse SLUC Ruling, Holders of an Allowed Senior Lender Unsecured Claim shall receive payment in Cash in full on the Effective Date (or as soon as practicable thereafter) equal to the Holder's *pro rata* share of the Deficiency Amount, which payment shall be funded from (a) first, any unused portion of the Adequate Protection Overpayments (as determined pursuant to Article IV.I of the Plan and (b) second, Cash; **or** (B) if there **has been** an Adverse SLUC Ruling, the Senior Lender Unsecured Claims shall be reclassified as General Unsecured Claims in an amount equal to the Deficiency Amount and treated in the same manner as General Unsecured Claims.	Undetermined	100%

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[4]	Approximate Percentage Recovery
4	Other Secured Claims	Not impaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Other Secured Claim in Class 4 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Other Secured Claim, at the sole option of the Debtors or the Reorganized Debtors, as applicable: (i) have its Allowed Class 4 Claim reinstated and rendered not impaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of such Allowed Class 4 Claim to demand or receive payment of such Allowed Class 4 Claim prior to the stated maturity of such Allowed Class 4 Claim from and after the occurrence of a default; or (ii) receive Cash in an amount equal to such Allowed Class 4 Claim, including any interest on such Allowed Class 4 Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Initial Distribution Date, or as soon as practicable thereafter, and the first subsequent Distribution Date, or as soon as practicable thereafter, after such Allowed Class 4 Claim becomes an Allowed Class 4 Claim.	$104,779	100%
5	Unsecured Priority Claims	Not impaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Unsecured Priority Claim in Class 5 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Unsecured Priority Claim, be paid in respect of such Claim the full amount thereof in Cash on the later of the Initial Distribution Date, or as soon as practicable thereafter, or, if not an Allowed Unsecured Priority Claim on the Effective Date, the first subsequent Distribution Date, or as soon as practicable thereafter, after such Claim becomes an Allowed Unsecured Priority Claim.	$83,268	100%

Class	Type of Claim or Equity Interest	Treatment	Approximate Allowed Amount[4]	Approximate Percentage Recovery
6	General Unsecured Claims	Impaired. Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed General Unsecured Claim in Class 6 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed General Unsecured Claim, receive the following treatment: (i) if there **has not been** an Adverse SLUC Ruling, Holders of Allowed General Unsecured Claims other than Intercompany Claims and Affiliate Claims shall be paid, subject to the GUC Claims Cap, the full amount of their Allowed General Unsecured Claims in six equal Distributions commencing on the later of the Initial Distribution Date or the first subsequent Quarterly Distribution Date (or as soon thereafter as practicable) after such Claim becomes an Allowed General Unsecured Claim and continuing on the next five Quarterly Distribution Dates; **or** (ii) if there **has been** an Adverse SLUC Ruling, Holders of Allowed General Unsecured Claims other than Intercompany Claims and Affiliate Claims shall be paid, subject to the Alternative GUC Claims Cap, six equal Distributions commencing on the later of the Initial Distribution Date or the first subsequent Quarterly Distribution Date (or as soon thereafter as practicable) after such Claim becomes an Allowed General Unsecured Claim and continuing on the next five Quarterly Distribution Dates.	$1,653,051	100%
7	Intercompany Claims	Not impaired/Impaired. If substantive consolidation is ordered, on the Effective Date, Holders of Intercompany Claims shall not be entitled to, and shall not receive or retain any property or interest in property under the Plan on account of such Intercompany Claims.	N/A	0%
8	Affiliate Claims	Impaired. Subject to the Effective Date of the Plan, Affiliate Claims shall be subordinated to payment of all other Allowed Claims, as provided under the Plan; provided, however, the Debtors and the Holders of Affiliate Claims each shall retain their respective offset rights (including rights of setoff and recoupment) relating to such Affiliate Claims, which offset rights shall be unaffected by such subordination under the Plan.	$3,946,076[5]	100%
9	Equity Interests	Not impaired. Holders of Equity Interests shall retain their Equity Interests under the Plan.	N/A	100%

[5] Amount reflects Debtors' offset rights.

ARTICLE III.

THE DEBTORS

A. Corporate Structure and Ownership

SNPF III is an Alaskan limited liability company. Non-debtor Security National Properties Holding Company LLC owns 53.1% of the membership interests in SNPF III. The remaining membership interests in SNPF III are owned by the following entities in the stated amounts: Aspen Park, Inc. (.62%); Rangeview Tra-Tel, Inc. (1.42%); SN Commercial, LLC (1.22%); Security National Properties – Alaska, LLC (5.72%); Security National Properties – Atlantic, LLC (.35%); Security National Properties – Bath, LLC (9.74%); Security National Properties – California, LLC (.89%); Security National Properties – Cypress, LLC (2.04%); Security National Properties – Dothan, LLC (.36%); Security National Properties – Louisiana LP (6.74%); Security National Properties – Ventura, LLC (1.82%); Sequoia Investments II, LLC (1.87%); Sequoia Investments IV, LLC (.67%); Sequoia Investments VII, LLC (5.71%); Sequoia Investments VIII, LLC (1.98%); Sequoia Investments XIII, LLC (2.45%); Security National Properties- Norwalk, LLC (2.43%); and Security National Properties Funding II, LLC (.87%).

Non-debtor Security National Properties Holding Company LLC owns 99.9% of the membership interests in Security National Properties Alaska, LLC.[6]

The other Debtors are owned in whole or in part by SNPF III. SNPF III's ownership of the other Debtors is as follows:

- Security National Properties Funding, LLC (100%);
- ITAC 190, LLC (100%);
- Sequoia Investments III, LLC (93%);
- Sequoia Investments V, LLC (83%);
- Sequoia Investments XIV, LLC (95.5%);
- Sequoia Investments XV, LLC (100%); and
- Sequoia Investments XVIII, LLC (97.5%)

Security National Properties Funding, LLC owns 100% of the membership interests in Security National Properties Funding II, LLC.

B. Overview of Assets and Liabilities

The Debtors' Assets

The Debtors, which are headquartered in Eureka, California, are owners and operators of 33 commercial real estate properties, including 20 office properties and 9 retail assets, as well as mobile home, industrial, and mixed-use assets, in Alabama, Alaska, Illinois, Kansas, Maine, Michigan, Minnesota, Mississippi, Montana, Nebraska, New York, North Carolina, South Carolina, Texas, and Wyoming. In all, the Debtors own over more 4 million square feet of commercial property. Most of the Debtors acquired their respective properties from 1993 through 2006.

On a collective basis, the Debtors have focused their business strategy on the acquisition of underperforming commercial assets and subsequent stabilization of these properties through aggressive leasing and cost-cutting measures. As needed, the Debtors also have made various capital improvements that further support the

[6] The complete ownership structure of each Debtor is described in the *List of Equity Security Holders* filed with each Debtor's chapter 11 petition.

long-term value of their respective properties. The Debtors generally hold their properties long-term; however, strategic sales also are pursued.

The Debtors' Liabilities

On or about October 18, 2006, certain of the Debtors entered into that certain Credit Agreement dated as of such date (the "Pre-petition Loan Agreement") by and among SNPF III, as borrower, SNP Holding, as parent guarantor, and other guarantors identified therein (also known as "Qualified Property Owners" or "QPOs"), Bank of America, in its capacity as Administrative Agent (the "Agent") for itself and parties who are lenders under the Pre-petition Loan Agreement (collectively, including Bank of America, the "Senior Lenders") and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager. Upon information and belief, the Senior Lenders consist of the following: TD Bank, N.A., Bank of Scotland, PNC Bank, N.A., successor to National City Bank, Regions Bank, The Bank of Asia, Ltd., Compass Bank, and Comerica Bank. The Pre-petition Loan Agreement has been amended since its execution a number of times, most recently when the Seventh Amendment was executed on or about April 20, 2010.

The Pre-petition Loan Agreement provides for a revolving credit facility in the principal amount of $200,000,000, of which $159,991,940 is presently outstanding. On information and belief, the Senior Lenders assert that they hold properly perfected liens in SNPF III's personal property, as well as a pledge of SNPF III's membership interests in certain of the Debtors which are its subsidiary limited liability companies.

These subsidiary limited liability companies, identified as Qualified Property Owners under the Pre-petition Loan Agreement, also signed guaranties supporting the Pre-petition Loan Agreement. On information and belief, the Senior Lenders assert mortgages or deeds of trust on the respective real property assets ("Qualified Properties") owned by the various Qualified Property Owners to secure the obligations of SNPF III under the Pre-petition Loan Agreement. To the extent these mortgages or deeds of trust are valid and enforceable, the Senior Lenders' ability to recover from the Qualified Property Owners is limited to their right to collect 95% of the original asset value assigned to such the Qualified Properties as set forth in the Pre-petition Loan Agreement.

The Pre-petition Loan Agreement provides for the collection of rents from the Qualified Properties through a lockbox arrangement. Prior to the Petition Date, the Debtors used the cash collected via the lockbox arrangement to fund their operations and pay interest to the Senior Lenders at the pre-default interest rate pursuant to the Pre-petition Loan Agreement.

C. *Employees*

None of the Debtors have employees. Operations at the Properties are managed by Security National Properties Servicing Company, LLC, a non-debtor affiliate, which provides, among other things, all employees necessary for the property management, asset management, and marketing services required for the Properties.

D. *Events Leading to the Filing of the Chapter 11 Cases*

Over the past four years the U.S. economy has experienced a significant recession driven in large part by a collapse in the nation's real estate market. Notwithstanding this downturn in the economy, the Debtors weathered the real estate market, as the Properties continue to cash flow and increase in occupancy. But the Debtors were unable to weather a downturn in the financial markets associated with commercial properties. The unpredictability of the financial markets impacted these Debtors and ultimately led to the filing of these Chapter 11 Cases, as a result of (a) the Senior Lenders' unwillingness to extend the term of the Pre-petition Loan Agreement absent unrealistic principal curtailment requirements, (b) prospective buyers being unable to secure financing to purchase properties available for sale from the Debtors, and, ultimately, (c) the Senior Lenders' decision to seek a sale of the note underlying the Pre-petition Loan Agreement.

The Seventh Amendment to the Pre-petition Loan Agreement extended the maturity date of the loan from January 29, 2010 to January 29, 2012. The Seventh Amendment also included additional amendments that (a) adjusted the applicable interest rate, (b) approved the release of certain Qualified Properties, (c) required monthly reporting, (d) revised financial covenants and Debt Service Coverage Ratio (as defined therein), (e) instituted a

lockbox for the collection and sweeping of cash and (f) established terms for certain protective advances. Additionally, the Seventh Amendment required principal curtailments by November 1, 2010 in the amount of $8,050,000, by February 28, 2011 in the amount of $12,000,000, by on October 1, 2011 in the amount of $10,000,000.

The required principal payments were based upon the fact that, at the time of execution of the Seventh Amendment, there was a contract for sale of a Property known as the Northway Mall located in Anchorage, Alaska, for a purchase price of $34,000,000. Bank of America was aware that, in the event the sale of the Northway Mall did not close, SNPF III would not be in a position to pay the required principal curtailments. Bank of America indicated to SNPF III that by signing the Seventh Amendment both parties were "kicking the can down the road" and would deal with any ramifications from a failure to close the Northway Mall sales contract at some point in the future.

As an alternative means to generate sufficient cash to make the required principal curtailments, the Debtors listed nine additional properties for sale. Including the sales contract for Northway Mall, the Debtors were able to produce five sales contracts on five different properties and ultimately closed, as described below, on two of the sales contracts.

After several extensions of the closing date for the Northway Mall sale contract with the consent of Bank of America, the buyer officially notified the Debtors in October 2010 that it was unable to secure the funds needed to close the sale. SNPF III immediately notified Bank of America. The buyer forfeited approximately $400,000 of deposits, which were swept by the Bank of America.

Once SNPF III notified the Bank of America of the termination of the Northway Mall sale contract, the parties began to negotiate a stand still letter providing SNPF III additional time to secure the payment of the initial required principal payment of $8,050,000. A stand still letter agreement on November 23, 2010, was reached that provided SNPF III through January 31, 2011 to pay the initial required principal curtailment of $8,050,000.

SNPF III was able, through the sale of two commercial office buildings, which were the only two of five contracts to close as described above, to pay the required principal payment of $8,050,000. In fact, SNPF III paid a total of $9,466,939.52 by the January 31, 2011 due date. SNPF III paid $3,184,274.45 on January 13, 2011 and $6,282,665.07 on January 31, 2011.

In late February 2011, Bank of America notified SNPF III that Bank of America's Administrative Agent duties were being transferred to Bank of America's Special Assets group in anticipation of the Debtors' inability to make the second principal curtailment required by the Seventh Amendment. During a meeting in early March 2011 requested by SNPF III, Bank of America informed SNPF III that it would require the Debtors to liquidate the portfolio of Qualified Properties and pay the loan in full. Due to the lackluster commercial real estate market conditions, SNPF III's representatives explained that such a plan was unreasonable – that, in fact, an immediate liquidation of the assets in the current market could produce insufficient proceeds to repay the principal balance. SNPF III went on to explain that the loan would be paid in full from cash flows of the Qualified Properties if the Lenders allowed the Debtors to work the properties and increase their occupancy. The meeting adjourned with the understanding that SNPF III and Bank of America would exchange additional information as necessary and would work on resolution of the Prepetition Loan Agreement.

During the course of the approximately ninety days following the March 2, 2011 meeting, SNPF III provided Bank of America's Special Assets group with additional information on the Qualified Properties as requested. Bank of America retained Jones Lang LaSalle Americas, Inc. (JLL) to perform a valuation analysis of the portfolio in a liquidation scenario. The parties continued to negotiate and execute stand still letters on a monthly basis, through and including the end of September 2011.[7] The parties also negotiated a Pre-Negotiation Agreement which the Debtors believed to be in anticipation of a long-term forbearance. SNPF III provided an initial

[7] Such stand still letter agreements were regularly delivered at the end of the month.

restructuring proposal to Bank of America in early July 2011, proposing terms for an amortizing loan with certain benchmarks and principal curtailments, which the parties negotiated briefly without success.

Negotiations were interrupted when SNPF III learned that one or more of the Senior Lenders were seeking a sale of SNPF III's loan. When SNPF III requested Bank of America confirm that the loan was for sale, Bank of America indicated that they had merely requested pricing levels from their trading desk and that the trading desk must have contacted outside firms for verbal feedback on pricing levels for the loan. Bank of America reassured SNPF III that no formal marketing of the loan was being conducted.

On or about September 12, 2011, Bank of America informed SNPF III that a meeting was not necessary unless a meaningful proposal was presented prior to scheduling a meeting, and Bank of America requested that SNPF III provide a restructuring proposal. SNPF III prepared the requested restructuring proposal and submitted the proposal to Bank of America on September 21, 2011, with supporting financial information.

The parties were negotiating this proposal as late as October 7, 2011, when Bank of America informed SNPF III that it was gathering bids for a sale of the loan in the very short term, in direct contradiction to its prior representations that it was not seeking such a sale and that a restructuring proposal was the preferred alternative.

The Debtors were concerned that the Senior Lenders may sell the Loan to one or more entities in a manner inconsistent with the Pre-petition Loan Agreement, which would have disrupted the cash flows associated with the Qualified Properties and harm the value of the overall enterprise. This concern necessitated the filing of these chapter 11 cases in order to give the Debtors the opportunity to pursue a restructuring of their obligations while preserving the value of their assets.

ARTICLE IV.

THE DEBTORS' CHAPTER 11 CASES

The Debtors' bankruptcy cases are reorganization cases under Chapter 11 of the Bankruptcy Code, meaning that the Debtors intend to reorganize and continue their operations. The Debtors have continued to operate the business as Debtors and Debtors-in-Possession as authorized under sections 1107(a) and 1108 of the Bankruptcy Code. Significant developments during the Debtors' Chapter 11 Cases are described below.

A. The Debtors' Efforts to Consensually Restructure Their Loan with Bank of America

Since the Petition Date, the Debtors have continued their efforts to work earnestly and cooperatively with Bank of America to consensually restructure their loan. However, the Debtors' extensive efforts have been thwarted by Bank of America's dramatic changes in position, multiple attempts to gain unjustified leverage, and numerous delay tactics.

1. *Bank of America's Initial Efforts to Gain Unjustified Leverage Over the Debtors by Restricting the Debtors' Access to Cash and Prohibiting the Debtors from Paying their Vendors and Suppliers*

As stated above, the Debtors filed these cases in order to continue their pre-petition consensual restructuring negotiations with Bank of America. To allow these negotiations to continue uninterrupted, the Debtors needed to transition smoothly into chapter 11. In order to accomplish that transition, the Debtors filed numerous motions (the "First Day Motions"), each of which was necessary to permit the Debtors to operate in the ordinary course of business, maintain the Properties, and pay all vendors, suppliers and other creditors to the fullest extent possible. For example, the Debtors filed the following motions:

- *Debtors' Motion for an Order Under 11 U.S.C. §§105(a), 363(b) and 503(b)(1) Authorizing the Debtors to Honor Tenant Obligations*, which sought approval for the Debtors to honor certain tenant improvement obligations to the significant new tenants the Debtors obtained prior to the Petition Date;

- *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a), 363, 364, 503(b), 1107(a) and 1108 and Fed. R. Bankr. P. 6003 and 6004 Authorizing the Debtors to (i) Honor Prepetition Obligations to*

and (ii) Continue Prepetition Practices with Certain Critical Providers, which sought approval for the Debtors to continue their excellent relationship with those vendors and suppliers that are critical to the success of the Debtors' business; and

- *Debtors' Motion for Interim and Final Orders Pursuant to 11 U.S.C. §§ 361 and 363: (i) Authorizing the Debtors to Use Cash Collateral, (ii) Scheduling a Final Hearing, and (iii) Granting Related Relief*, which sought approval of the Debtors' use of cash to fund ordinary course operating expenses, among other things.

The Debtors deliberately crafted the First Day Motions so that the relief requested was entirely consistent with the Debtors' pre-petition practices and operations and, therefore, entirely consistent with practices and operations Bank of America had authorized for years. Despite the Debtors' efforts, Bank of America hired a financial advisor and immediately tasked the financial advisor with re-evaluating the Debtors' operations and the relief requested in the First Day Motions. In order to educate this entirely new team of professionals on the Debtors' operations, the Debtors provided the Lenders' financial advisor with three days of unfettered access to the Debtors' Baton Rouge headquarters to conduct extensive on-site due diligence. During this time, the Debtors' executives and professionals devoted substantial time and resources to ensure each of the Lenders' financial advisor's due diligence requests were completely addressed.

At the conclusion of the visit, the Lenders' financial advisor indicated that the Debtors' responses had addressed the vast majority of the issues that the Lenders' financial advisor raised with the First Day Motions. In an effort to consensually resolve these remaining concerns, the Debtors provided Bank of America with a summary of the few remaining open issues on the First Day Motions and a proposed resolution of each item. Instead of trying to reach a consensual resolution based on the Debtors' proposal, Bank of America filed objections to the Debtors' Cash Collateral, Tenant Improvement and Critical Provider Motions (the "Objections").[8] On November 7, 2011, the Debtors filed a response to the Objections.[9]

The Debtors ultimately prevailed over the Objections and obtained Court authority to operate in the ordinary course of business and pay all vendors, suppliers and other creditors to the fullest extent possible. Bank of America's opposition to this essential relief was not only unjustified, but it delayed the parties' consensual restructuring negotiations for weeks and temporarily placed the Debtors' ability to operate in the ordinary course of business at risk.

