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ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

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

In re: § **CASE NO. 14-32821-11**
§
SEARS METHODIST RETIREMENT § **CHAPTER 11**
SYSTEM, INC., et al.¹ §
§ **Jointly Administered**
Debtors. §

**NOTICE OF FILING OF PLAN SUPPLEMENT TO THE PLAN DEBTORS’
AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO
CHAPTER 11 OF THE BANKRUPTCY CODE**

PLEASE TAKE NOTICE that, on February 17, 2015, Sears Methodist Retirement System, Inc., Sears Caprock Retirement Corporation, Sears Methodist Centers, Inc., Sears Methodist Foundation, Sears Panhandle Retirement Corporation, Sears Permian Retirement Corporation, Sears Plains Retirement Corporation, Sears Tyler Methodist Retirement Corporation, and Senior Dimensions, Inc. (collectively, the “Plan Debtors”) filed the Plan Supplement (the “Plan Supplement”) in connection with the *Plan Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of December 6, 2014 [Dkt. No. 595], as amended by the *Plan Debtors’ Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of January 15, 2015 [Dkt. No. 685] (as the same may be further modified, amended, and/or supplemented from time to time, the “Plan”).²

¹ The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan Supplement includes the following documents as exhibits, each as may be modified, amended, and/or supplemented from time to time:

- **EXHIBIT A** - Form of Liquidating Trust Agreement
- **EXHIBIT B** - Liquidation Analyses
- **EXHIBIT C** - List of Preserved Causes of Actions
- **EXHIBIT D** - Forms of Deeds Transferring Undeveloped Properties to TMF

PLEASE TAKE FURTHER NOTICE that copies of the Plan, the Plan Supplement, and other related documents may be obtained by (i) accessing the website maintained by the Plan Debtors' Voting Agent GCG, Inc., available at <http://cases.gcginc.com/smr>, (ii) accessing the Electronic Municipal Market Access database, available at <http://emma.msrb.org>, as posted under the respective bond issues, or (iii) accessing the Bankruptcy Court's website at <http://www.txnb.uscourts.gov>. Note that a PACER password is needed to access documents on the Bankruptcy Court's website. Any party in interest wishing to obtain hard copies of the Plan, the Plan Supplement, and other related documents may request such copies by (i) contacting the Plan Debtors' Voting Agent, GCG, Inc., at (844) 322-8219, (ii) contacting Evelyn Rodriguez at DLA Piper LLP (US) at (212) 776-3764, or (iii) contacting the Office of the Clerk of the Court, Earle Cabell Federal Building, 1100 Commerce St., Rm. 125, Dallas, TX 75242.

PLEASE TAKE FURTHER NOTICE that the documents contained in the Plan Supplement are integral to, and are considered part of, the Plan, but remain subject to final agreement and execution by the parties thereto, as applicable. If the Plan is approved, the documents contained in the Plan Supplement will be approved by the Bankruptcy Court pursuant to the order confirming the Plan.

PLEASE TAKE FURTHER NOTICE that the Plan Debtors reserve the right to alter, amend, modify, and/or supplement any document in the Plan Supplement as provided by the Plan, provided that if any document in the Plan Supplement is altered, amended, modified and/or supplemented in any material respect, the Plan Debtors will file a blackline of such document with the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that the Plan Debtors will seek confirmation of the Plan at a hearing scheduled for **February 27, 2015 at 9:30 a.m. (prevailing Central Time)**, before the Honorable Stacey G. Jernigan, United States Bankruptcy Judge for the Northern District of Texas, 1100 Commerce Street, Fourteenth Floor, Dallas, TX 75254.