2. *The Debtors' Post-Petition Efforts to Negotiate a Consensual Resolution with Bank of America*

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[8] The "Objections" are the *Limited Objection and Reservation of Rights of Prepetition Secured Lenders to Debtors' Motion for an Order Under 11 U.S.C. §§105(a), 363(b) and 503(b)(1) Authorizing the Debtors to Honor Tenant Obligations* (the "Tenant Obligations Objection") [Docket No. 48]; (ii) the *Objection of Prepetition Secured Lenders to Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a), 363, 364, 503(b), 1107(a) and 1108 and Fed. R. Bankr. P. 6003 and 6004 Authorizing the Debtors to (I) Honor Prepetition Obligations to and (II) Continue Prepetition Practices with Certain Critical Providers* (the "Critical Providers Objection") [Docket No. 49]; and (iii) the *Objection of Prepetition Secured Lenders to Debtors' Motion for Interim and Final Orders Pursuant to 11 U.S.C. §§ 361 and 363: (I) Authorizing the Debtors to Use Cash Collateral, (II) Scheduling a Final Hearing, and (III) Granting Related Relief* (the "Cash Collateral Objection") [Docket No. 50].

[9] *Debtors' Omnibus Reply in Support of (i) Debtors' Motion for an Order Under 11 U.S.C. §§105(a), 363(b) and 503(b)(1) Authorizing the Debtors to Honor Tenant Obligations; (ii) Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105(a), 363, 364, 503(b), 1107(a) and 1108 and Fed. R. Bankr. P. 6003 and 6004 Authorizing the Debtors to (i) Honor Prepetition Obligations to and (ii) Continue Prepetition Practices with Certain Critical Providers; (iii) Debtors' Motion for Interim and Final Orders Pursuant to 11 U.S.C. §§ 361 and 363: (i) Authorizing the Debtors to Use Cash Collateral, (ii) Scheduling a Final Hearing, and (iii) Granting Related Relief* [Docket No. 56].

After Bank of America opposed the essential relief contained in the First Day Motions, the Debtors began to have serious concerns over whether Bank of America was constrained from participating in a consensual plan process. However, the Debtors were somewhat encouraged when Bank of America delivered a restructuring term sheet (the "November Term Sheet") to the Debtors on November 25, 2011. While a number of the terms in the November Term Sheet were unacceptable to the Debtors, the November Term Sheet represented the first written restructuring proposal the Debtors had ever received from Bank of America. Moreover, in delivering the November Term Sheet, Bank of America stated that it wanted to begin consensual restructuring negotiations in earnest.

As in all sophisticated commercial negotiations, the Debtors revised the November Term Sheet and delivered it to Bank of America on December 10, 2011. Shortly after the revised terms sheet was delivered, Bank of America requested that principals from the Debtors and Bank of America meet in person to negotiate a consensual settlement. Throughout January and into February, Bank of America unilaterally adjourned this meeting several times to the increasing frustration of the Debtors. At no moment in time, however, did Bank of America even hint that negotiations had broken down as a result of the Debtors' revisions to the November Term Sheet or for any other reason. Indeed, in early February, the Debtors and Bank of America reached an agreement to extend the Debtors' exclusivity periods specifically to allow a thorough negotiation of the restructuring term sheet.[10]

On February 15, 2012, Bank of America presented the Debtors with a second term sheet (the "February Term Sheet"). Like the November Term Sheet, the February Term Sheet was not given to the Debtors as "take it or leave it" or "best and final offer," in fact, Bank of America stated that it was looking forward to the Debtors' response. While the February Term Sheet narrowed a number of issues the Debtors had with the November Term Sheet, certain terms remained unacceptable. Thus, the Debtors revised the February Term Sheet and sent it back to Bank of America in nine days, rather than the two months Bank of America took to provide a counterproposal. Thereafter, Bank of America renewed its request for an in-person negotiation, and as of late February the parties were trying to schedule a date to meet.

Throughout late February and into March, Debtors' counsel attempted to contact counsel for Bank of America but received no response. On March 9, 2012, however, this silence ended with the stunning news that Bank of America had inexplicably fired its lead counsel. Moreover, the Bank of America senior vice president the Debtors' were primarily negotiating with also inexplicably left Bank of America. The Debtors were extremely frustrated by this news, considering how close the Debtors thought a deal was. Nonetheless, the Lenders' financial advisor continued to assure the Debtors that the parties should meet to "hammer out a deal," and Bank of America's new counsel promised the Debtors a new term sheet.

On March 26, 2012, the Debtors were whiplashed when Bank of America's new counsel stated that Bank of America would not continue to negotiate toward a consensual restructuring and that Bank of America was considering proposing its own plan. Bank of America's counsel explained that this dramatically different position was due to the fact that the Debtors' revisions to the November and February Term Sheets demonstrated to Bank of America that the parties are "nowhere near being on the same page in terms of a consensual resolution." The Debtors were shocked by this statement. As stated above, the Debtors provided Bank of America with revised versions of the term sheets on December 10th and February 24th and at no point did Bank of America ever suggest that a deal could not be reached based on the Debtors' revisions. Indeed, Bank of America has never explained what issues existed with the Debtors' revisions. Moreover, despite the fact that the November and February Term Sheets were presented by Bank of America as "settlement offers," it is now the Debtors' understanding that neither the November Term Sheet nor the February Term Sheet were approved by the Senior Lenders, and may even have lacked approval by Bank of America. Accordingly, even if the Debtors had accepted the November or February Term Sheet, neither was an offer that would have bound Bank of America and the Senior Lenders.

While the Debtors are extremely frustrated by the months that have been wasted due to Bank of America's actions, the Debtors would rather consensually complete the necessary restructuring of their liabilities and avoid the

[10] *Order Granting Debtors' Motion to Extend the Exclusive Periods to (I) File a Chapter 11 Plan and (II) Solicit Acceptances Thereof* [Docket No. 155].

need to "cram down" the Plan on Bank of America and the Senior Lenders and the extensive litigation necessarily attendant to a contested confirmation process. Accordingly, the Debtors suggested to Bank of America that the parties could use a mediator to restart their stalled consensual restructuring discussions. Bank of America agreed, and the Debtors subsequently requested that the Court appoint a mediator. On May 15, 2012, the Court entered an order appointing The Honorable Raymond T. Lyons of the United States Bankruptcy Court for the District of New Jersey as mediator. Judge Lyons conducted mediation sessions on June 26 and July 17, 2012. The Debtors and Bank of America were unable to reach a consensual resolution following the two mediation sessions.

Following these mediation sessions, a very reputable third party lender (the "Refinance Firm") approached the Debtors to express its strong interest in refinancing a significant portion of the Properties (the "Refinance"). The Refinance would allow the Debtors to take advantage of the declining interest rate environment and the improving real estate market. Most importantly, however, the Refinance would allow the Debtors to repay tens of millions of dollars to Bank of America before the end of 2012. The Debtors immediately shared the relevant terms of the Refinance with Bank of America with the hope that the Refinance could form the heart of a consensual restructuring. At Bank of America's request, the Debtors shared the entire term sheet associated with the Refinance with Judge Lyons in order to verify that the Refinance was a bona fide offer, from a very reputable lender and had a very high probability of closing. Throughout the Debtors' communications with Bank of America about the Refinance, the Debtors emphasized that time was of the utmost importance, as the Refinance Firm wanted include the Debtors' refinanced loan as part of a securitization scheduled to be put to market by the end of 2012. Despite this fact, Bank of America waited over three weeks before providing the Debtors with the terms under which they would accept the Refinance (the "September Term Sheet"). While this delay put the Refinance at risk, the Debtors were hopeful that considering the size and speed of the Refinance, Bank of America and the Senior Lenders would move quickly and in good faith.

Unfortunately, Bank of America continued its practice of making unauthorized settlement offers, as Bank of America confirmed to Judge Lyons that the September Term Sheet was "authorized" by only Bank of America employees with no authority to bind even Bank of America, much less all of the Senior Lenders. These developments proved to the Debtors that Bank of America is not approaching the parties' ongoing mediation with the same sincere desire to reach a business solution as the Debtors. Furthermore, Bank of America's dilatory tactics have potentially foreclosed the Debtors from consummating the Refinance. As a result and in order to maintain their excellent reputation with the Refinance Firm, the Debtors informed the Refinance Firm that the Debtors would likely be unable to provide the necessary approval from Bank of America and the Senior Lenders within the timeframe required by the Refinance Firm. The Debtors are hopeful that the Refinance Firm will consider the Debtors for a future transaction either of the same size as the Refinance or even larger.

The Debtors continue to believe that a consensual restructuring of their debts is in the best interests of the Debtors, their Estates and their creditors. Accordingly and as described in more detail below, the Plan contains a global settlement offer to Bank of America. However, the Debtors are prepared to proceed toward confirmation of the Plan over the objection of the Bank of America and the Senior Lenders if a consensual resolution is not possible. Furthermore, the Debtors believe Bank of America's actions toward the Debtors demonstrate a pattern that, upon further investigation through the Debtors' ongoing discovery, may prove that Bank of America has ventured beyond its role as Agent in furtherance of some undisclosed and ultra vires objective. Accordingly, the Debtors reserve all their rights and remedies, both equitable and otherwise.

B. Other Significant Events in the Debtors' Chapter 11 Cases

1. *Cash Collateral*

As stated above, on October 17, 2011, the Debtors filed the Cash Collateral Motion and on October 18, 2011, the Bankruptcy Court approved the Cash Collateral Motion on an interim basis (the "Interim Cash Collateral Order") [Docket No. 27]. The Bankruptcy Court has subsequently entered eight further Interim Cash Collateral Orders [Docket No. 64, 94, 119, 152, 179, 193, 264, 279]. At the request of the Debtors and Bank of America, the Bankruptcy Court has continued the final hearing on the Cash Collateral Motion several times and the Debtors' use of Cash Collateral pursuant to the Cash Collateral Motion is currently scheduled for final consideration on October 15, 2012.

Under the Interim Cash Collateral Orders, the Bankruptcy Court authorized the Debtors to use what may represent cash collateral for operations and other expenditures reflected on the budgets attached thereto, and as updated periodically pursuant thereto, to maintain, preserve, and enhance the value of the Properties. Through the use of rents, the Debtors have made repairs and significant improvements to the Properties and paid taxes, utilities costs, and insurance.

As of September 30, 2012, the Debtors have paid Bank of America, the Agent and/or the Senior Lenders not less than $6,479,673.86 in Adequate Protection Payments. Based on pleadings filed by Bank of America, the Agent and the Senior Lenders, Bank of America, the Agent or the Seniors Lenders would not be entitled to retain these Adequate Protection Payments. Therefore, the Plan provides that the Court will conduct a post-effective date hearing to determine whether the Adequate Protection Payments were appropriate or whether they must be setoff against the alleged Claims held by Bank of America, the Agent and the Senior Lenders or returned to the Debtors and/or the Reorganized Debtors. See Amended Plan, Art. IV.I.

2. *Retention of Professionals*

The Bankruptcy Court entered an order on October 18, 2011, authorizing the Debtors to retain GCG, Inc. to perform certain claims, noticing and balloting functions in the Chapter 11 Cases [Docket No. 22].

The Bankruptcy Court entered an order authorizing the Debtors to retain Morris, Nichols, Arsht & Tunnell LLP, as their general bankruptcy counsel, on December 16, 2011 [Docket No. 93]. The Bankruptcy Court also entered an order on January 13, 2012 establishing compensation procedures for the Debtors' professionals whereby a percentage of fees and expenses of the Debtors' and other professionals may be paid on a monthly basis, subject to objection by certain parties and final approval by the Bankruptcy Court [Docket No. 117].

3. *Filing of Schedules of Assets and Liabilities and Statement of Financial Affairs*

The Debtors filed their Schedules on January 6 and 7, 2012 [Docket No. 100, 101, 102, 103, 104, 105, 106, 107, 108, and 109]. On June 20, 2012, the Debtors amended their Schedules [Docket No. 240, 241, 242, 243, 244, 245, 246, 247 and 248]. The Schedules are available for inspection online. Bank of America has requested additional information regarding certain of the Debtors' intercompany accounts receivable, accounts payable and intercompany transfers reported in the Schedules. The Debtors have supplied information to Bank of America regarding these intercompany transactions and will continue to do so to the extent necessary.

4. *General Bar Date for Filing Proofs of Claim and Requests for Allowance of Administrative Expense Claims*

On January 13, 2012, the Debtors filed a motion to establish bar dates for filing proofs of claims [Docket No. 123]. On January 26, 2012, the Court approved this motion and set March 1, 2012 as the General Bar Date, among other things [Docket No. 139]. As further set forth in the Plan and Disclosure Statement, the Confirmation Order will identify an Administrative Claims Bar Date and a Professional Fee Claim Bar Date and any other Claims not governed by the bar date motion.

5. *Extension of Debtors' Exclusivity Periods under Section 1121(d) of the Bankruptcy Code*

On February 10, 2012, the Debtors filed the *Debtors' Motion Pursuant to Section 1121(d) of the Bankruptcy Code and Bankruptcy Rule 9006 to Extend the Exclusive Periods to (i) File a Chapter 11 Plan and (ii) Solicit Acceptances Thereof* (the "Exclusivity Motion") [Docket No. 156]. As stated above, the Debtors and Bank of America reached an agreement to extend the Debtors' exclusivity periods under section 1121(d) of the Bankruptcy Code so that Bank of America and the Debtors could continue to negotiate toward a consensual restructuring. On May 10, 2012, the Debtors filed the *Motion of Debtors Pursuant to Section 1121(d)(1) of the Bankruptcy Code to Further Extend the Exclusive Periods to (i) File a Chapter 11 Plan and (ii) Solicit Acceptances Thereof* (the "Second Exclusivity Motion") [Docket No. 206]. The Debtors and Bank of America reached an agreement regarding the Second Exclusivity Motion, and submitted a proposed order to the Court memorializing that agreement [Docket No. 283]. The Court approved the Second Exclusivity Motion on August 6, 2012, extending

the Debtors' Exclusive Filing Period and Exclusive Solicitation Period (as both terms are defined in the Second Exclusivity Motion) to October 22, 2012 and December 3, 2012, respectively [Docket No. 284].

6. *Bank of America's Motion for Relief from the Automatic Stay and Related Pleadings*

On July 27, 2012, Bank of America filed the *Motion of Bank of America, N.A. for (A) Valuation of Collateral and (B) Relief from the Automatic Stay* (the "Stay Relief Motion") [Docket No. 271]. In the Stay Relief Motion, Bank of America requests that the Court grant it relief from the automatic stay imposed by section 362 of the Bankruptcy Code so that Bank of America may proceed to enforce its rights and remedies against the Properties.[11] In support of the Stay Relief Motion, Bank of America contends that the Debtors lack equity in the Properties, that the Properties are not necessary for an effective reorganization of the Debtors, and that the Senior Lenders' interest in the Properties is not adequately protected. The Debtors strongly disagree with these contentions. A hearing on the Stay Relief Motion is set to commence on December 3, 2012.

On July 24, 2012, Bank of America filed the *Objection of Bank of America, N.A. to Disclosure Statement filed by Security National Properties Funding III, LLC and its Debtor Affiliates* (the "Disclosure Statement Objection") [Docket No. 269]. In the Disclosure Statement Objection, Bank of America contends that the Court should not approve the Disclosure Statement because it lacks certain information requested by Bank of America and because the Plan cannot be confirmed. As stated throughout this Disclosure Statement, the Debtors believe the Plan is confirmable and, in fact, the Plan is in the best interests of the Debtors, their Estates and all Holders of Claims. With respect to Bank of America's informational request, the Debtors have revised this Disclosure Statement to address those requests.

C. *The Swap Causes of Action*

Prior to the Petition Date, SNPF III and Security National Properties Funding, LLC entered into the Swap Transactions with Bank of America (or its predecessor in interest). The other Senior Lenders were not party to the Swap Transactions. The Debtors paid Bank of America over $10 million in connection with the Swap Transaction dated October 30, 2006 (the "2006 Swap"). Pursuant to its terms, the 2006 Swap was directly tied to the Pre-Petition Loan Facility because (1) the 2006 Swap bore a notional amount roughly equal to the amount borrowed under the Pre-Petition Loan Facility, (2) the Debtors' obligations to Bank of America under the 2006 Swap were secured by the same Collateral as the Debtors' obligations under the Pre-Petition Loan Facility, and (3) any default under the Pre-Petition Loan Agreement would trigger an event of default under the 2006 Swap and vice versa.

While the Debtors believe that Bank of America and its Representatives engaged in wrongdoing in connection with the Swap Transactions, at this time, the Debtors have not completed their investigation of potential Swap Causes of Action. The Swap Causes of Action may include, without limitation, (a) fraudulent inducement, in connection with the marketing and sale of the Swap Transactions, (b) breach of fiduciary duty, (c) frustration of commercial purpose, (d) breach of an agreement to provide financial services, (e) intentional fraud, (f) negligent misrepresentation, (g) constructive fraud, (h) breach of the implied duty of good faith and fair dealing, (i) unfair and deceptive trade practices, (j) causes of action based on Bank of America's manipulation of LIBOR, (k) causes of action based on the violation of state and federal banking statutes and regulations in connection with the non-disclosure of the out-of-market pricing of the Swap Transactions, LIBOR manipulation and other conduct, and (l) causes of action based on the violation of state and federal securities statutes and regulations.

The Swap Causes of Action represent an asset of the Debtors' Estates that the Debtors and the Reorganized Debtors are preserving in connection with the Plan. Furthermore, as the Debtors continue their investigation into the Swap Causes of Action, the Debtors may determine that it is appropriate to revoke this Plan or defer Confirmation pursuant to Article XI.D of the Plan in order to incorporate, among other things, setoffs, recoupments or other relief with respect to the Disputed Claims held by Bank of America.

[11] Bank of America also requests that the Court value the Properties for purposes of the Stay Relief Motion, approval of the Disclosure Statement and confirmation of the Plan.

ARTICLE V.

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Substantive Consolidation

Subject to the Debtors making the Non-Consolidation Election, the Plan shall serve as a motion by the Debtors seeking entry of a Bankruptcy Court order substantively consolidating all of the Estates into a single consolidated Estate for all purposes associated with Confirmation and Consummation.

If the Debtors do not make the Non-Consolidation Election and substantive consolidation of all of the Estates is ordered, then on and after the Effective Date, all assets and liabilities of the Debtors shall be treated as though they were merged into the Estate of SNPF III for all purposes associated with Confirmation and Consummation, and all guarantees by any Debtor of the obligations of any other Debtor shall be eliminated so that any Claim and any guarantee thereof by any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor shall be treated as one collective obligation of the Debtors. Substantive consolidation shall not affect the legal and organizational structure of the Debtors or their separate corporate existences or any prepetition or postpetition guarantees, Liens, or security interests that are required to be maintained under the Bankruptcy Code, under the Plan, any contract, instrument, or other agreement or document pursuant to the Plan, or, in connection with contracts or leases that were assumed or entered into during the Chapter 11 Cases. Any alleged defaults under any applicable agreement with the Debtors, the Reorganized Debtors, or their Affiliates arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

Notwithstanding the substantive consolidation provided for in the Plan, nothing shall affect the obligation of each and every Debtor to pay quarterly fees to the U.S. Trustee pursuant to 28 U.S.C. § 1930 until such time as a particular Chapter 11 Case is closed, dismissed, or converted.

Notwithstanding the foregoing paragraph, in the event the Debtors make the Non-Consolidation Election prior to the Effective Date or substantive consolidation is not ordered, (i) the Estates will not be substantively consolidated for any purpose whatsoever, and (ii) all Claims against and Equity Interests in a particular Debtor will be placed in separate Classes as set forth in Article III.E of the Plan and will remain the separate Claims and Equity Interests of each such Debtor.

The Plan summarizes the classification and treatment of Claims and Equity Interests on both a substantively consolidated and non-consolidated basis. Article III.D of the Plan summarizes the classification and treatment of Claims and Equity Interests if substantive consolidation is ordered. Article III.E of the Plan summarizes the classification and treatment of Claims and Equity Interests if the Non-Consolidation Election is made or substantive consolidation is not ordered.

Notwithstanding the foregoing paragraph, in the event the Debtors make the Non-Consolidation Election prior to the Effective Date, (i) the Estates will not be substantively consolidated for any purpose whatsoever, and (ii) all Claims against and Equity Interests in a particular Debtor will be placed in separate Classes as set forth in Article III.2 of the Plan and as described in Article V.E herein.

B. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Reorganized Debtors in respect of any Claim classified in an Unimpaired Class, including, without limitation, all rights in respect of objections to such Claims and any legal and equitable defenses to or rights of setoff or recoupment against any such Claim.

C. Nonconsensual Confirmation

The Debtors (with the consent of the Plan Sponsors) reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code. To the extent that any Class votes to reject the Plan or is deemed to

reject the Plan, the Debtors (with the consent of the Plan Sponsors) further reserve the right to modify the Plan in accordance with Article XI.C of the Plan.

D. Classification, Treatment and Voting Status if Substantive Consolidation Ordered - Summary of Classification and Treatment of Classified Claims and Equity Interests

The following table applies if substantive consolidation is ordered and summarizes the classification and treatment of Claims against and Equity Interests in each Debtor for all purposes, including voting, confirmation and Distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(l) of the Bankruptcy Code.[12] The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that such Claim or Equity Interest or any portion thereof qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated hereunder as a distinct Class for voting and distribution purposes. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims or Priority Tax Claims, as described in Article II of the Plan.

Class	**Claim**	**Status**	**Voting Rights**
1.	Secured Governmental Unit Claims	Not Impaired	Not Entitled to Vote
2.	Senior Lender Secured Claim	Impaired	Entitled to Vote
3.	Senior Lender Unsecured Claim	Not Impaired; provided, however, that in the event of an Adverse SLUC Ruling, the Senior Lender Unsecured Claim shall be reclassified as a General Unsecured Claim and treated as Impaired.	Not Entitled to Vote; provided, however, that in the event of an Adverse SLUC Ruling, the Senior Lender Unsecured Claim shall be reclassified as a General Unsecured Claim and will be entitled to vote the Deficiency Amount.
4.	Other Secured Claims	Not Impaired	Not Entitled to Vote
5.	Unsecured Priority Claims	Not Impaired	Not Entitled to Vote
6.	General Unsecured Claims	Impaired	Entitled to Vote
7.	Intercompany Claims	Not Impaired /Impaired	Not Entitled to Vote
8.	Affiliate Claims	Impaired	Entitled to Vote
9.	Equity Interests	Not Impaired	Not Entitled to Vote

1. *Secured Governmental Unit Claims (Class 1)*

   a. *Classification*: Class 1 consists of the Secured Governmental Unit Claims.

   b. *Treatment*: On, or as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the Distribution Date immediately following the date on which a Secured Governmental Unit Claim becomes an Allowed Secured Governmental Unit Claim, the Holder of such Allowed Secured Governmental Unit Claim shall receive at the election of the Reorganized Debtors, in full satisfaction, settlement, release and discharge of and in exchange for, such Allowed Secured Governmental Unit Claim, (i) Cash equal to the value of its Allowed Governmental Unit Claim, (ii) the return of the Holder's Collateral securing the Secured

[12] The table is for informational purposes only and is qualified in its entirety by Article III.D.1-9 of the Plan and as described in Article V.D hereof.

Governmental Unit Claim, (iii) payment in full as provided under sections 1129(a)(9)(C) and (D) of the Bankruptcy Code on the schedule provided for payment of General Unsecured Claims, or (iv) such other less favorable treatment to which the Debtors or Reorganized Debtors and such Holder shall have agreed upon in writing. To the extent such payments are paid over time, such payments shall be calculated to result in payment in full of the Allowed Secured Governmental Unit Claim with all accrued interest.

c. *Voting*: Class 1 is Unimpaired and, therefore, the Holders of Secured Governmental Claims are deemed to have accepted the Plan.

2. *Senior Lender Secured Claim (Class 2)*

a. *Classification*: Class 2 consists of Senior Lender Secured Claims. The Senior Lender Secured Claims are Disputed Claims, except to the extent allowed pursuant to the Plan on the Effective Date.

b. *Treatment*:

(i) If the Agent and Senior Lenders opt into the Senior Lender Settlement, except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Senior Lender Secured Claim in Class 2, if any, shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Senior Lender Secured Claim, receive the following on the Effective Date (or as soon as practicable thereafter):

(A) The New Senior Debt, on the more favorable terms and conditions for the Agent and Senior Lenders as described in the definition of New Senior Debt and in Article I.A.75 of the Plan;

(B) The conveyance by Sequoia Investments V, LLC and Security National Properties Funding, LLC, respectively, to the Agent and Senior Lenders or their designee, by deed-in-lieu, of Orchards Mall and Soup Lots; provided, however, that upon the consummation of such conveyance of Orchards Mall and Soup Lots, the appraised value of Orchards Mall (i.e., $4,540,000) and Soup Lots (i.e., $1,750,000) will be credited to reduce the New Loan Amount on a dollar for dollar basis;

(C) Authorization for the Agent and Senior Lenders to retain and indefeasibly apply the Adequate Protection Payments made by any Debtor from the Petition Date through the Confirmation Date; and

(D) The Senior Lender Releases under the Plan.[13]

(ii) If the Agent or any of the Senior Lenders do not opt into the Senior Lender Settlement, except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Senior Lender Secured Claim in Class 2, if any, shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Senior Lender Secured Claim, receive the following on the Effective Date (or as soon as practicable thereafter):

(A) The New Senior Debt without the more favorable terms and conditions for the Agent and Senior Lenders as described in the definition of New Senior Debt and in Article I.A.75 of the Plan;

[13] For the avoidance of doubt, the Plan releases as to Bank of America will include any liability for the Swap Causes of Action if the Agent and the Senior Lenders opt into the Senior Lender Settlement.

(B) The conveyance by Sequoia Investments V, LLC and Security National Properties Funding, LLC, respectively, to the Agent and Senior Lenders or their designee, by deed-in-lieu, of Orchards Mall and Soup Lots; provided, however, that upon the consummation of such conveyance of Orchards Mall and Soup Lots, the appraised value of Orchards Mall (i.e., $4,540,000) and Soup Lots (i.e., $1,750,000) will be credited to reduce the New Loan Amount on a dollar for dollar basis; and

(C) Solely to the extent determined by a Final Order to be necessary for the Plan to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code or the Debtors agree in writing in their sole discretion after consultation with the Plan Sponsors, the Agent and Senior Lenders shall be entitled to retain and apply some or all of the Adequate Protection Overpayments as set forth in Article IV.I of the Plan; provided, however, to the extent that allowing the Agent and Senior Lenders to retain the Adequate Protection Overpayments is adjudicated not to be necessary for the Plan to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code, in the sole and absolute discretion of the Debtors, after consultation with the Plan Sponsors, the portion of the Adequate Protection Overpayments not needed to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code shall be either (x) turned over to the Debtors or the Reorganized Debtors, as applicable, or (y) credited to reduce the New Loan Amount on a dollar for dollar basis.

c. *Voting*: Class 2 is Impaired and, therefore, the Holders of the Senior Lender Secured Claim are entitled to vote to accept or reject the Plan.

3. *Senior Lender Unsecured Claims (Class 3)*

a. *Classification*: Class 3 consists of the Senior Lender Unsecured Claims, if any.

b. *Treatment*: Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Senior Lender Unsecured Claim in Class 3 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Senior Lender Unsecured Claim, be treated as follows:

i. If the Agent and the Senior Lenders opt into the Senior Lender Settlement, the Agent, for the benefit of itself and the Holders of Allowed Senior Lender Unsecured Claims, shall receive $1 on the Effective Date; or

ii. If the Agent or any of the Senior Lenders do not opt into the Senior Lender Settlement, the following shall apply:

A. if there **has not been** an Adverse SLUC Ruling, Holders of an Allowed Senior Lender Unsecured Claim shall receive payment in Cash in full on the Effective Date (or as soon as practicable thereafter) equal to the Holder's *pro rata* share of the Deficiency Amount, which payment shall be funded from (a) first, any unused portion of the Adequate Protection Overpayments (as determined pursuant to Article IV.I of the Plan) and (b) second, Cash; **or**

B. if there **has been** an Adverse SLUC Ruling, the Senior Lender Unsecured Claims shall be reclassified as General Unsecured Claims in an amount equal to the Deficiency Amount and treated in the same manner as General Unsecured Claims.

c. *Voting*: Class 3 is Unimpaired and, therefore, Holders of Senior Lender Unsecured Claims, if any, are deemed to have accepted the Plan; provided, however, that in the event of an Adverse SLUC Ruling, Class 3 shall be reclassified as a General Unsecured Claim and, therefore, (i) is Impaired; and (ii) entitled to vote to accept or reject the Plan in an amount equal to each Holder's *pro rata* share of the Deficiency Amount.

4. *Other Secured Claims (Class 4)*

    a. *Classification*: Class 4 consists of the Other Secured Claims.

    b. *Treatment:* Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Other Secured Claim in Class 4 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Other Secured Claim, at the sole option of the Debtors or the Reorganized Debtors, as applicable:

        i. have its Allowed Class 4 Claim reinstated and rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the Holder of such Allowed Class 4 Claim to demand or receive payment of such Allowed Class 4 Claim prior to the stated maturity of such Allowed Class 4 Claim from and after the occurrence of a default; or

        ii. receive Cash in an amount equal to such Allowed Class 4 Claim, including any interest on such Allowed Class 4 Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Initial Distribution Date, or as soon as practicable thereafter, and the first subsequent Distribution Date, or as soon as practicable thereafter, after such Allowed Class 4 Claim becomes an Allowed Class 4 Claim.

    c. *Voting*: Class 4 is Unimpaired and, therefore, Holders of Other Secured Claims are deemed to have accepted the Plan.

5. *Unsecured Priority Claims (Class 5)*

    a. *Classification*: Class 5 consists of all Unsecured Priority Claims.

    b. *Treatment*: Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed Unsecured Priority Claim in Class 5 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Unsecured Priority Claim, be paid in respect of such Claim the full amount thereof in Cash on the later of the Initial Distribution Date, or as soon as practicable thereafter, or, if not an Allowed Unsecured Priority Claim on the Effective Date, the first subsequent Distribution Date, or as soon as practicable thereafter, after such Claim becomes an Allowed Unsecured Priority Claim.

    c. *Voting*: Class 5 is Unimpaired and, therefore, Holders of Unsecured Priority Claims are deemed to have accepted the Plan.

6. *General Unsecured Claims (Class 6)*

    a. *Classification*: Class 6 consists of all General Unsecured Claims.

    b. *Treatment*: Except to the extent a Holder agrees to other, less favorable treatment, each Holder of an Allowed General Unsecured Claim in Class 6 shall, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed General Unsecured Claim, receive the following treatment:

        i. if there **has not been** an Adverse SLUC Ruling, Holders of Allowed General Unsecured Claims other than Intercompany Claims and Affiliate Claims shall be paid, subject to the GUC Claims Cap, the full amount of their Allowed General Unsecured Claims in six equal Distributions commencing on the later of the Initial Distribution Date or the first subsequent Quarterly Distribution Date (or as soon thereafter as practicable) after such Claim becomes an Allowed General Unsecured Claim and continuing on the next five Quarterly Distribution Dates; **or**

ii. if there **has been** an Adverse SLUC Ruling, Holders of Allowed General Unsecured Claims other than Intercompany Claims and Affiliate Claims shall be paid, subject to the Alternative GUC Claims Cap, six equal Distributions commencing on the later of the Initial Distribution Date or the first subsequent Quarterly Distribution Date (or as soon thereafter as practicable) after such Claim becomes an Allowed General Unsecured Claim and continuing on the next five Quarterly Distribution Dates.

c. *Voting*: Class 6 is Impaired and, therefore, Holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

7. *Intercompany Claims (Class 7)*

a. *Classification*: Class 7 Consists of all Intercompany Claims.

b. *Treatment*: If substantive consolidation is ordered, on the Effective Date, Holders of Intercompany Claims shall not be entitled to, and shall not receive or retain any property or interest in property under the Plan on account of such Intercompany Claims.[14]

c. *Voting*: If substantive consolidation is ordered, Class 7 will be Impaired by the Plan, and each Holder of an Intercompany Claim will be conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and will not be entitled to vote to accept or reject the Plan.[15]

8. *Affiliate Claims (Class 8)*

a. *Classification*: Class 8 Consists of all Affiliate Claims.

b. *Treatment*: Subject to the Effective Date of the Plan, Affiliate Claims shall be subordinated to payment of all other Allowed Claims, as provided under the Plan; provided, however, the Debtors and the Holders of Affiliate Claims each shall retain their respective offset rights (including rights of setoff and recoupment) relating to such Affiliate Claims, which offset rights shall be unaffected by such subordination under the Plan.

c. *Voting*: Class 8 is Impaired and, therefore, Holders of Affiliate Claims are entitled to vote to accept or reject the Plan.

9. *Equity Interests (Class 9)*

a. *Classification*: Class 9 consists of Equity Interests in each of the Debtors.

b. *Treatment*: Holders of Equity Interests shall retain their Equity Interests under the Plan.

c. *Voting*: Class 8 is Unimpaired and, therefore, Holders of Equity Interests are deemed to have accepted the Plan.

E. Classification, Treatment and Voting Status if Non-Consolidation Election Made or Substantive Consolidation Not Ordered - Summary of Classification and Treatment of Classified Claims and Equity Interests

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[14] See Article III.E. of the Plan for treatment of Intercompany Claims if the Substantive Consolidation Election is made or substantive consolidation is not ordered.

[15] See Article III.E. of the Plan for voting status of Intercompany Claims if the Non-Consolidation Election is not made or substantive consolidation is not ordered.

Classification: If the Debtors make the Non-Consolidation Election or substantive consolidation is not Ordered, notwithstanding anything to the contrary in Article III.D of the Plan, each class of Claims shall be further classified into separate sub-classes based on the Debtor against which such Claim is Scheduled or Filed, as applicable. The sub-classes for each Class of Claims shall be as follows:

Debtor	Applicable Classes of Claims
Security National Properties Funding III, LLC	1A, 2A, 3A, 4A, 5A, 6A, 7A, 8A, and 9A
ITAC 190, LLC	1B, 2B, 3B, 4B, 5B, 6B, 7B, 8B, and 9B
Security National Properties Funding, LLC	1C, 2C, 3C, 4C, 5C, 6C, 7C, 8C, and 9C
Security National Properties Funding II, LLC	1D, 2D, 3D, 4D, 5D, 6D, 7D, 8D, and 9D
Sequoia Investments III, LLC	1E, 2E, 3E, 4E, 5E, 6E, 7E, 8E, and 9E
Sequoia Investments V, LLC	1F, 2F, 3F, 4F, 5F, 6F, 7F, 8F, and 9F
Sequoia Investments XIV, LLC	1G, 2G, 3G, 4G, 5G, 6G, 7G, 8G, and 9G
Sequoia Investments XV, LLC	1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, and 9H
Sequoia Investments XVIII, LLC	1I, 2I, 3I, 4I, 5I, 6I, 7I, 8I, and 9I
Security National Properties-Alaska, LLC	1J, 2J, 3J, 4J, 5J, 6J, 7J, 8J, and 9J

Treatment: If the Debtors make the Non-Consolidation Election or substantive consolidation is not Ordered, then, except for Intercompany Claims in Classes 7A through 7J, the Treatment of each Class of Claims shall be identical to that set forth in Article III.D of the Plan.

Intercompany Claims in Classes 7A through 7J shall be treated as follows: On the Effective Date, Intercompany Claims may be reinstated as of the Effective Date or, at the sole and absolute discretion of the Debtors or the Reorganized Debtors, after consultation with the Plan Sponsors, cancelled, and no distribution shall be made on account of such Intercompany Claims.

Voting Status: If the Debtors make the Non-Consolidation Election or substantive consolidation is not Ordered, then the voting status of each Class of Claims shall be identical to that described in Article III.D of the Plan and Article V.E. hereof, except for the following:

(a) Each Claim (whether deemed to accept or reject the Plan or entitled to vote to reject to accept or reject the Plan) shall be considered as a Claim solely within its Debtor-specific sub-class for the purpose of voting on the Plan. Thus, for example, a General Unsecured Claim against Sequoia Investments III, LLC would be entitled to have its Claim counted for voting purposes in sub-Class 6E only and not in sub-Class 6A, 6B, 6C, 6D, 6F, 6G, 6H, 6I or 6J.

(b) Intercompany Claims in sub-Classes 7A through 7J will be unimpaired and each Holder of an Intercompany Claim in such sub-Classes will be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and will be deemed to have voted to accept the Plan.

ARTICLE VI.

MEANS FOR IMPLEMENTATION OF THE PLAN

In addition to the provisions set forth in the Plan, the following shall constitute the means of execution and implementation of the Plan.

A. Plan Funding

The Debtors' Cash on hand as of the Effective Date shall be used to pay Allowed Administrative Claims (including Allowed Administrative Claims for Accrued Professional Compensation and Allowed Ordinary Course Administrative Claims), Allowed Priority Tax Claims, and all Allowed Claims in Classes 1, 4 (in the event the Collateral is not returned to the Allowed Claim Holder), 5 and 7. The Reorganized Debtors shall use the Reorganized Debtors' cash flow derived from the operation of the Properties to (i) make all payments to Class 2 Senior Lender Secured Claims as required by terms of the New Loan Agreement; and (ii) make any Cash payments required to be made to Class 3 Senior Lender Unsecured Claims. Pursuant to the terms of the Plan Support Agreement and the New Loan Agreement, the Debtors' Cash on hand, the New Investment, and the Debtors' cash flow derived from the operation of the Properties after payment of all operating expenses and capital expenditures shall be used to make Distributions to Holders of Allowed General Unsecured Claims and Holders of Allowed Priority Tax Claims and Secured Governmental Unit Claims paid pursuant to sections 1129(a)(9)(C) and (D) of the Bankruptcy Code in accordance with the terms of the Plan. The reduced and subordinated Management Fee is expected to increase cash available for payments required under the Plan.

B. Appointment of Estate Representatives

The Plan will be administered by the Reorganized Debtors as set forth in the Plan.

C. Rights and Powers of the Reorganized Debtors

The Reorganized Debtors shall be deemed the Estates' representative in accordance with section 1123 of the Bankruptcy Code and shall have all the rights and powers set forth in the Plan.