Dated: February 17, 2015
Dallas, Texas

DLA PIPER LLP (US)

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SEARS METHODIST RETIREMENT § **CHAPTER 11**
SYSTEM, INC., et al.¹ §
§ **Jointly Administered**
Debtors. §

**PLAN SUPPLEMENT TO THE PLAN DEBTORS' AMENDED JOINT PLAN OF
REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

This Plan Supplement is being filed by Sears Methodist Retirement System, Inc., Sears Caprock Retirement Corporation, Sears Methodist Centers, Inc., Sears Methodist Foundation, Sears Panhandle Retirement Corporation, Sears Permian Retirement Corporation, Sears Plains Retirement Corporation, Sears Tyler Methodist Retirement Corporation, and Senior Dimensions, Inc. pursuant to, in support of, and in connection with confirmation of the *Plan Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of December 6, 2014 [Dkt. No. 595], as amended by the *Plan Debtors' Amended Joint Plan of*

¹ The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, dated as of January 15, 2015 [Dkt. No. 685] (as the same may be further modified, amended, and/or supplemented from time to time, the “Plan”).² This Plan Supplement includes the following documents as exhibits, each as may be modified, amended, and/or supplemented from time to time:

- **EXHIBIT A** - Form of Liquidating Trust Agreement
- **EXHIBIT B** - Liquidation Analyses
- **EXHIBIT C** - List of Preserved Causes of Actions
- **EXHIBIT D** - Forms of Deeds Transferring Undeveloped Properties to TMF

Dated: February 17, 2015
Dallas, Texas

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and Debtors in Possession

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EXHIBIT A

Form of Liquidating Trust Agreement

LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (the “**Liquidating Trust Agreement**”) is made this [•] day of March, 2015, by and among Sears Methodist Retirement System, Inc., Sears Caprock Retirement Corporation, Sears Methodist Centers, Inc., Sears Methodist Foundation, Sears Panhandle Retirement Corporation, Sears Permian Retirement Corporation, Sears Plains Retirement Corporation, Sears Tyler Methodist Retirement Corporation and Senior Dimensions, Inc. (collectively, the “**Plan Debtors**”), and [•], as trustee (the “**Liquidating Trustee**”).

RECITALS

WHEREAS, on June 10, 2014, the Plan Debtors, together with Odessa Methodist Housing, Inc., Sears Brazos Retirement Corporation and Canyons Senior Living, L.P., filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”); and

WHEREAS, on December 6, 2014, the Plan Debtors filed the *Plan Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of December 6, 2014 [Dkt. No. 595], as modified by the *Plan Debtors’ Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of January 15, 2015 [Dkt. No. 685] (as the same may be further modified, amended, and/or supplemented from time to time, the “**Plan**”);¹ and

WHEREAS, on March [•], 2015, the Bankruptcy Court entered an order confirming the Plan (the “**Confirmation Order**”); and

WHEREAS, the Plan’s Effective Date occurred on March [•], 2015; and

WHEREAS, the Plan contemplates, on the Effective Date, (a) the creation of a liquidating trust (the “**Liquidating Trust**”) and the creation of the beneficial interests in the Liquidating Trust of Holders of Allowed General Unsecured Claims and Deficiency Claims entitled to Distributions as described in the Plan (collectively, the “**Beneficiaries**” and each, individually, a “**Beneficiary**”), and (b) the Liquidating Trust will be vested with (i) the Excluded Assets from the Sales, to the extent such assets are not encumbered by a Lien; (ii) all Causes of Action of the Plan Debtors, except those expressly released in the Plan; and (iii) all other unencumbered assets of the Plan Debtors’ Estates remaining after all required payments have been made pursuant to the Plan, Confirmation Order and this Liquidating Trust Agreement (collectively, the “**Liquidating Trust Assets**”) to be liquidated and distributed to the Beneficiaries, as set forth in the Plan; and

WHEREAS, the Plan contemplates that, pursuant to Treasury Regulation Section 301.7701-4, the Liquidating Trust shall be created for the primary purpose of liquidating the Liquidating Trust Assets and for making Distributions in accordance with the Plan and this

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

Liquidating Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary to, and consistent with, the liquidating purpose of the Liquidating Trust; and

WHEREAS, the Liquidating Trust is intended to qualify as a grantor trust for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “**IRC**”), with the Beneficiaries to be treated as if they had received a distribution from the Estates of an undivided interest in each of the Liquidating Trust Assets (to the extent of the value of their respective share in the applicable assets) and then contributed such interests to the Liquidating Trust, and the Beneficiaries will be treated as the grantors and owners thereof; and

WHEREAS, the Liquidating Trustee has agreed to serve as such upon the terms and subject to the conditions set forth in this Liquidating Trust Agreement, the Plan, and the Confirmation Order; and

NOW, THEREFORE, in accordance with the Plan, in consideration of the premises, the mutual agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

ARTICLE I DECLARATION OF TRUST

1.1 Creation and Purpose of the Liquidating Trust. The Plan Debtors and the Liquidating Trustee hereby create the Liquidating Trust for the purposes of (i) liquidating any non-Cash Liquidating Trust Assets; (ii) prosecuting and resolving the Causes of Action; (iii) maximizing recovery of the Liquidating Trust Assets for the benefit of the Beneficiaries; and (iv) distributing the proceeds of the Liquidating Trust Assets to the Beneficiaries in accordance with the Plan and this Liquidating Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary for, and consistent with, the liquidating purpose of the Liquidating Trust.

1.2 Declaration of Trust. In order to declare the terms and conditions hereof, and in consideration of the confirmation of the Plan, the Plan Debtors and the Liquidating Trustee have executed this Liquidating Trust Agreement and, effective on the Effective Date, hereby irrevocably transfer to the Liquidating Trust, all of the right, title and interests of the Plan Debtors in and to the Liquidating Trust Assets, to have and to hold unto the Liquidating Trust and its successors and assigns forever, under and subject to the terms of the Plan and the Confirmation Order, for the benefit of the Beneficiaries (to the extent of their respective legal entitlements) and their successors and assigns as provided for in this Liquidating Trust Agreement and in the Plan and Confirmation Order.

1.3 Vesting of Liquidating Trust Assets. On the Effective Date, pursuant to the terms of the Plan, all Liquidating Trust Assets shall be vested in the Liquidating Trust, which also shall be authorized to obtain, liquidate, and collect all of the Liquidating Trust Assets not in its possession and pursue all of the Causes of Action that constitute Liquidating Trust Assets under the Plan; *provided, however*, that the Liquidating Trustee may, subject to the terms of the Plan,

abandon or otherwise not accept any Liquidating Trust Assets that the Liquidating Trustee believes, in good faith, have no value to the Liquidating Trust. Any Liquidating Trust Assets that the Liquidating Trustee so abandons or otherwise does not accept shall not be property of the Liquidating Trust. The Liquidating Trust Assets primarily consist of claims against third parties. These claims include, but are not limited to, claims against former directors and officers of the Plan Debtors (for which the Debtors have a five million dollar (\$5,000,000) insurance policy), claims against former officers and directors, advisors or third parties (exclusive of the Obligated Group Bond Trustee and its former and current employees, agents, representatives, advisors, consultants and attorneys) involved in the 2013 Restructuring, claims against LCS and claims against certain entities with whom the Plan Debtors formerly did business, a list of which will be provided as a Plan Supplement. These claims will be preserved and transferred to the Liquidating Trust. The Plan Debtors have agreed to waive preference claims under section 547 of the Bankruptcy Code against third-party, non-insider vendors, except for certain vendors whose identities will be disclosed in the Plan Supplement.

1.4 Free and Clear. Subject to the provisions of the Plan, all Liquidating Trust Assets shall be delivered to the Liquidating Trust free and clear of Liens, Claims and Interests of any kind except as may otherwise specifically be provided in the Plan or Confirmation Order. Moreover, on the Effective Date, all privileges with respect to any Liquidating Trust Assets of the Estates and/or the Plan Debtors, including the attorney/client privilege, shall be automatically vested in, and available for assertion by or waiver on behalf of, the Liquidating Trust.

1.5 Limited Substantive Consolidation. The formation and implementation of the Liquidating Trust is not, and shall not be deemed to constitute or cause in effect, a substantive consolidation of the Plan Debtors. The Liquidating Trustee shall maintain separate accounts for each of the Plan Debtors, and shall not commingle Liquidating Trust Assets of the various Plan Debtors. Except to the extent a Liquidating Trust Asset is allocable to a particular Plan Debtor, all Liquidating Trust Assets and the proceeds therefrom will be allocated to the Estates pursuant to the Shared Services Allocation set forth in the Plan for the period June 10, 2014 to December 31, 2014.