The Reorganized Debtors shall be authorized and empowered as a representative of the Estates to act to institute, prosecute, settle, compromise, abandon or release all Causes of Action, including without limitation the Swap Causes of Action, at their own expense. The Reorganized Debtors shall be authorized and empowered with respect to all Claims as a representative of the Estates and shall have the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Rule 2004 of the Bankruptcy Rules, including without limitation, the right to (1) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan; (2) liquidate any assets; (3) make Distributions to Holders of Allowed Claims in accordance with the Plan; (4) object to Claims and prosecute, settle or otherwise resolve such objections and, as applicable, assert any defenses and rights of setoff or recoupment of the Estates; (5) establish and administer any necessary reserves for Disputed Claims that may be required; (6) perform administrative services related to implementation of the Plan; (7) complete and file the federal, state and local tax returns, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of such Debtor or its Estate for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax laws; (8) prepare and file post-confirmation reports with the U.S. Trustee and pay any post-confirmation fees owing to the U.S. Trustee and (9) employ and compensate professionals, which professionals may include Professionals that have represented the Debtors in these Chapter 11 Cases, and other agents necessary for the aforementioned tasks. The Reorganized Debtors shall be permitted to pay any necessary expenses incurred, including compensation of professionals, in accordance with the Plan without seeking Court approval.

D. Directors/Officers of the Debtors on the Effective Date

The authority, power and incumbency of the persons acting as directors, officers and/or managing members of the Debtors as of the Petition Date shall continue following the Effective Date.

E. Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as Debtors-in-Possession during the period from the Confirmation Date through and until the Effective Date.

F. Transfer and Vesting of Property

On the Effective Date all of the Debtors' right, title and interests in the Properties and all other property of the Estates, whether it be real or personal, except to the extent such property is otherwise transferred or released pursuant to provisions of the Plan, shall be transferred to and vest in the Reorganized Debtors free and clear of all Claims and Liens, except as follows: (a) the Properties and other property of the Reorganized Debtors shall be encumbered by Liens to the extent that such Liens are granted for the benefit of the Agent and the Senior Lenders in connection with the New Senior Debt; (b) to the extent that the Debtors' property is encumbered by Liens securing an Allowed Class 4 Other Secured Claim and the Debtors or Reorganized Debtors agree at their sole option and in writing that such Allowed Class 4 Other Secured Claim should be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, such Liens shall reattach to such encumbered property. Without limiting the foregoing, all Causes of Action (other than those specifically released pursuant to the Plan), including the Swap Causes of Action, shall be transferred to and vest in the Reorganized Debtors free and clear of all Claims and Liens.

G. Establishment of the Administrative Claims Bar Date

1. The Plan establishes the Administrative Claims Bar Date, which will be approved by the Bankruptcy Court pursuant to the Confirmation Order.

2. On or before 4:00 p.m., Prevailing Eastern Time, on the Administrative Claims Bar Date, each Holder of an Administrative Claim (other than an Ordinary Course Administrative Claim, a Section 503(b)(9) Claim, an Administrative Claim for Accrued Professional Compensation, or an Administrative Claim of the Claims Agent) shall file with the Bankruptcy Court a request for payment of Administrative Claim by electronic filing, mailing, hand delivering or delivering by courier service such request for payment of Administrative Claim to the Bankruptcy Court and serve a copy so as to be received substantially contemporaneous with filing on counsel to the Debtors and the Office of the United States Trustee for the District of Delaware. For the avoidance of doubt, Section 503(b)(9) Claims were required to be filed by the Bar Date of March 1, 2012 and remain subject to such Bar Date.

H. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Cases are closed.

I. Resolution of Adequate Protection Overpayments

Except if the Agent and the Senior Lenders each opt in to the Senior Lender Settlement or as the Debtors or Reorganized Debtors and the Agent and Senior Lenders may otherwise agree through an exchange of signed writings or otherwise ordered by the Bankruptcy Court: (a) within sixty (60) days after the Effective Date, the Debtors may file a motion, on notice to the Agent, requesting the Bankruptcy Court to estimate the amount of the Adequate Protection Overpayments; (b) within thirty (30) days after the Debtors' filing and service of such estimation motion, the Bankruptcy Court shall estimate the amount of the Adequate Protection Overpayments; and (c) within seven (7) days after the Bankruptcy Court's entry of an order estimating the amount of the Adequate Protection Overpayments, the Agent and Senior Lenders shall turn over to a third-party escrow agent (or pay into the Bankruptcy Court's registry account if the parties cannot agree on the choice of a third-party escrow agent) Cash in an amount equal to the amount of the estimated Adequate Protection Overpayments. The Cash equal to the estimated amount of the Adequate Protection Overpayments shall be held by such third-party escrow agent (or held by the Bankruptcy Court in its registry account), subject to the entry of a Final Order adjudicating on a final basis

the amount of the Adequate Protection Overpayments and directing the distribution of the Adequate Protection Overpayments in accordance with the Plan.

Except (x) if the Agent and each of the Senior Lenders opt into the Senior Lender Settlement or (y) as the Debtors and the Agent may otherwise agree in a writing signed by both parties, the Adequate Protection Overpayments shall be administered in order of priority as follows under the Plan:

(i) First, solely to the extent the Bankruptcy Court determines by a Final Order that the Agent and Senior Lenders' application of such Adequate Protection Overpayments is necessary to satisfy the requirements of section 1129(b)(2)(A) of the Bankruptcy Code, the required portion of the Adequate Protection Overpayments shall be returned to the Agent and Senior Lenders and applied by the Agent and Senior Lenders on account of their Senior Lender Secured Claim; provided, however, that the application of such portion of the Adequate Protection Payments shall reduce the New Loan Amount on a dollar for dollar basis;

(ii) Second, to fund distributions to the Holders of Allowed Senior Lender Unsecured Claims in a total amount not to exceed the aggregate of the Deficiency Amount or the Allocated Deficiency Amount, as applicable[16]; and

(iii) Third, to fund distributions to the Holders of Allowed General Unsecured Claims, subject to the GUC Claims Cap or the Alternative GUC Claims Cap, as applicable.

(iv) Fourth, the Adequate Protection Overpayments shall be returned to and retained by the Debtors.

ARTICLE VII.

PROVISIONS GOVERNING DISTRIBUTIONS

A. Initial Distribution Date

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall make, or shall make adequate reserves for, the Distributions required to be made under the Plan with respect to Allowed Claims.

B. Disputed Claims Reserves

1. Establishment of Disputed Claims Reserves

As to any Claim required to receive its Distributions in the form of Cash, on the Initial Distribution Date and on each subsequent Distribution Date, the Debtors or Reorganized Debtors shall withhold on a *pro rata* basis from property that would otherwise be distributed to Classes of Claims or unclassified Claims entitled to Distributions under the Plan on such date, in a separate Disputed Claims Reserve, such amounts as may be necessary to equal one hundred percent (100%) of Distributions to which Holders of such Disputed Claims would be entitled under the Plan if such Disputed Claims were allowed in their Disputed Claims Amount. The Debtors or Reorganized Debtors may request, if necessary, estimation for any Disputed Claim that is contingent or unliquidated, or for which the Debtors or Reorganized Debtors determine to reserve less than the Face Amount. The Debtors or Reorganized Debtors shall withhold the applicable portion of the Disputed Claims Reserve with respect to such Claims based upon the estimated amount of each such Claim as estimated by the Bankruptcy Court. If the Debtors or Reorganized Debtors elect not to request such an estimation from the Bankruptcy Court with respect to a Disputed Claim that is

[16] As stated in Articles III.D.3 and III.E.3 of the Plan, in the event of an Adverse SLUC Ruling, the Senior Lender Unsecured Claims shall be reclassified as General Unsecured Claims in an amount equal to the Deficiency Amount or the Allocated Deficiency Amount, as applicable, and treated in the same manner as General Unsecured Claims. Accordingly, in the event of an Adverse SLUC Ruling, Article IV.I(ii) of the Plan shall not apply.

contingent or unliquidated, the Debtors or Reorganized Debtors shall withhold the applicable Disputed Claims Reserve based upon the good faith estimate of the amount of such Claim by the Debtors or Reorganized Debtors. If practicable, the Debtors or Reorganized Debtors will invest any Cash that is withheld as the applicable Disputed Claims Reserve in an appropriate manner to ensure the safety of the investment. Nothing in the Plan or the Disclosure Statement shall be deemed to entitle the Holder of a Disputed Claim to postpetition, post-Confirmation or post-Effective Date interest on such Claim, however.

2. Maintenance of Disputed Claims Reserves

To the extent that the property placed in a Disputed Claims Reserve consists of Cash, that Cash shall be deposited in an interest-bearing account, or other account with fewer fees, whichever preserves the corpus of such Disputed Claims Reserve the most, at the Reorganized Debtors' sole discretion. The Reorganized Debtors shall hold property in the Disputed Claims Reserves in trust for the benefit of the Holders of Disputed Claims in the relevant Class of Claims ultimately determined to be Allowed. Each Disputed Claims Reserve shall be closed by the Reorganized Debtors when all Distributions and other dispositions of Cash or other property required to be made hereunder will have been made in accordance with the terms of the Plan and all Disputed Claims on account of which such Disputed Claims Reserve was created and funded shall be deemed extinguished upon the last such Disputed Claim becoming Allowed or disallowed by a Final Order of the Bankruptcy Court. Upon closure of a Disputed Claims Reserve for a particular Class of Claims (or category of unclassified Claims), all Cash (including any Cash Investment Yield) or other property held in that Disputed Claims Reserve shall be used to pay any remaining unpaid amounts due to Claimants for the applicable Class in accordance with Article III.D or III.E of the Plan, as applicable, or shall be returned to the Reorganized Debtors if all such Allowed Claims have been fully satisfied as set forth in Article III.D or III E of the Plan, as applicable.

C. Subsequent Distributions

Any Distribution that is not made on the Initial Distribution Date or subsequent Distribution Dates or on any other date specified in the Plan because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, shall be held by the Reorganized Debtors in a Disputed Claims Reserve pursuant to Article V.B of the Plan and Distributed as soon as practicable and in accordance with the terms of the Plan, after such Claim is Allowed by a Final Order of the Bankruptcy Court.

D. Delivery of Distributions

1. General Provisions; Undeliverable Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise provided in the Plan, Distributions to the Holders of Allowed Claims shall be made by the Reorganized Debtors at (a) the address of each Holder as set forth in the Schedules, unless superseded by the address set forth on proofs of Claim filed by such Holder or (b) the last known address of such Holder if no proof of Claim is filed or if the Reorganized Debtors have been notified in writing of a change of address. If any Distribution is returned as undeliverable, the Reorganized Debtors may, in their sole discretion, make such efforts to determine the current address of the Holder of the Claim with respect to which the Distribution was made as the Reorganized Debtors deem appropriate, but no Distribution to any Holder shall be made unless and until the Reorganized Debtors have determined the then-current address of the Holder, at which time the Distribution to such Holder shall be made to the Holder without interest from and after the Effective Date through the date of Distribution. Amounts in respect of any undeliverable Distributions made by the Reorganized Debtors shall be returned to, and held in trust by, the Reorganized Debtors until the Distributions are claimed or are deemed to be unclaimed property under section 347(b) of the Bankruptcy Code as set forth in Article V.D.2 of the Plan. The Reorganized Debtors shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; provided, however, that their discretion may not be exercised in a manner inconsistent with any express requirements of the Plan.

2. Unclaimed Property

Except with respect to property not Distributed because it is being held in a Disputed Claims Reserve, Distributions that are not claimed by the expiration of 1 year from the date of the last Distribution to the Holder of

such Claim shall be deemed to be unclaimed property under section 347(b) of the Bankruptcy Code and, if on account of an Allowed General Unsecured Claim in Class 6, may be used to make payment on other Claims in such Class. After the expiration of that 1-year period, (a) the Claims with respect to which those Distributions are made shall be automatically cancelled and (b) the right of any Entity to those Distributions shall be discharged and forever barred and waived. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

E. Manner of Cash Payments Under the Plan

Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Reorganized Debtors or by wire transfer from a domestic bank, at the option of Reorganized Debtors.

F. Time Bar to Cash Payments by Check

Checks issued by the Reorganized Debtors on account of Allowed Claims shall be null and void if not negotiated within 90 days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to Article V.F. of the Plan shall be made directly to the Reorganized Debtors by the Holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of the first anniversary of the Effective Date or the first anniversary of the date on which the Claim at issue became an Allowed Claim. After that date, all Claims in respect of void checks shall be discharged and forever barred and the proceeds of those checks shall become unclaimed property in accordance with section 347(b) of the Bankruptcy Code.

G. Compliance with Tax Requirements

In connection with making Distributions under the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtors may withhold the entire Distribution due to any Holder of an Allowed Claim until such time as such Holder provides the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Reorganized Debtors to the appropriate authority. If the Holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any governmental unit within 6 months from the date of first notification to the Holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article V.D.1 of the Plan.

H. No Payments of Fractional Dollars and Minimum Distributions

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional dollars shall be made pursuant to the Plan. Whenever any payment of a fraction of a dollar under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding down of such fraction to the nearest whole dollar. The Reorganized Debtors shall not be obligated to make any Distributions of less than $10.00.

I. Interest on Claims

Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Except as expressly provided in the Plan or in a Final Order of the Bankruptcy Court, no prepetition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

J. No Distributions in Excess of Allowed Amount of Claim

Notwithstanding anything to the contrary contained in the Plan, no Holder of an Allowed Claim shall receive in respect of that Claim any Distribution in excess of the Allowed amount of that Claim.

K. Setoff and Recoupment

The Debtors or Reorganized Debtors may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtors, the Estates, or the Reorganized Debtors may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors, the Reorganized Debtors on behalf of the Debtors, the Estates, or the Reorganized Debtors as a successor in interest of any right of setoff or recoupment that any of them may have against the Holder of any Claim. The Bankruptcy Court shall retain jurisdiction to consider any dispute related to any such setoff or recoupment. Without limiting the foregoing, the Debtors or Reorganization Debtors shall have the right to setoff against and recoup from any Claim of or Distributions to be made to Bank of America pursuant to the Plan in respect of any Swap Cause of Action or any other Cause of Action not expressly released pursuant to the Plan.

ARTICLE VIII.

DISPUTED CLAIMS

A. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, the Reorganized Debtors shall not Distribute any Cash or other property on account of any Claim that is Disputed unless and until such Claim or portion thereof becomes Allowed.

B. Resolution of Disputed Claims

The Reorganized Debtors have the right after the Effective Date to make and File objections to all Claims.

C. Objection Deadline

All objections to Disputed Claims shall be Filed and served upon the Holders of each such Claim not later than the Claims Objection Bar Date, unless otherwise ordered by the Bankruptcy Court after notice and a hearing. The Reorganized Debtors reserve the right to move to extend this objection deadline.

D. Estimation of Claims

At any time after the Effective Date, the Reorganized Debtors may request that the Bankruptcy Court estimate any contingent or unliquidated Claim to the extent permitted by section 502(c) of the Bankruptcy Code regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall have jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on the Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the Claim, the Reorganized Debtors may elect to pursue supplemental proceedings to object to the ultimate allowance of the Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

ARTICLE IX.

TREATMENT OF EXECUTORY CONTRACTS

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, all Executory Contracts of the Debtors will be deemed assumed by the Reorganized Debtors in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, except for those Executory Contracts that:

i. have been rejected by order of the Bankruptcy Court;

ii. are the subject of a motion to reject pending on the Effective Date;

iii. are identified on the Rejected Contracts Schedule; or

iv. are rejected pursuant to the terms of the Plan.

Except as otherwise provided in the Plan or agreed to by the Debtors with the applicable counterparty in writing, each assumed Executory Contract shall include all modifications, amendments, supplements, restatements, or other agreements related thereto, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated hereunder. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or the validity, priority, or amount of any Claims that may arise in connection therewith. To the extent any provision in any Executory Contract assumed pursuant to the Plan (including, without limitation, any "change of control" provision) restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by the Reorganized Debtors' assumption of such Executory Contract, then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-debtor party thereto to terminate such Executory Contract or to exercise any other default-related rights with respect thereto. Each Executory Contract assumed pursuant to Article VII of the Plan shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable law. Without amending or altering any prior order of the Bankruptcy Court approving the assumption or rejection of any Executory Contract, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

B. Cure of Defaults for Assumed Executory Contracts

Any monetary defaults under each Executory Contract to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by the treatment provided to Holders of Allowed Cure Claims. At least 20 days prior to the Confirmation Hearing, the Debtors shall file and serve upon counterparties to such Executory Contracts, a notice of the proposed assumption (the "Proposed Assumption Notice"), which will: (1) list the applicable cure amount, if any; and (2) describe the procedures for filing objections thereto. Any objection by a counterparty to an Executory Contract to a proposed assumption or related cure amount must be filed, served and actually received by the Debtors at least 7 days prior to the Confirmation Hearing. Any counterparty to an Executory Contract that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such matters and will be deemed to have forever released and waived any objection to the proposed assumption and cure amount. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article IX.G of the Plan. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract to be assumed or (3) any other matter pertaining to assumption, such claim shall be deemed a Disputed Cure Claim until the entry of a Final Order or orders resolving the dispute and approving the assumption. If an objection to Cure is

sustained by the Bankruptcy Court, the Debtors or Reorganized Debtors, as applicable, in their sole option, may elect to reject such Executory Contract in lieu of assuming it.

C. Rejection of Executory Contracts

All Executory Contracts listed on the Rejected Contracts Schedule as of the Confirmation Date shall be deemed rejected as of entry of the Confirmation Order, which shall constitute an order of the Bankruptcy Court approving the rejections described in Article VII of the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code.

D. Claims on Account of the Rejection of Executory Contracts

All proofs of Claim with respect to Claims arising from the rejection of Executory Contracts, pursuant to the Plan or the Confirmation Order, if any, must be filed with the Claims Agent within 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection.[17] All Allowed Claims arising from the rejection of Executory Contracts shall be classified as General Unsecured Claims. Any Entity that is required to file a Proof of Claim arising from the rejection of an Executory Contract that fails to timely do so shall be forever barred, estopped and enjoined from asserting such Claim, and such Claim shall not be enforceable, against the Debtors, the Reorganized Debtors or their Estates, and the Debtors, the Reorganized Debtors and their Estates and property shall be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article IX.G of the Plan.

E. Insurance Policies

Each insurance policy shall be assumed by the applicable Reorganized Debtor effective as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, to the extent such insurance policy is executory, unless such insurance policy previously was rejected by the Debtors pursuant to a Bankruptcy Court order or is the subject of a motion to reject pending on the Effective Date.

F. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the Petition Date by any Debtor may be performed by the Reorganized Debtors in the ordinary course of business.

G. Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease on the Rejected Contracts Schedule or the Proposed Assumption Notice, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or that any Debtor or Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

[17] For the avoidance of doubt, the bar date described in Article VII.D of the Plan shall not apply to any claim based on the Debtors' rejection of an Executory Contract that was required to be filed prior to an earlier bar date, including, but not limited to, the Bar Date.

ARTICLE X.

CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

A. Conditions to Confirmation

The following conditions precedent to the occurrence of the Confirmation Date must be satisfied:

(a) the Confirmation Order shall have been entered in form and substance reasonably satisfactory to the Debtors and the Plan Sponsors, and shall, among other things:

(i) provide that the Debtors and the Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan; and

(ii) provide that notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan.

(b) the Debtors and the Plan Sponsors have agreed in their reasonable discretion that the Debtors will have sufficient Cash as of the Effective Date to pay the Senior Lender Unsecured Claim, if any, in full from Cash generated by operation of the Properties. The Debtors, with the consent of the Plan Sponsors, may waive this condition.