1.6 Acceptance by Liquidating Trustee. The Liquidating Trustee hereby accepts the trust imposed upon it by this Liquidating Trust Agreement and agrees to observe and perform that trust on and subject to the terms and conditions set forth in this Liquidating Trust Agreement, the Plan, and the Confirmation Order. In connection with and in furtherance of the purposes of the Liquidating Trust, the Liquidating Trustee hereby accepts the transfer of the Liquidating Trust Assets.

1.7 Name of the Liquidating Trust. The Liquidating Trust established hereby shall be known as the “**SMRS Liquidating Trust.**”

ARTICLE II THE LIQUIDATING TRUSTEE

2.1 Appointment. The Plans Debtors, after consultation with the Beneficiaries, have selected [•] as the Liquidating Trustee for the Liquidating Trust. The Liquidating Trustee’s appointment shall be effective as of the Effective Date and continue until the earlier of (a) the

termination of the Liquidating Trust or (b) the Liquidating Trustee's resignation, death, or removal. The Liquidating Trustee shall be subject to removal only by the Bankruptcy Court upon application or motion by a Beneficiary of the Liquidating Trust, after notice and a hearing, and for cause shown, including (a) the willful and continued refusal by the Liquidating Trustee to perform its duties under the Plan and this Liquidating Trust Agreement, and (b) gross negligence, gross misconduct, fraud, embezzlement, or theft. The Liquidating Trustee shall be the successor to all of the privileges of the Estates and the Plan Debtors including, but not limited to, the attorney/client privilege.

2.2 General Powers. The Liquidating Trustee shall be the exclusive trustee of the Liquidating Trust and the Liquidating Trust Assets for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3). The Liquidating Trustee shall have all duties, obligations, rights, and benefits assumed by, assigned to, or vested in the Liquidating Trust under the Plan, the Confirmation Order, this Liquidating Trust Agreement, and any other agreement entered into pursuant to or in connection with the Plan. Except as otherwise provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, the Liquidating Trustee may control and exercise authority over the Liquidating Trust Assets, over the acquisition, management, and disposition thereof, and over the management and conduct of the business of the Liquidating Trust. No person dealing with the Liquidating Trust shall be obligated to inquire into the Liquidating Trustee's authority in connection with the acquisition, management, or disposition of Liquidating Trust Assets. Without limiting the foregoing, but subject to the Plan, the Confirmation Order, and other provisions of this Liquidating Trust Agreement, the Liquidating Trustee shall be expressly authorized to, with respect to the Liquidating Trust and the Liquidating Trust Assets:

(a) Exercise all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced, and take all actions that may be or could have been taken with respect to the Liquidating Trust Assets, by any officer, partner, agent, representative, or other party acting in the name of the Plan Debtors or their Estates with like effect as if duly authorized, exercised and taken by action of such officer, partner, agent, representative, or other party.

(b) Open and maintain bank accounts on behalf of or in the name of the Liquidating Trust, take and exercise ownership and control over any existing debtor in possession bank accounts, calculate and make Distributions and take other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment, and maintenance of appropriate reserves, in the name of the Liquidating Trust.

(c) Receive, manage, invest, supervise, and protect the Liquidating Trust Assets, subject to the limitations provided herein.

(d) Hold legal title to any and all Liquidating Trust Assets.

(e) Subject to the applicable provisions of the Plan, collect and liquidate all Liquidating Trust Assets.

(f) Review and, where appropriate, object to Claims and supervise and administer the resolution, settlement, and payment of all Claims and Distributions to the Beneficiaries in accordance with this Liquidating Trust Agreement, the Plan and the Confirmation Order.

(g) Prosecute, compromise, and settle all Causes of Action vested in the Liquidating Trust.