B. Conditions to Effective Date

The following are conditions precedent to the Effective Date that must be satisfied or waived:

(i) The Confirmation Order shall have become a Final Order;

(ii) The New Loan Documents shall be in form and substance reasonably acceptable to the Debtors and the Plan Sponsors, and to the extent that any of such documents contemplates execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document and to funding and credit thereunder shall have been satisfied or waived;

(iii) All material authorizations, consents and regulatory approvals required, if any, in connection with consummation of the Plan shall have been obtained; and

(iv) All material actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

C. Waiver of Conditions.

Notwithstanding the foregoing, the Debtors (with the consent of the Plan Sponsors) reserve, in their sole discretion, the right to waive the occurrence of any condition precedent to Confirmation or the Effective Date or to modify any of the foregoing conditions precedent. Any such written waiver of a condition precedent set forth in this Article may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Notwithstanding the satisfaction or waiver of each condition precedent to the Effective Date, the Effective Date shall not occur until the Debtors (with the consent of the Plan Sponsors) file with the Bankruptcy Court a notice stating that the Effective Date has occurred. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action

ARTICLE XI.

DISCHARGE, RELEASE, INJUNCTION AND RELATED PROVISIONS

A. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims and Equity Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims and Equity Interests, as well as a finding by the Bankruptcy Court that such compromise or settlement is fair, equitable, reasonable and in the best interests of the Debtors, the Estates and Holders of Claims and Equity Interests.

B. Certain Releases Under the Plan

Article IX of the Plan includes certain release, exculpation and injunction provisions that benefit individuals and entities that are actively and integrally involved in the Debtors' Chapter 11 Cases and who have made, and will continue to make, substantial contributions to the Debtors' Chapter 11 Cases.

The beneficiaries of the releases and exculpation under the Plan continue to make substantial contributions to the Debtors' reorganization and the Plan. Since the Petition Date, the actions of the Debtors, the Plan Sponsors, and their respective professionals have ensured that the foundation of the Debtors' business model remains intact and that their core operations remain strong. At the same time, the Debtors, the Plan Sponsors, and their respective professionals were, and continue to be, involved in each and every step of the restructuring process. Furthermore, the Debtors, the Plan Sponsors, and their respective professionals made numerous difficult decisions regarding the Debtors' financial restructuring. These decisions – which are embodied in the Disclosure Statement, the Plan and the Plan Support Agreement – are presently being implemented by the Debtors, the Plan Sponsors, and their respective professionals. Accordingly, the Debtors believe additional evidence demonstrating the substantial contributions made by the beneficiaries of the Plan's release and exculpation provisions continues to develop as the Debtors move toward confirmation of the Plan.

The Plan Sponsors' individual efforts in providing the Plan Support Agreement significantly contributed to these Chapter 11 Cases and the maximization of value for all creditors. First, as stated above, the Plan is predicated on the Plan Support Agreement that the Debtors have entered into with the Plan Sponsors. The Plan Support Agreement is necessary for the Debtors' successful emergence from bankruptcy as a viable enterprise. Through the Plan Support Agreement, the Plan Sponsors have committed to provide the Debtor with, among other things, at least $3,700,000, and up to $5,000,000, in accordance with the terms of the Plan Support Agreement.

Second, one of the Plan Sponsors, SNP Servicing, has historically provided the Debtors with essential property and asset management services. Under the Plan Support Agreement, SNP Servicing agrees to continue to provide the Debtors with these critical services. Furthermore, SNP Servicing has agreed to reduce the Management Fee by $1,200,000 by January 2014, which will materially benefit the Debtors' liquidity position post-emergence. Considering that the Debtors believe the Management Fee is already below the market rate charged for similar property and asset management services, the Debtors believe SNP Servicing's agreement to reduce the Management Fee represents a significant contribution to the Debtors

Third, pursuant to the Plan Support Agreement, monthly payments of the Management Fee will be subordinated to the monthly payments due on the New Senior Debt. While the Debtors believe the cash flow generated by the Properties is more than sufficient to support all of the Reorganized Debtors' obligations, including the New Senior Debt and the Management Fee, the subordination of the Management Fee will provide the Debtors with the support necessary to weather the unforeseen financial difficulties that all businesses face from time to time.

Fourth, the Plan Support Agreement provides that SNP Holding will guarantee the New Senior on substantially the same terms as the SNP Guaranty.

Thus, given the substantial contributions provided by the beneficiaries of the releases and exculpation under the Plan to the restructuring, it is clear that the releases and exculpation provisions under the Plan are necessary to the Debtors' restructuring.

C. ***Discharge of Debtors***

The rights afforded in the Plan and the treatment of all Claims and Equity Interests under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever against the Debtors and the Debtors-in-Possession, or their assets, Properties, or interests in property. Except as otherwise provided in the Plan, on the Effective Date, all Claims against the Debtors and the Debtors-in-Possession shall be satisfied, discharged, and released in full. The Reorganized Debtors shall not be responsible for any obligations of the Debtors or the Debtors-in-Possession except those expressly assumed by the Reorganized Debtors pursuant to the Plan. All Entities shall be precluded and forever barred from asserting against the Debtors and the Reorganized Debtors, or their assets, Properties, or interests in property any other or further Claims or claims based upon any act or omission, transaction, or other activity, event, or occurrence of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date, except as expressly provided in the Plan.

D. ***Releases***

1. ***Releases by the Debtors.*** **Notwithstanding anything contained in the Plan to the contrary, as of the Effective Date, for the good and valuable consideration provided by each of the Debtor Releasees, including, without limitation, the services of the Debtor Releasees in facilitating the expeditious implementation of the Plan, each of the Debtors provides a full release to the Debtor Releasees (and each such Debtor Releasee so released shall be deemed released and discharged by the Debtors) from any and all Claims or Causes of Action and any other debts, obligations, rights, suits, damages, actions, remedies and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, event or other occurrence or circumstances, including actions in connection with indebtedness for money borrowed by the Debtors, existing or taking place prior to or on the Effective Date arising from or related in any way to the Debtors, including, without limitation, those that any of the Debtors would have been legally entitled to assert or that any Holder of a Claim or Equity Interest or other Entity would have been legally entitled to assert for or on behalf of any of the Debtors or Estates and further including those in any way related to the Estates, the Chapter 11 Cases or the Plan; *provided, however,* that the provisions of Article IX.C.1 of the Plan shall not operate to waive or release from any Causes of Action expressly set forth in and preserved by the Plan or any defenses thereto.**

2. ***Releases by Certain Holders of Claims.*** **Notwithstanding anything contained in the Plan to the contrary, as of the Effective Date, for good and valuable consideration, each Holder of a Claim who voted in favor of the Plan shall be deemed to unconditionally release and forever waive all Claims, Causes of Action, debts, obligations, demands, liabilities, suits, judgments, damages, rights and causes of action, whatsoever, other than the right to enforce the obligations under the Plan and the contracts, instruments, releases, and other agreements and documents delivered thereunder, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, 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 respecting any of the Debtors or their Estates or in connection with the Chapter 11 Cases, the Plan, the Disclosure Statement, the negotiation or for any act or omission that occurred or could have occurred on or prior to the Effective Date against any of the Debtor Releasees.**

3. **Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in Article IX.C of the Plan pursuant to Bankruptcy Rule 9019 and its finding that they are: (a) in exchange for good and valuable consideration, representing a good faith settlement and compromise of the Claims and Causes of Action thereby released; (b) in the best interests of the Debtors and all Holders of Claims and Equity Interests; (c) fair, equitable and reasonable; (d) approved after due notice and**

opportunity for hearing; and (e) a bar to any of the Releasing Parties asserting any Claim or Cause of Action thereby released.

E. ***Exculpation***

Notwithstanding anything contained in the Plan to the contrary, the Debtor Releasees shall neither have nor incur any liability to any Holder of a Claim or Interest, or a governmental entity on behalf of a Holder of a Claim or Equity Interest, for any act taken or omitted to be taken in connection with, or related to, the restructuring of the Debtors arising prior to the Effective Date, including but not limited to the formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement, or any other contract, instrument, release or other agreement or document created or entered into in connection with the Plan or Disclosure Statement or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the Plan; *provided, however*, that the provisions of Article IX.D of the Plan shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; *provided, further*, that each Debtor Releasee shall be entitled to rely upon the advice of counsel concerning its duties; *provided, further*, that the foregoing provisions of Article IX.D of the Plan shall not apply to any acts, omissions, Claims, causes of action or other obligations expressly set forth in and preserved by the Plan or any defenses thereto.

F. Senior Lender Settlement

The Plan includes the proposed settlement and compromise of all disputes by and among the Debtors, the Plan Sponsors, Bank of America, the Agent, the Senior Lenders and each of their respective Affiliates. Although the Debtors are confident that they could prevail in a contested confirmation fight and in other litigation with Bank of America, the Agent and the Senior Lenders, the Debtors have proposed this Senior Lender Settlement as an inducement to Bank of America, the Agent and the Senior Lenders to avoid the expense, burden, delay and unnecessary consumption of judicial resources associated with such litigation. Accordingly, it is critical to the Senior Lender Settlement that Bank of America, the Agent and each of the Senior Lenders proceed with and are bound by the Senior Lender Settlement. Furthermore, time is of essence in connection with the Senior Lender Settlement.

1. Terms of the Senior Lender Settlement

For good and valuable consideration, as part of the Senior Lender Settlement, Bank of America, the Agent and each of the Senior Lenders stipulate and agree as follows:

(a) Effective immediately upon the filing of the Notice of Senior Lender Settlement Acceptance, Bank of America, the Agent and each of the Senior Lenders shall be deemed to have consented to all of the Plan's terms and conditions and to have waived any objection to Confirmation of the Plan (except as to material amendments made or terms disclosed subsequent to the filing of the notice (as to which Bank of America or the Agent did not have prior actual or constructive notice)).

(b) Effective immediately upon the filing of the Notice of Senior Lender Settlement Acceptance, Bank of America, the Agent and each of the Senior Lenders shall be deemed to have voted each and every one of their respective Claims in support of Confirmation of the Plan. Neither Bank of America, nor the Agent, nor any of the Senior Lenders may subsequently change or withdraw that vote (except as permitted by a Final Order of the Bankruptcy Court based solely on the Debtors having made subsequent material amendments to the Plan that frustrate the purpose of the Senior Lender Settlement.

(c) Subject to the Effective Date, Bank of America, the Agent and each of the Senior Lenders shall be deemed to have waived any Distribution under the Plan or otherwise on account of any Senior Lender Unsecured Claim.

(d) Subject to the Effective Date, each of Bank of America, the Agent, each of the Senior Lenders, for and on behalf of themselves and their respective Affiliates and Representatives (in such capacities and not individually), shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever against each of the Debtor Releasees, their respective Affiliates and such Affiliates' Representatives in connection with or related to the Debtors, the conduct of the Debtors' business, the Swap Transactions, the Pre-Petition Loan Documents (including, but not limited to, the Pre-Petition Loan Agreement, the Pre-Petition QPO Guaranties and the SNP Holding Guaranty), the Chapter 11 Cases, or the Plan (other than the rights under the Plan or reserved in the Plan and the contracts, instruments, releases and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereunder arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date. Within fourteen (14) days after the Effective Date, each of Bank of America, the Agent and each of the Senior Lenders shall execute and deliver to the Debtors and Plan Sponsors a written release document evidencing the terms of this Senior Lender Release; provided, however, that no Person's failure to execute or deliver the separate document evidencing the terms of the Senior Lender Release shall undermine the effectiveness of the Senior Lender Release.

For good and valuable consideration, as part of the Senior Lender Settlement, each of the Debtors and each of the Plan Sponsors stipulate and agree as follows:

(a) Subject to the Effective Date, the Agent and Senior Lenders shall be entitled to the more favorable terms for the New Senior Debt (as described in the Plan definition of New Senior Debt), which consist of (i) more favorable rights with respect to collateral securing repayment of New Senior Debt obligations and (ii) more favorable recourse provisions in connection with the New Senior Debt.

(b) Subject to the Effective Date, Sequoia Investments V, LLC and Security National Properties Funding, LLC, respectively, shall convey to the Agent and Senior Lenders, or their designee, by deed-in-lieu, Orchards Mall and Soup Lots; provided, however, that upon the consummation of such conveyance of Orchards Mall and Soup Lots, the appraised value of Orchards Mall (i.e., $4,540,000) and Soup Lots (i.e., $1,750,000) will be credited to reduce the New Loan Amount on a dollar for dollar basis;

(c) Subject to the Effective Date, the Agent and the Senior Lenders shall be entitled to retain and indefeasibly apply all Adequate Protection Payments made by or on behalf of any Debtor from the Petition Date through the Confirmation Date without reduction of the New Loan Amount;

(d) Subject to the Effective Date, each of the Debtors and each of the Plan Sponsors, for and on behalf of themselves and their respective Affiliates and Representatives (in such capacities and not individually), shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including the Swap Causes of Action), and liabilities whatsoever against each of the Senior Lender Releasees, their respective Affiliates and such Affiliates' Representatives in connection with or related to the Debtors, the conduct of the Debtors' business, the Swap Transactions, the Pre-Petition Loan Documents (including, but not limited to, the Pre-Petition Loan Agreement, the Pre-Petition QPO Guaranties and the SNP Holding Guaranty), the Chapter 11 Cases, or the Plan (other than the rights under the Plan or reserved in the Plan and the contracts, instruments, releases and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereunder arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date. Within fourteen (14) days after the Effective Date, each of the Reorganized Debtors and each of the Plan Sponsors shall execute and deliver to the Agent a written release document evidencing the terms of this Senior Lender Release; provided, however, that no Person's failure to execute or deliver the separate document evidencing the terms of the Senior Lender Release shall undermine the effectiveness of the Senior Lender Release.

2. Requirements to Opt into the Senior Lender Settlement

To avail themselves of the Senior Lender Settlement each of Bank of America, the Agent, and each of the Senior Lenders must opt into the Senior Lender Settlement within seven (7) calendar days after the entry of the

Disclosure Statement Order (the "Settlement Opt In Deadline"); provided, however, that the Debtors in their sole and absolute discretion after consultation with the Plan Sponsors may extend the period to opt into the Senior Lender Settlement by a signed writing delivered to the Agent or its counsel. The requirements to opt into the Senior Lender Settlement are as follows: (a) Prior to the Settlement Opt In Deadline, authorized representatives of Bank of America, the Agent and each of the Senior Lenders must each execute a "Notice of Senior Lender Settlement Acceptance" and cause it to be Filed in the Chapter 11 Cases; (b) the Notice of Senior Lender Settlement Acceptance must state explicitly that Bank of America, the Agent, and each of the Senior Lenders knowing and voluntarily enter into the Senior Lender Settlement and not contain any qualifications or reservations of rights beyond those expressly provided for in the Senior Lender Settlement. For the avoidance of doubt, the opt into the Senior Lender Settlement shall be effective only if authorized representatives of Bank of America, the Agent and each of the Senior Lenders execute the Notice of Senior Lender Settlement Acceptance and it is filed by the Settlement Opt In Deadline.

G. Preservation of Causes of Action

1. *Vesting of Causes of Action*

(a) Except as otherwise provided in the Plan or Confirmation Order, in accordance with section 1123(b)(3) of the Bankruptcy Code, all Causes of Action, including without limitation the Swap Causes of Action that the Debtors may hold against any Entity shall vest upon the Effective Date in the Reorganized Debtors.

(b) Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall have the exclusive right to institute, prosecute, abandon, settle or compromise any Causes of Action, in their sole discretion and without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Cases. Nothing in the Plan shall impose any duty on the Reorganized Debtors to pursue all or any Causes of Action.

(c) Causes of Action and any recoveries therefrom shall remain the sole property of the Reorganized Debtors, and Holders of Claims or Equity Interests shall have no right to any such recovery.

2. *Preservation of All Causes of Action Not Expressly Settled or Released*

(a) Unless a Cause of Action against a Holder or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), such Cause of Action is expressly reserved for later adjudication by the Reorganized Debtors (including, without limitation, Causes of Action not specifically identified or described in the Plan or elsewhere or 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 the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan or Confirmation Order, except where such Causes of Action have been released in the Plan (including, without limitation, and for the avoidance of doubt, the releases contained in Article IX.C.1 of the Plan) or any other Final Order (including the Confirmation Order). In addition, the right of the Reorganized Debtors is expressly reserved to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a defendant or an interested party, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

(b) Subject to the immediately preceding paragraph, any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods 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 any such obligation, transfer, or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may be the subject of an action after the Effective Date, regardless of whether: (i) such Entity has filed a proof of Claim against the Debtors in the Chapter 11 Cases; (ii) an objection has been filed with respect to any such Entity's proof of Claim; (iii) any such Entity's Claim was included in the Schedules; (iv) any such Entity's scheduled Claim was identified in the Schedules as disputed, contingent or unliquidated.

(c) Notwithstanding anything in the Plan to the contrary, the Debtors, each of their respective Estates, and the Reorganized Debtors, on behalf of themselves, their parents, subsidiaries, affiliates and related entities, and each of their respective directors, managing directors, officers, trusts, trustees, members, attorneys, consultants, other professionals, partners, associates, principals, divisions, employers, employees, insurers, agents, representatives, consultants, guarantors, indemnitors, indemnitees, sureties, heirs, assigns, and successors preserve, reserve and do not waive any and all Claims or Causes of Action (including without limitation the Swap Causes of Action) and any other debts, obligations, rights, suits, damages, actions, remedies and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, at equity, whether for tort, contract, violations of federal or state securities laws, or otherwise against Bank of America, the Agent and/or the Senior Lenders, both individually and collectively, and any of Bank of America's, the Agent's, and/or the Senior Lenders' parents, subsidiaries, affiliates and related entities, and each of their respective directors, managing directors, officers, trusts, trustees, members, attorneys, consultants, other professionals, partners, associates, principals, divisions, employers, employees, insurers, agents, representatives, consultants, guarantors, indemnitors, indemnitees, sureties, heirs, assigns, and successors.

H. ***Injunction***

1. From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtors, the Debtors-In-Possession, the Estates, the Reorganized Debtors or the Plan Sponsors, their respective successors and assigns, and their respective assets and properties, as the case may be, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

2. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, from and after the Effective Date, all Entities shall be precluded from asserting against the Debtors, the Debtors-in-Possession, the Estates, the Reorganized Debtors, the Plan Sponsors, their respective successors and assigns and their respective assets and properties, any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

3. The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction of Claims and Equity Interests of any nature whatsoever against the Debtors or any of their assets or properties. On the Effective Date, all such Claims against, and Equity Interests in, the Debtors shall be satisfied and released in full except for such treatment provided by the Plan.

4. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, all Parties and Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest satisfied and released hereby from:

(a) **commencing or continuing in any manner any action or other proceeding of any kind against any Debtor, the Reorganized Debtors, the Plan Sponsors, their respective successors and assigns and their respective assets and properties;**

(b) **enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any Debtor, the Reorganized Debtors, the Plan Sponsors, their respective successors and assigns and their respective assets and properties;**

(c) **creating, perfecting or enforcing any encumbrance of any kind against any Debtor, the Reorganized Debtors, the Plan Sponsors, or the property or estate of any Debtor, Reorganized Debtor or Plan Sponsor;**

(d) **asserting any right of setoff or subrogation of any kind against any obligation due from any Debtor or Reorganized Debtor or against the property or estate of any Debtor or Reorganized Debtor, except to the extent a right to setoff or subrogation is asserted (i) with respect to a timely filed proof of Claim and adjudicated to be valid and enforceable by a Final Order of the Bankruptcy Court prior to the Confirmation Date or (ii) by Holders of Affiliate Claims as set forth in the Plan; or**

(e) **commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.**

I. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, liens, pledges or other security interests against property of the Estates, other than Liens specifically provided for in the Plan to the Holders of Claims in Classes 2 and 3, shall be fully released and discharged and all of the rights, title and the Debtors' interest in such property shall be distributed or transferred in accordance with the Plan.