(h) Seek a determination of tax liability under Bankruptcy Code Section 505, (ii) file, if necessary, any and all tax and information returns required with respect to the Plan Debtors and the Liquidating Trust, (iii) make tax elections for and on behalf of the Plan Debtors and the Liquidating Trust, and (iv) pay taxes, if any, payable for and on behalf of the Plan Debtors and the Liquidating Trust.

(i) Calculate and implement Distributions to applicable Beneficiaries as provided for, or contemplated by, the Plan, the Confirmation Order, and this Liquidating Trust Agreement.

(j) Withhold from the amount distributable to any person such amount as may be sufficient to pay any tax or other charge which the Liquidating Trustee has determined, in its sole discretion, may be required to be withheld therefrom under the income tax laws of the United States, any foreign country, or of any state, local, or political subdivision of either.

(k) Enter into any agreement or execute any document required by or consistent with the Plan, the Confirmation Order, or this Liquidating Trust Agreement and perform all obligations thereunder.

(l) Purchase and carry any insurance policies and pay any insurance premiums and costs that the Liquidating Trustee deems reasonably necessary or advisable.

(m) Retain and compensate, without further order of the Bankruptcy Court, the services of professionals to advise and assist in the administration, prosecution and distribution of the Liquidating Trust Assets; it being understood, however, that such professionals shall only be compensated as provided in Section 2.4(b) hereof and Section 6.8(f) of the Plan.

(n) Implement, enforce, or discharge all of the terms, conditions, and all other provisions of, and all duties and obligations under, the Plan, the Confirmation Order, and this Liquidating Trust Agreement.

(o) Undertake all administrative functions of the Chapter 11 Cases, including the payment of fees payable to the Office of the United States Trustee, the dissolution of the Plan Debtors and the ultimate closing of the Chapter 11 Cases.

(p) Take all other actions consistent with the provisions of the Plan that the Liquidating Trustee deems reasonably necessary or desirable to administer the Plan.

2.3 Limitations on the Liquidating Trustee. Notwithstanding anything under applicable law, this Liquidating Trust Agreement, or the Plan to the contrary, the Liquidating Trustee shall not do or undertake any of the following:

(a) Take any action that would jeopardize treatment of the Liquidating Trust as a “liquidating trust” for federal income tax purposes.

(b) Exercise any investment power other than the power to invest in demand and time deposits in banks or savings institutions, or other temporary liquid investments, such as short term certificates of deposit or Treasury bills or other investments that a “liquidating trust” within the meaning of Treasury Regulation Section 301.7701-4(d) may be permitted to hold, pursuant to the Treasury Regulations or any Internal Revenue Service (“**IRS**”) guidelines, whether set forth in IRS rulings, revenue procedures, other IRS pronouncements, or otherwise.

(c) Receive or retain any operating assets of a going concern business, a partnership interest in a partnership that holds operating assets, or fifty percent (50%) or more of the stock of a corporation with operating assets, except as is absolutely necessary or required under the Plan and the Confirmation Order; *provided, however*, that in no event shall the Liquidating Trustee receive or retain any such asset or interest that would jeopardize treatment of the Liquidating Trust as a “liquidating trust” for federal income tax purposes.

2.4 Compensation of the Liquidating Trustee and its Professionals.

(a) The Liquidating Trustee shall receive compensation in the amount of \$[•] per month plus the reimbursement of reasonable out-of-pocket expenses, payable from the Liquidating Trust, during the term of the Liquidating Trust and shall not be required to file a fee application to receive compensation or be reimbursed for such expenses. The monthly fee payments described above shall be paid on or before the first day of each month that the fee is to be earned. The reimbursement of reasonable, documented out-of-pocket expenses shall be paid in arrears on or before the last Business Day of each month.