The Reorganized Debtors following the Effective Date may dispose of the Properties, or any portion thereof, or refinance and pay off in full the then remaining balance due on the New Senior Debt without prepayment penalty, premium, yield maintenance or any other charge or fee, other than as expressly set forth in the New Loan Agreement. Furthermore, the Reorganized Debtors following the Effective Date may sell any one or more of the Properties in one or a series of transactions in which case the Senior Lenders' Lien shall be deemed released and upon the reasonable request of the Reorganized Debtors the Senior Lenders shall execute and deliver from time to time partial or full Lien releases, as applicable, with respect to such Properties in consideration of payment of an amount equal to the Lien Release Price set forth on the Lien Release Schedule attached to the New Loan Agreement. Any disposition of the Properties during the term of the Plan shall be free and clear of any and all taxes, assessments and charges to the fullest extent permitted under section 1146(a) of the Bankruptcy Code.

ARTICLE XII.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors, the Estates, all property of the Estates and the Plan as is legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;

2. grant, deny or otherwise resolve any and all applications of Professionals or Persons retained in the Chapter 11 Cases for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract to which a Debtor was party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;

4. ensure that Distributions to Holders of Allowed Claims and Equity Interests are accomplished pursuant to the provisions of the Plan;

5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving a Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date, provided, however, the right of the Reorganized Debtors to commence actions in all appropriate jurisdictions shall be fully reserved;

6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan or the Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

8. issue injunctions, enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;

9. enforce Article IX.B, Article IX.C and Article IX.D of the Plan;

10. enforce the Injunction set forth in Article IX.F of the Plan;

11. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article IX of the Plan, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

12. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

13. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan or the Disclosure Statement; and

14. enter an order and/or the decree contemplated in Bankruptcy Rule 3022 concluding the Chapter 11 Cases.

ARTICLE XIII.

CONFIRMATION PROCEDURES

A. Confirmation Hearing

The Confirmation Hearing will commence on December 3, 2012 at 10 a.m. Prevailing Eastern Time, before the Honorable Kevin Gross, Chief U.S. Bankruptcy Judge, in the U.S. Bankruptcy Court for the District of Delaware, at the U.S. Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801-4908. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing.

The Plan Objection Deadline is 4:00 p.m. Prevailing Eastern Time on [_____], 2012.

All Plan Objections must be filed with the Bankruptcy Court and served on counsel for the Debtors and certain other parties in accordance with the Disclosure Statement Order on or before the Plan Objection Deadline.

The proposed schedule will provide Entities with the notice required by Bankruptcy Rule 2002(b). The Debtors believe that the Plan Objection Deadline will afford the Bankruptcy Court other parties-in-interest reasonable time to consider the Plan Objections prior to the Confirmation Hearing.

THE BANKRUPTCY COURT MAY NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

Subject to the limitations contained in the Plan: (1) prior to the entry of the Confirmation Order, the Debtors expressly reserve the right to amend the terms of the Plan (subject to compliance with section 1127 of the Bankruptcy Code) with the consent of the Plan Sponsors (if the Debtors make material changes in the terms of the Plan, the Debtors will disseminate additional solicitation materials and extend the solicitation period, in each case to the extent required by law or further order of the Court); and (2) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as the case may be, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

Plan Objections must be served on all of the following parties:

Counsel to the Debtors:

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Robert J. Dehney
Gregory W. Werkheiser
Andrew R. Remming
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899-1347

Clerk of the Bankruptcy Court:

CLERK OF THE BANKRUPTCY COURT
U.S. Bankruptcy Court for the District of Delaware
824 North Market Street
Third Floor
Wilmington, Delaware 19801

United States Trustee:

OFFICE OF THE UNITED STATES TRUSTEE
Tiiara N.A. Patton
844 King Street, Room 2207
Lockbox #35
Wilmington, DE 19899-0035

B. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.

- Either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.

- Each Class that is entitled to vote on the Plan has accepted the Plan or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code.

- Except to the extent the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Priority Tax Claims will be paid in full on the later of 5 Business Days: (1) after the Effective Date (or, if not then due, within 5 Business Days after the date when such Allowed Administrative Claim or Priority Tax Claim is due); (2) if such Claim is Allowed after the Effective Date, on the date that is 5 Business Days after such Claim is Allowed (or, if not then due, 5 Business Days after the date when such Allowed Administrative Claim or Priority Tax Claim is due); (3) at such time and upon such terms as may be agreed upon by such Holder and the Reorganized Debtors; or (4) at such time and upon such terms as set forth in an order of the Bankruptcy Court.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan.

- The required filing fees have been or will be paid on the Effective Date pursuant to 28 U.S.C. §1930.

- The Reorganized Debtors will pay quarterly fees to the Office of the U.S. Trustee, when due, until the case is closed, converted or dismissed, whichever occurs first.

1. *Best Interests of Creditors Test/Liquidation Analysis*

Section 1129(a) (7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property with a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the bankruptcy court must: (a) estimate the Cash liquidation proceeds that a chapter 7 trustee would generate if each of the debtor's chapter 11 cases were converted to a chapter 7 case and the assets of such debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such holder's liquidation distribution to the Plan distribution that such holder would receive if the plan were confirmed.

In chapter 7 cases, unsecured creditors and equity interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

The Debtors believe that the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code would be less than the value of Distributions under the Plan. The Debtors' chapter 7 liquidation analysis and assumptions will be set forth in the Plan Supplement.

2. *Feasibility*

Section 1129(a) (11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless the Plan contemplates such liquidation.

3. *Acceptance by Impaired Classes*

The Bankruptcy Code requires, as a condition to confirmation, that, except as described below, each class of claims or equity interests that is impaired under a plan accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled or any fixed price at which the debtor may redeem the security.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in amount and more than one-half in number of such interests.

The following classes are impaired under the Plan:

- Class 2 – Senior Lender Secured Claim;
- Class 6 – General Unsecured Claims; and
- Class 8 – Affiliate Claims

C. Contact for More Information

Any interested party desiring further information about the Plan may contact legal counsel to the Debtors, by: (a) writing to Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, Delaware 19899-1347, Attn: Andrew R. Remming; or (b) calling (302) 658-9200

ARTICLE XIV.

PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND/OR EQUITY INTERESTS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT.

A. Certain Bankruptcy Law Considerations

1. *Parties-in-Interest May Object to the Classification of Claims and Equity Interests*

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in

such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Plan created nine Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. *Failure to Satisfy Vote Requirement*

If votes are received in an amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

3. *The Debtors May Not Be Able to Secure Confirmation of the Plan*

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, including, among other requirements, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim and/or Equity Interest might challenge whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement, the balloting procedures and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

Confirmation of the Plan is also subject to certain conditions as described in the Plan. If the Plan is not confirmed, it is unclear what Distributions, if any, Holders of Allowed Claims and Equity Interests would receive with respect to their Allowed Claims and/or Equity Interests.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for confirmation. The Debtors, in conjunction with their advisors, continue to evaluate any and all offers to ensure that the Debtors and their creditors obtain the best recoveries for all constituencies. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a Distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no Distribution of property whatsoever under the Plan.

4. *Nonconsensual Confirmation*

In the event that any impaired class does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements and the Debtors will request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

5. *The Debtors May Object to the Amount or Classification of a Claim*

Except as otherwise provided in the Plan, the Debtors (or the Reorganized Debtors after the Effective Date) reserve the right to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated Distributions described in this Disclosure Statement.

6. *Risk of Non-Occurrence of the Effective Date*

Although the Debtors believe that the Effective Date will occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur.

7. *Contingencies Not to Affect Votes of Impaired Classes to Accept or Reject the Plan*

The Distributions available to Holders of Allowed Claims and Equity Interests under the Plan can be affected by a variety of contingencies. The occurrence of any and all such contingencies, which could affect Distributions available to Holders of Allowed Claims and Equity Interests under the Plan, will not affect the validity of the vote taken by the Impaired Class to accept or reject the Plan or require any sort of revote by the Impaired Class.

B. Risk Factors that May Affect Distributions Under the Plan

1. *Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Recovery on Claims or Equity Interests*

The Claims estimates set forth herein are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Additionally, the Debtors have made certain assumptions, as described herein, regarding liquidation under chapter 7 of the Bankruptcy Code, **which should be read carefully.**

C. Disclosure Statement Disclaimer

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors and/or the Reorganized Debtors to object to that Holder's Allowed Claim, or the Debtors and/or the Reorganized Debtors to bring Causes of Action regardless of whether any Claims or Causes of Action are specifically or generally identified herein.

D. Liquidation Under Chapter 7

If the Plan is not confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for Distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that any such conversion would likely reduce any Distribution to Holders of Claims and Equity Interests based on, among other things, (i) the increased costs of a chapter 7 case arising from the fees payable to a chapter 7 trustee and professional advisors to such trustee; (ii) substantial increases in claims which would be satisfied on a priority basis; (iii) the substantially longer period of time that would elapse until distributions could be made under chapter 7; and (iv) the lack of the New Investment. The Debtors believe that, in the event of a liquidation pursuant to chapter 7 of the Bankruptcy Code, unsecured Creditors will receive no recovery for their Claims whatsoever. Further information regarding a hypothetical chapter 7 liquidation will be included in the Plan Supplement.

ARTICLE XV.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

THE TAX CONSEQUENCES UNDER THE PLAN TO HOLDERS OF CLAIMS OR INTERESTS MAY VARY BASED UPON THE PARTICULAR CIRCUMSTANCES OF EACH HOLDER. MOREOVER, THE TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN THE LAW AND THE TIME THAT MAY ELAPSE BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND FINAL DISTRIBUTIONS UNDER THE PLAN. NO RULING HAS BEEN APPLIED FOR OR OBTAINED FROM THE INTERNAL REVENUE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN REQUESTED OR OBTAINED BY THE DEBTOR WITH RESPECT THERETO.

THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THE DEBTORS AND THEIR ADVISORS CANNOT PROVIDE ANY SUCH ADVICE. THERE CAN BE NO ASSURANCE THAT THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE UPHELD. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN, OR OTHER TAX CONSEQUENCES OF THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE, ANY STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE CODE. STATEMENTS REGARDING TAX IMPLICATIONS CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) ARE NOT WRITTEN TO SUPPORT THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

TAX CONSEQUENCES MAY VARY BASED ON THE PARTICULAR CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER, OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, AND LOCAL INCOME AND OTHER TAX CONSEQUENCES UNDER THE PLAN.

ARTICLE XVI.

GLOSSARY OF DEFINED TERMS

Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "Accrued Professional Compensation" means, at any given moment, all accrued and/or unpaid fees and expenses (including, without limitation, fees or expenses allowed or awarded by a Final Order of the Bankruptcy Court or any other court of competent jurisdiction) for legal, financial advisory, accounting and other services and reimbursement of expenses that are awardable and allowable under sections 328, 330(a) or 331 of the Bankruptcy Code, arising under sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(6) of the Bankruptcy Code or otherwise rendered prior to the Effective Date, or thereafter in connection with: (a) applications Filed pursuant to sections 328, 330 and 331 of the Bankruptcy Code; (b) motions seeking the enforcement of the provisions of the Plan or Confirmation Order, by all Professionals in the Chapter 11 Cases that the Bankruptcy Court has not denied by a Final Order, to the extent that any such fees and expenses have not previously been paid regardless of whether a

fee application has been filed for any such amount; and (c) applications for allowance of Administrative Claims. To the extent that the Bankruptcy Court or any higher court denies by a Final Order any amount of a Professional's fees or expenses, then those amounts shall no longer be Accrued Professional Compensation.

2. "Adequate Protection Overpayments" means the amount by which (x) the aggregate of all Adequate Protection Payments made by the Debtors to the Agent and/or the Senior Lenders during the period from the Petition Date through and including the Effective Date exceed (y) Qualifying Value Diminution.

3. "Adequate Protection Payments" means the Cash payments made by the Debtors to the Agent and/or the Senior Lenders during the period from the Petition Date through the Effective Date pursuant to any order or other agreement authorizing the Debtors' use of Cash Collateral in which the Agent and/or Senior Lenders hold or assert an interest, including payments made pursuant to any of the nine interim cash collateral orders entered in these Chapter 11 Cases [D.I. 28, 64, 94, 119, 152, 179, 193, 264 & 279]. As of September 30, 2012, the Debtors have paid Bank of America, the Agent and/or the Senior Lenders not less than $6,479,673.86 in Adequate Protection Payments.

4. "Administrative Claims Bar Date" means the first Business Day that is 45 days after the Effective Date and is the deadline for a Holder of an Administrative Claim (other than an Ordinary Course Administrative Claim, a Section 503(b)(9) Claim, an Administrative Claim for Accrued Professional Compensation, or an Administrative Claim of the Claims Agent) to file a request with the Bankruptcy Court for payment of such Administrative Claim. For the avoidance of doubt, Section 503(b)(9) Claims were required to be filed by the Bar Date of March 1, 2012 and remain subject to such Bar Date. All fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930 are not subject to the Administrative Claims Bar Date.

5. "Administrative Claim" means a Claim arising under section 507(a)(2) of the Bankruptcy Code for costs and expenses of administration under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises) and (b) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930. For the avoidance of doubt, subject to the other terms and conditions of the Plan and the occurrence of the Effective Date of the Plan, any Claims of SNP Servicing for Management Fees in connection with services provided since the Petition Date shall be Allowed Administrative Claims.

6. "Adverse SLUC Ruling" means a Final Order of the Bankruptcy Court judicially determining that the Plan may not classify Senior Lender Unsecured Claims separately from General Unsecured Claims.

7. "Affiliate" has the meaning set forth in section 101(2) of the Bankruptcy Code.

8. "Affiliate Claim" means a Claim of a Non-Debtor Affiliate against a Debtor.

9. "Agent" means Bank of America, N.A., as administrative agent for the Senior Lenders under the Pre-Petition Loan Agreement.

10. "Allocated Deficiency Amount" means with respect to a Senior Lender Unsecured Claim against a given Debtor, the fraction of the Collateral Shortfall such Debtor is responsible for. Although the Debtors do not concede that any Collateral Shortfall exists, for the purposes of the Plan, if a Collateral Shortfall is judicially determined to exist, the Debtors will calculate each Debtor's Allocated Deficiency Amount based on the formula described in **Exhibit B** to the Plan, except that the Allocated Deficiency Amount for SNPF III shall be equal to $1.00. The term Allocated Deficiency Amount shall only apply if the Debtors make the Non-Consolidation Election or substantive consolidation is not ordered. If the Debtors do not make the Non-Consolidation Election and substantive consolidation is ordered, the term Deficiency Amount shall apply.

11. "Allowed" means, with respect to any Claim or Equity Interest, except as otherwise provided herein: (a) as to which no objection to allowance or request for estimation has been interposed on or before the latter of (i) the Claims Objection Bar Date or (ii) the expiration of such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, (b) a Claim or Equity Interest that has been scheduled by the Debtors in their Schedules other than disputed, contingent or unliquidated, but only as to the amount listed on the Schedules for such Claim; (c) a Claim or Equity Interest that either is not Disputed or has been allowed by a Final Order; (d) a Claim or Equity Interest that is allowed: (i) in any stipulation of amount and nature of Claim executed prior to the entry of the Confirmation Order and approved by the Bankruptcy Court; (ii) in any stipulation with the Reorganized Debtors of the amount and nature of Claim or Equity Interest executed on or after the entry of the Confirmation Order; or (iii) in or pursuant to any contract, instrument or other agreement entered into or assumed in connection herewith; (e) a Claim or Equity Interest that is allowed pursuant to the terms hereof; or (f) a Disputed Claim as to which a proof of claim has been timely Filed and as to which no objection has been Filed by the Claims Objection Bar Date. For the avoidance of doubt, no Senior Lender Secured Claim or Senior Lender Unsecured Claim shall be an Allowed Claim except to the extent it is allowed by a Final Order of the Bankruptcy Court or pursuant to the Plan upon the occurrence of the Effective Date. For the further avoidance of doubt, any Claims of SNP Servicing for Management Fees in connection with services provided since the Petition Date shall be an allowed Administrative Claim, subject to the terms of the Plan.

12. "Alternative GUC Claims Cap" means the maximum amount of Cash required to be paid to the Holders of Allowed Class 6 General Unsecured Claims under the Plan if there has been an Adverse SLUC Ruling and the Debtors exercise their right to collapse Class 3 (Senior Lender Unsecured Claims) with Class 6 (General Unsecured Claims). The Alternative GUC Claims Cap shall be $2,000,000; provided, however, that the Debtors, with the consent of the Plan Sponsors, may increase the Alternative GUC Claims Cap in their sole and absolute discretion at any time prior to the Effective Date of the Plan. See definition of "GUC Claims Cap" for the maximum amount of Cash required to be paid to the Holders of Allowed General Unsecured Claims under the Plan if there has not been an Adverse SLUC Ruling.

13. "Bank of America" means Bank of America, N.A., Banc of America Securities LLC, and any other entity that was, is currently or in the future may be a party to the Pre-Petition Loan Agreement that is also an Affiliate of Bank of America N.A.

14. "Bankruptcy Code" means sections 101, *et seq.* of title 11 of the United States Code, and applicable portions of titles 18 and 28 of the United States Code, as amended from time to time.

15. "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware.

16. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, promulgated under 28 U.S.C. § 2075, the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, the Local Rules of Civil Practice and Procedure of the United States District Court for the District of Delaware, and general orders and chambers procedures of the Bankruptcy Court, each as applicable to the Chapter 11 Cases and as amended from time to time.

17. "Bar Date" means March 1, 2012 as the date set by the Bar Date Order as the deadline to file proofs of Claim, except for Administrative Claims.

18. "Bar Date Order" means the *Order Granting Debtors' Motion to Establish Bar Dates for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, dated January 26, 2012 [D.I. 139].

19. "BOA Appraisal" means those certain completed appraisals of the Properties by Cushman & Wakefield as described in paragraph 15 of the Stay Relief Motion and Exhibit A thereto, without giving effect to any subsequent amendments or revisions of such appraisals.

20. "Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as that term is defined by Rule 9006(a) of the Federal Rules of Bankruptcy Procedure).

21. "Cash" means legal currency of the United States of America or equivalents thereof, including bank deposits and checks.

22. "Cash Collateral" has the meaning ascribed to it in section 363(a) of the Bankruptcy Code.

23. "Cash Investment Yield" means the net yield, if any, from the investment of Cash held pending distribution to creditors in accordance with the provisions of the Plan.

24. "Causes of Action" means any and all claims, actions, causes of action, choses in action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, defenses, counterclaims, crossclaims and the like (including, without limitation, all claims and any avoidance, recovery, subordination or other actions against Insiders and/or any other Entities under the Bankruptcy Code, the Swap Causes of Action, and all claims and causes of action against Bank of America, the Agent, and/or the Senior Lenders), matured or unmatured, known or unknown, then existing or thereafter arising, of any of the Debtors, the Debtors-in-Possession, and/or the Estates that are or may be pending on the Effective Date against any person or entity other than any Debtor, based in law or equity, including, without limitation, under the Bankruptcy Code, whether direct, indirect, derivative or otherwise and whether asserted or unasserted as of the Confirmation Date; provided, however, that "Causes of Action" shall exclude any Causes of Action released in the Plan.

25. "Chapter 11 Cases" means the chapter 11 cases commenced when the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on the Petition Date and assigned the following case numbers: 11-13276 (KG), 11-13277 (KG), 11-13278 (KG), 11-13279 (KG), 11-13280 (KG), 11-13281 (KG), 11-13282 (KG), 11-13283 (KG), 11-13284 (KG) and 11-13285 (KG), which are jointly administered under case number 11-13277 (KG).

26. "Claim" means a "claim" (as that term is defined in section 101(5) of the Bankruptcy Code) against a Debtor.

27. "Claims Agent" means GCG, Inc., the court-appointed claims agent in these Chapter 11 Cases.

28. "Claims Objection Bar Date" means the last day for filing objections to Claims, which day shall be the latest of (a) 180 days after the Effective Date, (b) 30 days after entry of a Final Order under section 502(j), or (c) such other later dates as may be established by order of the Bankruptcy Court upon a motion (or subsequent motion) of the Debtors or the Reorganized Debtors.

29. "Class" means a category of Holders of Claims or Equity Interests as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code.

30. "Collateral" means any property or interest in property of a Debtor's Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law. For the avoidance of doubt, as to the Agent and Senior Lenders, the Debtors and the Reorganized Debtors reserve all rights to assert a challenge at any time to any Lien and/or Claim asserted by the Agent and/or Senior Lenders, including but not limited to, a challenge to the validity, extent, priority, or perfection of such Liens.

31. "Collateral Shortfall" means the amount, if any, by which (x) the total Obligations (as defined in the Pre-Petition Loan Agreement) owed to the Agent and/or the Senior Lenders under the Pre-Petition Loan Documents as of the Petition Date exceed (y) the aggregate value of the Collateral of the Agent and/or Senior Lenders as of the Petition Date.

32. "Confirmation" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases subject to all conditions specified in Article VIII.A. of the Plan having been (a) satisfied or (b) waived pursuant to Article VIII.C. of the Plan.

33. "Confirmation Date" means the date on which the Confirmation Order is entered by the Bankruptcy Court on the docket of the Chapter 11 Cases.

34. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

35. "Consummation" means the occurrence of the Effective Date.

36. "Contract" means any agreement, contract, or lease, whether for real or personal property, between or among one or more of the Debtors and a third party.

37. "Creditor" shall have the meaning in section 101(10) of the Bankruptcy Code.

38. "Cure Claims" means Claims of creditors related to Contracts that are assumed in the Plan pursuant to section 365 of the Bankruptcy Code.

39. "Debtor Releasees" means each of the Debtors, the Reorganized Debtors, the Plan Sponsors, and their respective current and former Representatives, as applicable.

40. "Debtor," "Debtors" or "Debtors-in-Possession" means, individually and collectively, Security National Properties Funding III, LLC, ITAC 190, LLC, Security National Properties Funding, LLC, Security National Properties Funding II, LLC, Sequoia Investments III, LLC, Sequoia Investments V, LLC, Sequoia Investments XIV, LLC, Sequoia Investments XV, LLC, Sequoia Investments XVIII, LLC, and Security National Properties-Alaska, LLC.

41. "Deficiency Amount" means an amount equal to the total Collateral Shortfall. The Debtors do not concede that any Collateral Shortfall exists. The term Deficiency Amount shall not apply if the Debtors make the Non-Consolidation Election or substantive consolidation is not ordered. If the Debtors make the Non-Consolidation Election or substantive consolidation is not ordered, the term "Allocated Deficiency Amount" shall apply.

42. "DIP Facility" means any post-petition financing facility provided by one or more of the Plan Sponsors or other Affiliates of the Debtors, including all documents related thereto, each as amended and supplemented.

43. "DIP Orders" means all orders entered approving and facilitating the DIP Facility, if any.

44. "Disclosure Statement" means the *Disclosure Statement for Amended Joint Chapter 11 Plan of Reorganization of Security National Properties Funding III, LLC and Its Debtor Affiliates*, dated October 1, 2012 [D.I.____], prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law, and approved by the Bankruptcy Court in the Disclosure Statement Order, as it is amended, supplemented or modified from time to time.

45. "Disclosure Statement Order" means the order approving the Disclosure Statement entered by the Bankruptcy Court on [_____], 2012.

46. "Disputed" means, with respect to any Claim or Equity Interest, or any portion thereof: (a) is listed on the Schedules (as the Schedules may be amended) as unliquidated, disputed or contingent, unless a proof of Claim has been timely filed; (b) as to which a Debtor, any other party in interest, or the Reorganized Debtors has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules before the Claims Objection Bar Date; (c) as to which a proof of claim or interest was required to be filed but as to which a proof of claim or interest was not timely or properly filed, or (d) as otherwise disputed by

the Debtors or Reorganized Debtors in accordance with applicable law or the Plan, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order.

47. "Disputed Claim Amount" means (a) if a liquidated amount is set forth in the proof of claim relating to a Disputed Claim, (i) the liquidated amount set forth in the proof of claim relating to the Disputed Claim; (ii) an amount agreed to by the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim; or (iii) if a request for estimation is filed by any party, the amount at which such Disputed Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the proof of claim relating to a Disputed Claim, (i) an amount agreed to by the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim or (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim; or (c) if the Disputed Claim was listed on the Schedules as unliquidated, contingent or disputed and no proof of claim was filed, or deemed to have been filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Court, zero.

48. "Disputed Claims Reserve" means the reserve of Cash established and maintained by the Debtors and the Reorganized Debtors to pay Disputed Claims that would be required to receive Distributions in Cash upon allowance by the Bankruptcy Court.

49. "Distribution Date" means the date upon which a Distribution is made in accordance with the Plan to Holders of Allowed Claims entitled to receive Distributions under the Plan.

50. "Distributions" means the distributions of Cash or other consideration to be made under and in accordance with the Plan.

51. "Effective Date" means the date that is no later than the tenth Business Day after the date all conditions to the Effective Date set forth in Article VIII.B of the Plan are either satisfied or waived as set forth in Article VIII.C of the Plan.

52. "Entity" means an "entity" as that term is defined in section 101(15) of the Bankruptcy Code.

53. "Equity Interest" means any equity interest in a Debtor that existed immediately prior to the Petition Date.

54. "Estate" means the estate of each Debtor created on the Petition Date by section 541 of the Bankruptcy Code. If substantive consolidation is ordered, the term "Estate" shall refer to the consolidated estates of all Debtors whose estates have been substantively consolidated pursuant to such order.

55. "Executory Contract" means a Contract that qualifies as an "executory contract" or "unexpired lease" under section 365 of the Bankruptcy Code.

56. "Face Amount" means (a) when used in reference to a Disputed Claim, the Disputed Claim Amount and (b) when used in reference to an Allowed Claim, the Allowed amount of such Claim.

57. "File" or "Filed" or "Filing" means, with respect to any pleading, the entry of such pleading on the docket of the Chapter 11 Cases and properly served in accordance with the Bankruptcy Rules.

58. "Final Decree" means the decree contemplated under Bankruptcy Rule 3022.

59. "Final Order" means an order, determination, or judgment entered on the docket of the Bankruptcy Court, or any other court of competent jurisdiction, that has not been reversed, stayed, modified, or amended, and as to which: (a) the time to appeal, petition for certiorari, or move for reargument, rehearing, or reconsideration has expired and no timely filed appeal or petition for review, rehearing, remand or certiorari is pending; or (b) any appeal taken or petition for certiorari filed has been resolved by the highest court to which the order, determination, or judgment was appealed or from which certiorari was sought, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule

under the Bankruptcy Rules or other rules governing procedure in cases before the Bankruptcy Court may be filed with respect to such order shall not cause such order not to be a Final Order.

60. "General Unsecured Claim" means any Claim against any Debtor that is not an Administrative Claim, a Secured Governmental Unit Claim, a Priority Tax Claim, a Senior Lender Secured Claim, a Senior Lender Unsecured Claim (except if there has been an Adverse SLUC Ruling and the Debtors choose to classify Senior Lender Unsecured Claims with General Unsecured Claims, then Senior Lender Unsecured Claims shall be included within the definition of General Unsecured Claims), an Other Secured Claim, an Unsecured Priority Claim, an Intercompany Claim or an Affiliate Claim.

61. "Guarantor Debtors" means ITAC 190, LLC, Security National Properties Funding, LLC, Security National Properties Funding II, LLC, Sequoia Investments III, LLC, Sequoia Investments V, LLC, Sequoia Investments XIV, LLC, Sequoia Investments XV, LLC, and Sequoia Investments XVIII, LLC.

62. "GUC Claims Cap" means the maximum amount of Cash required to be paid to the Holders of Allowed General Unsecured Claims under the Plan if there has not been an Adverse SLUC Ruling. The GUC Claims Cap shall be $1,850,000; provided, however, that the Debtors, with the consent of the Plan Sponsors, may increase the GUC Claims Cap in their sole and absolute discretion at any time prior to the Effective Date of the Plan. See definition of "Alternative GUC Claims Cap" for the maximum amount of Cash required to be paid to the Holders of Allowed General Unsecured Claims under the Plan if there has been an Adverse SLUC Ruling.

63. "Holder" means the beneficial holder of any Claim or Equity Interest.

64. "Impaired" means "impaired" within the meaning of sections 1123(a) and 1124 of the Bankruptcy Code, with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests.

65. "Initial Distribution Date" means the first Distribution Date under the Plan. Unless otherwise agreed by the Reorganized Debtors in writing after the Effective Date, the Initial Distribution Date for any Class of Claims (other than Class 6 General Unsecured Claims) will not be earlier than 5 days after the Effective Date. As to General Unsecured Claims classified and treated in Class 6 (or absent substantive consolidation, Classes 6A through J), the Reorganized Debtors may establish the Initial Distribution Date as late as sixty (60) Business Days after the Effective Date.

66. "Insider" has the meaning set forth in section 101(31) of the Bankruptcy Code.

67. "Intercompany Claims" means Claims held by a Debtor against another Debtor.

68. "Lien" means any lien, security interest, pledge, title retention agreement, encumbrance, charge, mortgage or hypothecation to secure payment of a debt or performance of an obligation.

69. "Management Agreement" means that certain servicing agreement dated October 12, 2006 between Security National Properties Servicing Company, LLC and Security National Properties Funding II, LLC, Security National Properties Funding, LLC, Sequoia Investments II, LLC, Sequoia Investments III, LLC, Sequoia Investments XIV, LLC, Sequoia Investments XV, LLC, Sequoia Investments XVI, LLC, ITAC 190, LLC, and Security National Properties - Bath, LLC. The Management Agreement shall be deemed amended in accordance with the terms of the New Investment by the Plan Sponsors as of the Effective Date.

70. "Management Fee" means a monthly fee for management of the Properties paid to SNP Servicing pursuant to the Management Agreement, as amended in accordance with the terms of the New Investment by the Plan Sponsors as of the Effective Date. Subject to the occurrence of the Effective Date and the other terms and conditions of the Plan, any Claims of SNP Servicing for Management Fees relating to services provided since the Petition Date shall be Allowed Administrative Claims.

71. "New Investment" means the investment to be made in the Reorganized Debtors by the Plan Sponsors pursuant to the terms of the Plan Support Agreement. The terms of the New Investment shall be reasonably acceptable to the Debtors and shall include, among other things, (i) forgiveness of any then-outstanding

DIP Facility balance; (ii) a cash infusion on the Effective Date from SNP Holding, or its designee, in an amount between $3.5 million and $5 million less the forgiven balance of the DIP Facility, which cash infusion shall be earmarked to be used exclusively for tenant improvements, capital expenditures, and, if necessary, periodic payments to Holders of Allowed Priority Tax Claims, Secured Governmental Unit Claims, and General Unsecured Claims as provided under the Plan; (iii) guaranty of the New Senior Debt by SNP Holding on substantially the same terms as the existing SNP Holding Guaranty; (iv) the commitment by SNP Servicing to provide the Debtors with management services of the type historically provided under the Management Agreement at a Management Fee equal to $4,200,000 for calendar year 2012 and reduced to $3,600,000 for calendar year 2013 and $3,000,000 for each year thereafter for the remaining term of the Management Agreement, which Management Fee shall be subordinated to payment of the New Senior Debt; and (v) subordination of Affiliate Claims as set forth herein. The amount of the Cash infusion within the foregoing range shall be fixed in the reasonable discretion of SNP Holding, but shall be not less than the amount necessary to supplement the Debtors' current and future sources of Cash in order to satisfy the requirements of sections 1123 and 1129 of the Bankruptcy Code for Confirmation of the Plan. The Cash infusion shall be transferred from SNP Holding to the Debtors on or before the Effective Date of the Plan. The funded amount of the Cash infusion shall be held by SNPF III in a separate bank account free from all controls, monitoring, restrictions and the like of Bank of America, the Agent, and/or the Senior Lenders and, except for specific Plan obligations described herein for which the Cash Infusion is to be used, shall be and remain free and clear of Liens and Claims of Bank of America, the Agent, the Senior Lenders, other Holders of Claims and other parties-in-interest.

72. "New Loan Agreement" means that certain secured promissory note and/or credit agreement between the Debtors (as borrowers or guarantors, as applicable, depending upon whether the Senior Lender Settlement is consummated) the Senior Lenders, as initial lenders, and Bank of America as the initial administrative agent thereunder, which note and/or agreement will evidence the New Senior Debt.

73. "New Loan Amount" means the principal amount of the New Senior Debt, as stated in the description of the New Senior Debt that appears in these Definitions. The New Loan Amount is subject to being reduced (a) by crediting the appraised value (as stated in the Plan) of Orchards Mall and Soup Lots upon consummation of the conveyance of Orchards Mall and Soup Lots to the Agent and/or the Senior Lenders or their designee, (b) absent consummation of the Senior Lender Settlement, by crediting Adequate Protection Overpayments in accordance with Article IV.I of the Plan.

74. "New Loan Documents" means the agreements and related documents and instruments evidencing the terms of the New Senior Debt as of the Effective Date, including the New Loan Agreement, and related schedules, exhibits, agreements and other documents.

75. "New Senior Debt" means obligations to be incurred to the Agent and/or the Senior Lenders as of the Effective Date, as evidenced by the Senior Secured Loan Documents, in full satisfaction and release of the Senior Lender Secured Claims and all obligations of the Debtors and Plan Sponsors under or in connection with the Pre-Petition Loan Documents. The terms of the New Senior Debt differ depending upon whether Bank of America, the Agent and each of the Senior Lenders properly opt into the Senior Lender Settlement. The material terms of the New Senior Debt include the following:

Borrowers:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** Each Reorganized Debtor shall be a Borrower under the New Loan Agreement. Each such Borrower shall be jointly and severally liable for the entire indebtedness under the New Loan Agreement. ***If Bank of America, the Agent or any of the Senior Lenders do NOT opt in to the Senior Lender Settlement:*** The sole Borrower shall be SNPF III.
Lenders:	Bank of America and each of the other Senior Lenders

Agent:	Bank of America
New Loan Amount:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** $164,341,863.11, **- (minus):** Amounts credited in connection with the Debtors' tender of Orchards Mall and Soup Lots, as described in Article III.D.2.b of the Plan. ***If Bank of America, the Agent or any of the Senior Lenders do <u>NOT</u> opt in to the Senior Lender Settlement:*** $164,341,863.11, **- (minus):** Any Collateral Shortfall. **+ (plus):** Unpaid interest and fees under the Pre-Petition Loan Facility accruing for the period from the Petition Date through the Confirmation Date, solely to the extent that the Bankruptcy Court by a Final Order has determined pursuant to section 506(b) of the Bankruptcy Code (subject to all defenses of the Debtors and Reorganized Debtors) that the Agent and Senior Lenders are entitled to such postpetition interest and fees as part of the Senior Lender Secured Claim. For the avoidance of doubt, unpaid post-petition interest and fees under the Pre-Petition Loan Facility shall **<u>not</u>** be added to the New Loan Amount if there is a Collateral Shortfall. **- (minus):** Adequate Protection Overpayments as determined pursuant to Articles III.D.2.b and IV.I of the Plan. **- (minus)**: Amounts credited in connection with the Debtors' tender of Orchards Mall and Soup Lots, as described in Article III.D.2.b of the Plan.
Interest Rate:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** Fixed rate of 4.6% per annum. ***If Bank of America, the Agent or any of the Senior Lenders do <u>NOT</u> opt in to the Senior Lender Settlement:*** Fixed rate of 4.6%; <u>provided</u>, <u>however</u>, that the Debtors reserve the right to modify the Interest Rate at any time prior to seven (7) days before the Voting Deadline for any reason, including updated long-term interest rate projections from the Federal Reserve.
Maturity Date:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** The later of December 31, 2017, and the last day of the fifth full year after the Effective Date of the Plan. ***If Bank of America, the Agent or any of the Senior Lenders do <u>NOT</u> opt in to the Senior Lender Settlement:*** The later of December 31, 2019, and the last day of the seventh full year after the Effective Date of the Plan.
Extension Options:	3 additional 1-year extension options subject to satisfactory

	compliance with the required principal curtailments and covenant compliance. Maturity will be extended if Borrower(s)[18] are not in default and the New Senior Debt's LTV is less than or equal to 80%, based upon then-current appraisals. Additionally, the Debt Yield Test (as defined in the New Loan Agreement) is above 10%. A fee of 25 basis points will be due for each extension and paid over 12 equal monthly installments. Moreover, in order to obtain each extension, Borrower(s) must be in substantial compliance with all other terms and conditions of the New Loan Agreement. Borrower(s) and/or their affiliates shall have the option to make a partial prepayment of the New Senior Debt or add additional collateral to satisfy the LTV and Debt Yield tests. Additional collateral will be valued at the average of Senior Lenders' and Borrower(s)' independent appraisers' valuations unless Borrower(s) choose, in their sole discretion to accept Senior Lenders' appraisal valuation.
Prepayment:	The New Senior Debt may be prepaid in part or in full at any time without penalty.
Amortization:	New Senior Debt will amortize on a 25 year schedule.
Covenants:	Debt Yield Test, calculated as Net Operating Income prior to Management Fee divided by the Outstanding Loan Balance, based on a trailing 12 month basis, of not less than 10% Initial Test Period to begin December 31, 2013. If Debt Yield Test is below 10%, tested on a quarterly basis thereafter, Borrowers shall pay down the Loan or add cash-flowing collateral in an amount which would be sufficient to maintain the Debt Yield Test not less than 10%.
Release Prices:	Allocated New Loan Amounts will be established at the closing of the New Senior Debt for each property based on the BOA Appraisals (each an "Allocated Loan Amount" and collectively the "Allocated Loan Amounts"). Allocated Loan Amounts shall remain fixed throughout the term of the Loan. The Release Price for each property shall be the greater of 100% of the Allocated Loan Amount or the Net Sale Proceeds; provided, however, in no event shall the Release Price be greater than the Outstanding Loan Balance. Sales of Properties are permitted to affiliated entities provided that the Debt Yield Test after the sale is a minimum of 11%.
Collateral:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** The repayment of the New Senior Debt obligations shall be secured by (a) a first mortgage/deed of trust on all of the Properties, (b) a security interest in all of the Borrowers' personal property that is equivalent to what the Agent and the Senior Lenders had under the Pre-petition Loan Agreement

[18] Capitalized terms used in Article I.A.75 but not defined therein or elsewhere in the Plan shall have the meanings ascribed to them in the New Loan Agreement.