(b) The Liquidating Trustee shall have the right to retain the services of attorneys, accountants, and other professionals (collectively, the “**Liquidating Trust Professionals**”) that are necessary to assist the Liquidating Trustee in the performance of its duties pursuant to the Plan, this Liquidating Trust Agreement and the Confirmation Order. The reasonable fees and expenses of such professionals shall be paid by the Liquidating Trustee from the Liquidating Trust Assets upon submission of monthly statements (the “**Liquidating Trust Monthly Fee Statements**”) for services rendered and cost incurred to the Liquidating Trustee and Bond Trustees for review and approval. The Liquidating Trustee and Bond Trustees will have thirty (30) days from receipt of each Liquidating Trust Monthly Fee Statement to object to the Liquidating Trust Monthly Fee Statement. In the event that any objection is received by the relevant Liquidating Trust Professional that cannot be promptly resolved by the Liquidating Trust Professional and the objecting party, the dispute will be submitted by the Liquidating Trustee to the Bankruptcy Court for adjudication. The Bankruptcy Court will retain jurisdiction to adjudicate objections to Liquidating Trust Monthly Fee Statements. In the event that no objection is raised to a Liquidating Trust Monthly Fee Statement within the thirty (30) day

period, the requested amount in the Liquidating Trust Monthly Fee Statement will be promptly paid by the Liquidating Trustee, subject to any requirements under the Plan.

(c) All costs, expenses and obligations incurred by the Liquidating Trustee in administering the Plan, the Liquidating Trust, or in any manner connected, incidental or related thereto, in effecting distributions from, as applicable, the Liquidating Trust shall be a charge against the Liquidating Trust Assets remaining from time to time in the hands of the Liquidating Trustee.

2.5 Replacement of the Liquidating Trustee. The Liquidating Trustee shall be subject to removal only by the Bankruptcy Court upon application or motion by a Beneficiary of the Liquidating Trust, after notice and a hearing, and for cause shown, including (a) the willful and continued refusal by the Liquidating Trustee to perform its duties under the Plan and this Liquidating Trust Agreement, and (b) gross negligence, gross misconduct, fraud, embezzlement, or theft. The Liquidating Trustee may resign at any time upon thirty (30) days' written notice delivered to the Bankruptcy Court, provided that such resignation shall become effective only upon the appointment of a permanent or interim successor Liquidating Trustee. In the event of the resignation or removal of the Liquidating Trustee, the successor Liquidating Trustee shall be appointed by the Bankruptcy Court, after notice and a hearing, upon request and based upon submissions from interested parties (including any Beneficiary). Upon its appointment, the successor Liquidating Trustee, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of its predecessor and all responsibilities of the predecessor Liquidating Trustee relating to the Liquidating Trust shall be terminated; *provided, however*, that the original Liquidating Trustee's right to indemnification shall survive termination and are subject to the provisions of Article IV hereof. In the event of the removal or resignation of the Liquidating Trustee, the Liquidating Trustee (or its estate or representatives) shall be immediately compensated for all reasonable fees and expenses accrued through the effective date of termination, whether or not previously invoiced. The provisions of Article IV shall survive the resignation or removal of any Liquidating Trustee.

2.6 Liquidating Trust Continuance. The death, resignation, or removal of the Liquidating Trustee shall not terminate the Liquidating Trust or revoke any existing agency created by the Liquidating Trustee pursuant to this Liquidating Trust Agreement or invalidate any action theretofore taken by the Liquidating Trustee, and the successor Liquidating Trustee agrees that the provisions of this Liquidating Trust Agreement shall be binding upon and inure to the benefit of the successor Liquidating Trustee and all its successors or assigns.

ARTICLE III PROSECUTION AND RESOLUTION OF CAUSES OF ACTION

3.1 The Liquidating Trust's Exclusive Authority To Pursue, Settle, or Abandon Causes of Action. In accordance with Section 6.8(j) of the Plan, from and after the Effective Date, prosecution, settlement and abandonment of all Causes of Action, including Avoidance Actions, transferred to the Liquidating Trust shall be the sole responsibility of the Liquidating Trust pursuant to the Plan and the Confirmation Order. From and after the Effective Date, the Liquidating Trust shall have exclusive rights, powers, and interests of the Plan Debtors' Estates to pursue, settle or abandon such Causes of Action as the sole representative of the Plan Debtors'