	and (c) an assignment of leases and rents with respect to each of the Properties. As Additional Collateral, the Debtors will provide the Agent and the Senior Lenders pledges of the Equity Interests in all Debtors except for SNPF III that are equivalent to what the Agent and the Senior Lenders had under the Pre-Petition Loan Agreement. ***If Bank of America, the Agent or any of the Senior Lenders do NOT opt in to the Senior Lender Settlement:*** The maximum principal amount secured by any Property in connection with the New Senior Debt shall remain subject to any limits contained in the Pre-Petition Loan Documents (e.g., 95% of Asset Value); provided, however, that at any time prior to Confirmation of the Plan the Debtors in their sole discretion after consultation with the Plan Sponsors may increase the maximum principal amount secured by any Property up to 100% as the Debtors deem necessary, appropriate or desirable. Additional Collateral shall include (a) each Debtor's personal property as to which the Agent and the Senior Lenders had valid, perfected, enforceable and unavoidable Liens under the Pre-Petition Loan Documents, and (b) pledges of the Equity Interests in all Debtors except for SNPF III that are equivalent to what the Agent and Senior Lenders had under the Pre-Petition Loan Agreement. Whether or not Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement, the Cash infusion to be provided by the Plan Sponsors as part of the New Investment shall be held by SNPF III in a separate bank account free from all controls, monitoring, restrictions and the like of Bank of America, the Agent, and/or the Senior Lenders and, except for specific Plan obligations described herein for which the Cash infusion is to be used, shall be and remain free and clear of Liens and Claims of Bank of America, the Agent, the Senior Lenders, other Holders of Claims and other parties-in-interest.
Guarantees:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** Each Debtor will be a Borrower under the New Senior Debt. To the extent that SNP Holding has guaranteed obligations for the Pre-Petition Loan Facility, SNP Holding, as Plan Sponsor, will guarantee the New Senior Debt obligations on substantially the same terms. ***If Bank of America, the Agent or any of the Senior Lenders do NOT opt in to the Senior Lender Settlement:*** Each Guarantor Debtor shall guaranty obligations under the New Senior Debt only to the same extent that it guaranteed obligations pursuant to the Pre-Petition Loan Documents; provided, however, that at any time prior to Confirmation of the Plan, the Debtors in their sole discretion after consultation with the Plan Sponsors may cause any Guarantor Debtor to guaranty additional New Senior Debt obligations to the Agent and Senior Lenders as the Debtors deem necessary,

	appropriate or desirable. To the extent that SNP Holding has guaranteed obligations for the Pre-Petition Loan Facility, SNP Holding, as Plan Sponsor, will guarantee the New Senior Debt obligations on substantially the same terms.
Recourse:	***If Bank of America, the Agent and each of the Senior Lenders opt in to the Senior Lender Settlement:*** The New Senior Debt will be fully recourse as to all Borrowers. ***If Bank of America, the Agent or any of the Senior Lenders do NOT opt in to the Senior Lender Settlement:*** Except as otherwise stated in this description of the New Senior Debt, existing Recourse structure will continue in the New Senior Debt; provided, however, that at any time prior to Confirmation of the Plan, the Debtors in their discretion after consultation with the Plan Sponsors may cause any Guarantor Debtor to guaranty additional liability to the Senior Lenders for New Senior Debt obligations as the Debtors deem necessary, appropriate or desirable to satisfy any requirements to obtain Confirmation of the Plan.
Principal Curtailment:	Excess cash flow at the end of each calendar year generated solely by the Properties (after (i) payment of all operating expenses, including the Management Fee, (ii) making all payments required by the Plan, and (iii) funding a capital reserve of up to $5,000,000) will be used to curtail principal, provided, however, this is without prejudice to the Debtors' ability to pay down principal more quickly in their sole and absolute discretion.
Distributions:	No distributions to Insiders or Affiliates shall be permitted during the term of the New Senior Debt except as provided in the New Loan Agreement.
Appraisals:	Appraisals of the Properties will be ordered by Agent annually at Borrowers' expense.
Financial Reporting:	Consistent with the existing loan documents, provided however, that covenant testing shall begin as set forth above.
Operating Bank Accounts:	Consistent with the existing loan documents.
Cash Management:	Consistent with the existing loan documents.

To the extent provisions of the Plan and the New Loan Agreement are inconsistent, the New Loan Agreement shall control. The Debtors are seeking approval of the New Loan Documents through the Plan, and the entry of the Confirmation Order shall constitute approval of the New Loan Documents.

76. "Non-Debtor Affiliates" means Affiliates of the Debtors other than the Debtors.

77. "Orchards Mall" means that Property located at 1800 Pipestone Road, Benton Harbor, Michigan 49022, which is owned by Debtor Sequoia Investments V, LLC.

78. "Ordinary Course Administrative Claim" means an Administrative Claim with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases to the extent due and owing in accordance with the terms and conditions of any agreements relating thereto; provided, however, that in no event shall a post-petition obligation that is contingent or disputed and subject to liquidation through pending or prospective litigation, including, but not limited to, alleged obligations arising from personal injury, property damage, products liability, tenant complaints, employment law (excluding claims arising under workers' compensation law), secondary payor liability or any other disputed legal or equitable claim based on tort, statute, contract, equity or common law, be considered to be an Ordinary Course Administrative Claim.

79. "Other Secured Claim" means a Claim, other than a Secured Governmental Unit Claim or the Senior Lender Secured Claim, against the Debtors that is secured by a lien on property in which the Estates have an interest, which liens are valid, perfected and enforceable under applicable law or by reason of a Final Order, or that are subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the Estates' interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code.

80. "Person" shall mean any individual, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government or any political subdivision thereof or any other entity as such term is defined in section 101(15) of the Bankruptcy Code.

81. "Petition Date" means October 13, 2011.

82. "Plan" means the plan of reorganization under chapter 11 of the Bankruptcy Code, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or herewith, as the case may be.

83. "Plan Sponsors" means SNP Holding, or its designee, and SNP Servicing, or its designee.

84. "Plan Supplement" means the supplement to the Plan, in form and substance reasonably acceptable to the Debtors and the Plan Sponsors, containing without limitation: (a) any material amendments to the Plan Support Agreement; (b) to the extent that there are any material changes in the terms of the Reorganized Debtors' respective corporate or entity governance documents, the forms of such corporate or entity governance documents that shall apply to the Reorganized Debtors; (c) the forms of the New Loan Documents; (d) the Rejected Contracts Schedule (as the same may be amended from to time through the Confirmation Date); (e) the Liquidation Analysis; and (f) such other documents that the Debtors, with the consent of the Plan Sponsors, determine are necessary to include in the Plan Supplement for implementation of the Plan.

85. "Plan Support Agreement" means that agreement between the Debtors and Plan Sponsors under which the Plan Sponsors will, among other things, make the New Investment in the Debtors. The Plan Support Agreement is attached hereto as **Exhibit A**. The Plan Support Agreement may be amended by agreement of the Debtors and Plan Sponsors from time to time through the date for filing the Plan Supplement without leave of Court and, thereafter, with leave of Court.

86. "Pre-Petition Loan Documents" means the Pre-Petition Loan Agreement, the QPO Guarantees, the QPO Security Documents, the Pledge Agreements, the SNP Holding Guaranty, together with all related exhibits, schedules, agreements, forbearance agreements and other documents, as the same may have been amended from time to time. The capitalized terms in this definition, to the extent not defined elsewhere in the Plan, have the meanings ascribed to such terms in the Pre-Petition Loan Agreement.

87. "Pre-Petition Loan Agreement" means that certain Credit Agreement by and among Security National Properties Funding III, LLC, Bank of America, N.A., in its capacity as Administrative Agent for itself and each of the other Lenders who are parties to the Credit Agreement and Banc of America Securities, LLC, as Sole Lead Arranger and Sole Book Manager, as amended.

88. "Pre-Petition Loan Facility" means the pre-petition loan and credit facility, as evidenced by, among other things, the Pre-Petition Loan Documents.

89. "Pre-Petition QPO Guaranty" means a QPO Guaranty (as defined in the Pre-Petition Loan Agreement) executed by any Debtor, that is in existence and enforceable as of the Petition Date.

90. "Priority Tax Claims" means Claims of governmental units of the kind specified in section 507(a)(8) of the Bankruptcy Code. Priority Tax Claims specifically do not include Claims for payment of real property taxes secured by a Lien on a Debtor's real or personal property, such secured claims shall be considered Secured Governmental Unit Claims.

91. "Professional Fee Claim Bar Date" means the date that is 45 days after the Confirmation Date.

92. "Professional" means any Person employed pursuant to a Final Order in accordance with sections 327, 328 or 1103 of the Bankruptcy Code, and to be compensated for services rendered and awarded reimbursement of expenses incurred prior to and including the Effective Date pursuant to sections 327, 328, 329, 330 or 331 of the Bankruptcy Code.

93. "Property" or "Properties" means one or all, as appropriate, of those certain 33 commercial real estate properties owned by the Debtors, which are more fully described in the New Loan Agreement.

94. "Qualifying Value Diminution" means the total of (a) the net diminution in value, if any, of the Agent and Senior Lenders' Cash Collateral under the Pre-Petition Loan Documents as measured from the Petition Date through and including the Confirmation Date, and (b) to the extent that by Final Order the Bankruptcy Court has conditioned the continuation of the automatic stay in the Debtors' Chapter 11 Cases upon the requirement that adequate protection be provided to the Agent or Senior Lenders, the cumulative diminution in value of the Collateral (other than Cash Collateral) of the Senior Lenders, if any, accruing between the date of Filing of the Stay Relief Motion and the Confirmation Date.

95. "Quarterly Distribution Date" means the date occurring approximately every three months on which the Reorganized Debtors make a Distribution on account of Allowed Claims to the extent a Distribution is permitted or required under the Plan.

96. "Rejected Contracts Schedule" means the schedule of rejected Executory Contracts that will initially be filed with the Plan Supplement and may be amended, modified or supplemented (including by adding or removing Executory Contracts) at any time thereafter through and including the Confirmation Date.

97. "Releasing Parties" means, collectively, the Debtors, their Estates, the Debtors' Representatives (in their capacities as such and not individually), and Holders of Allowed General Unsecured Claims who vote in favor of the Plan.

98. "Reorganized Debtors" means the Debtors in the period from and after the Effective Date.

99. "Representatives" means, with regard to an Entity, that Entity's current and former: officers, directors, employees, advisors, members, attorneys, professionals, accountants, investment bankers, financial advisors, consultants, agents and other representatives (including each of their respective officers, directors, employees, independent contractors, members and professionals).

100. "Schedules" mean the schedules of assets and liabilities, schedules of executory contracts and statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, each as may be amended from time to time, including after the Effective Date.

101. "Section 503(b)(9) Claim" means a Claim entitled to priority as an Administrative Claim pursuant to Section 503(b)(9) of the Bankruptcy Code.

102. "Secured Governmental Unit Claim" means a Claim held by a "governmental unit" as such term is defined in section 101(27) of the Bankruptcy Code that is secured by a Lien in a Debtor's Property, including, but not limited to, those Claims for payment of real property taxes secured by a Lien on a Debtor's Property.

103. "Senior Lender Releasees" means each of Bank of America, the Agent, the Senior Lenders and their respective current and former Affiliates and Representatives.

104. "Senior Lender Releases" means the additional releases of the Debtor Releasees and Senior Lender Releasees that would be effective in connection with the Senior Lender Settlement, if consummated pursuant to the Plan.

105. "Senior Lender Secured Claim" means the Claim of the Senior Lenders, evidenced by the Pre-Petition Loan Agreement and all guarantees, pledges, assignment(s) of rent, deed(s) of trust, amendments, modifications, and supplements related thereto, including any and all obligations of the Debtors, their affiliates and related entities, both individual and collectively, to the Senior Lenders. The Senior Lender Secured Claim is a Disputed Claim.

106. "Senior Lender Settlement" means, as described more fully in Article IX.E of the Plan, the proposed settlement of all disputes by and among the Debtors, the Plan Sponsors, Bank of America, the Agent and the Senior Lenders pursuant to which Bank of America, the Agent and the Senior Lenders will, among other things, consent to confirmation of the Plan and vote in favor of the Plan in exchange for, among other things, subject to the Effective Date: (a) more favorable terms for the New Senior Debt (as described in the definition of New Senior Debt), (b) the ability to retain and indefeasibly apply all Adequate Protection Payments made by or on behalf of any Debtor from the Petition Date through the Confirmation Date without reducing the New Loan Amount and (c) receive the benefit of the Senior Lender Releases, including the release of the Swap Causes of Action. Bank of America, the Agent and the Senior Lender may opt into the Senior Lender Settlement by Filing a "Notice of Senior Lender Settlement Acceptance" within seven (7) calendar days after entry of the Disclosure Statement Order; provided, however, that the Debtors in their sole and absolute discretion after consultation with the Plan Sponsors may extend the period to opt into the Senior Lender Settlement by a signed writing delivered to the Agent or its counsel. The Notice of Senior Lender Settlement Acceptance shall state explicitly that Bank of America, the Agent and each Senior Lender knowingly and voluntarily enter into the Senior Lender Settlement. Upon Filing of the Notice of Senior Lender Settlement Acceptance, the Agent and each of the Senior Lenders shall be deemed: (a) to have consented to the Plan and waived any objections thereto (except as to material amendments made or terms disclosed subsequent to the filing of the notice (as to which Bank of America or the Agent did not have prior actual or constructive notice)), (b) to have committed to vote their claims in support of confirmation of the Plan, (c) subject to the occurrence of the Effective Date, to waive any Distribution under the Plan or otherwise on account of any Senior Lender Unsecured Claim and (d) subject to the occurrence of the Effective Date, to give the Senior Lender Releases. The opt in to the Senior Lender Settlement shall be effective only if authorized representatives of Bank of America, the Agent and each of the Senior Lenders execute the Notice of Senior Lender Settlement Acceptance.

107. "Senior Lender Unsecured Claim" means the Claim of the Senior Lenders equal to the Collateral Shortfall, if any. The Senior Lender Unsecured Claim is a Disputed Claim.

108. "Senior Lenders" means Bank of America, N.A., as agent and lender, and other lenders under the Pre-Petition Loan Agreement. On information and belief, as of the date of filing of the Plan, the other Senior Lenders were TD Bank, N.A., Bank of Scotland, plc, Regions Bank, Compass Bank, Comerica Bank, the Bank of East Asia, Limited, New York Branch, and PNC Bank National Association (as successor to National City Bank)

109. "SNP Holding" means Security National Properties Holding Company, LLC, a non-Debtor Affiliate of the Debtors.

110. "SNP Holding Guaranty" means that certain Limited Guaranty executed by SNP Holding in connection with the Pre-Petition Loan Agreement to the extent it is in existence and enforceable as of the Petition Date.

111. "SNP Servicing" means Security National Properties Servicing Company, LLC, a non-Debtor Affiliate of the Debtors.

112. "SNPF III" means Security National Properties Funding III, LLC, one of the Debtors.

113. "Soup Lots" means that Property located at 1102 and 1114 Dodge Street, Omaha, Nebraska 68102, which is owned by Debtor Security National Properties Funding, LLC.

114. "Stay Relief Motion" means that certain *Motion of Bank of America, N.A. for (A) Valuation of Collateral and (B) Relief from the Automatic Stay*, dated July 27, 2012 and docketed at entry 271 in the docket of the Chapter 11 Cases.

115. "Non-Consolidation Election" means the election by the Debtors, in their sole discretion in consultation with the Plan Sponsors, to **not** pursue the substantive consolidation of the Estates as set forth in Article III.A. of the Plan. Notice of the Non-Consolidation Election, if made, will be filed with the Bankruptcy Court on or before the Effective Date.

116. "Swap Causes of Action" means any and all Causes of Action, matured or unmatured, known or unknown, against Bank of America and/or its Representatives that arise out of or relate in any way to the Swap Transactions. The Swap Causes of Action may include, without limitation, (a) fraudulent inducement, in connection with the marketing and sale of the Swap Transactions, (b) breach of fiduciary duty, (c) frustration of commercial purpose, (d) breach of an agreement to provide financial services, (e) intentional fraud, (f) negligent misrepresentation, (g) constructive fraud, (h) breach of the implied duty of good faith and fair dealing, (i) unfair and deceptive trade practices, (j) causes of action based on Bank of America's manipulation of the London Interbank Offered Rate ("LIBOR"), (k) causes of action based on the violation of state and federal banking statutes and regulations in connection with the non-disclosure of the out-of-market pricing of the Swap Transactions, LIBOR manipulation and other conduct, and (l) causes of action based on the violation of state and federal securities statutes and regulations. While the Debtors believe that Bank of America and its Representatives engaged in wrongdoing in connection with the Swap Transactions, at this time, the Debtors have not completed their investigation of potential Swap Causes of Action. The Debtors and/or the Reorganized Debtors reserve their right to further investigate, pursuant to Bankruptcy Rule 2004 and other means, any and all potential Swap Causes of Action, as well as the role, if any, that Bank of America's knowledge or awareness of its exposure for potential liability on Swap Causes of Action played in its actions as Agent and Senior Lender in connection with the Pre-Petition Loan Facility and in connection with these Chapter 11 Cases.

117. "Swap Transactions" includes the following interest rate swap transactions:

a. that certain interest rate transaction entered into between Bank of America, N.A. and SNPF III, with a trade date of October 30, 2006, bearing Bank of America Reference No. 4866546;
b. that certain interest rate transaction entered into between Bank of America, N.A. and Debtor Security National Properties Funding, LLC with a trade date of July 18, 2005, bearing Bank of America Reference No. 4284711;
c. that certain interest rate transaction entered into between Bank of America, N.A. and Debtor Security National Properties Funding, LLC with a trade date of July 18, 2005, bearing Bank of America Reference No. 4284789;
d. that certain interest rate transaction entered into between Bank of America, N.A. and Debtor Security National Properties Funding, LLC with a trade date of July 18, 2005, bearing Bank of America Reference No. 13454319; and
e. that certain rate collar transaction entered into between Security National Properties Funding LLC and Fleet National Bank (predecessor in interest to Bank of America) with a trade date of January 16, 2004, bearing Bank of America Reference No. 82507FB/164005.

The Debtors are currently investigating the Swap Causes of Action and, therefore, the Debtors' and/or the Reorganized Debtors reserve the right to modify the definition of Swap Transaction for any reason, including if the Debtors or the Reorganized Debtors identify additional transactions under which a Swap Cause of Action exists. For the avoidance of doubt, this definition of Swap Transaction shall not limit or otherwise modify the Debtors' and/or the Reorganized Debtors' rights with respect to Swap Causes of Action in any manner whatsoever.

118. "Tenant" means a Person that is a counterparty with a Debtor to a lease of either (i) non-residential real property or (ii) a residential unit at the Properties known as Aspens Mobile Home Park or Rangeview Mobile Home Park.

119. "Tenant Deposit Claim" means a claim held by a Tenant against a Debtor for the return of a security deposit held by a Debtor pursuant to a lease agreement.

120. "U.S. Trustee" means the United States Trustee appointed under Article 591 of title 28 of the United States Code to serve in the District of Delaware.

121. "Unimpaired" means not "impaired" within the meaning of section 1124 of the Bankruptcy Code, with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests.

122. "Unsecured Priority Claims" means Claims accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than Priority Tax Claims.

123. "Voting Deadline" means the deadline of 4:00 p.m. Prevailing Eastern Time on [_____], 2012, to accept or reject the Plan.

ARTICLE XVII.

CONCLUSION AND RECOMMENDATION

The Debtors believe the Plan is in the best interests of all Holders of Claims and urge all Holders of Claims entitled to vote to accept the Plan and to evidence such position by returning their Ballots so they will be received by the Claims Agent no later than _:00 _.m. (Prevailing Pacific Time) on _____ __, 2012.

Dated: October 1, 2012

Respectfully submitted,

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EXHIBIT A

[Plan]