Estates pursuant to Bankruptcy Code section 1123(b)(3). Proceeds recovered from all Causes of Action will be deposited into the Liquidating Trust and will be distributed by the Liquidating Trustee to the Beneficiaries in accordance with the provisions of the Plan and Liquidating Trust Agreement. All Causes of Action, including Avoidance Actions, that are not expressly released or waived under the Plan are reserved and preserved and vest in the Liquidating Trust in accordance with the Plan. No Person may rely on the absence of a specific reference in the Plan, the Plan Supplement, the Disclosure Statement, or this Liquidating Trust Agreement to any Cause of Action against it as any indication that the Plan Debtors or Liquidating Trustee will not pursue any and all available Causes of Action against such Person. The Liquidating Trustee expressly reserves all Causes of Action, except for any Causes of Action against any Person that are expressly released or waived under the Plan, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of confirmation or consummation of the Plan. No claims or Causes of Action against the Released Parties shall be transferred to the Liquidating Trust, the Liquidating Trustee shall not have standing to pursue such claims or Causes of Action, and all such claims and Causes of Action shall be waived, released and discharged pursuant to the Plan.

3.2 Settlement of Causes of Action. Settlement by the Liquidating Trust of any Cause of Action transferred to the Liquidating Trust shall require: (i) approval only of the Liquidating Trustee if the amount claimed by the Liquidating Trust against a defendant is less than one million dollars (\$1,000,000); and (ii) approval of the Liquidating Trustee and the Bankruptcy Court, upon notice and a hearing, if the amount claimed by the Liquidating Trust against a defendant is unliquidated or equals to or exceeds one million dollars (\$1,000,000).

3.3 Preservation of Right to Conduct Investigations. Any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Plan Debtors prior to the Effective Date shall vest with the Liquidating Trust and shall continue until dissolution of the Liquidating Trust.

ARTICLE IV LIABILITY OF LIQUIDATING TRUSTEE

4.1 Standard of Care; Exculpation. No recourse will ever be had, directly or indirectly, against the Liquidating Trustee, its members, officers, directors, employees, professionals, representatives, agents, successors or assigns, by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge or note, nor upon any promise, contract, instrument, undertaking, obligation, covenant or agreement whatsoever executed by the Liquidating Trust under the Plan or by reason of the creation of any indebtedness by the Liquidating Trust or the Liquidating Trustee under the Plan. All such liabilities under the Plan will be enforceable only against, and will be satisfied only out of, the Liquidating Trust Assets. The Liquidating Trust and the Liquidating Trustee and their respective officers, directors, employees, professionals, representatives, agents, successors or assigns will not be liable for any act they may do, or omit to do hereunder in good faith and in the exercise of their sound judgment; *provided, however*, that this section will not apply to any gross negligence or willful misconduct by the Liquidating Trust and the Liquidating Trustee or their respective officers, directors, employees, professionals, representatives, agents, successors or assigns.

4.2 Indemnification.

(a) Except as otherwise set forth in the Plan or Confirmation Order, the Liquidating Trustee, and any affiliate, employee, employer, professional, agent, or representative of the Liquidating Trustee (each, an “**Indemnified Party**” and collectively, the “**Indemnified Parties**”), shall be defended, held harmless, and indemnified from time to time by the Liquidating Trust against any and all losses, claims, damages, liabilities, penalties, obligations, and expenses, including the costs for counsel or others in investigating, preparing, or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing this Liquidating Trust Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon, or arising out of (directly or indirectly) the Liquidating Trustee’s acceptance of or the performance or nonperformance of its obligations under this Liquidating Trust Agreement, the Plan, or the Confirmation Order; *provided, however*, such indemnity shall not apply to any such loss, claim, damage, liability, or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to be a liability for which recourse is not limited to the Liquidating Trust Assets pursuant to Section 4.1 above. Satisfaction of any obligation of the Liquidating Trust arising pursuant to the terms of this Section shall be payable only from the Liquidating Trust Assets, may be advanced prior to the conclusion of such matter, and such right to payment shall be prior and superior to any other rights to receive a Distribution of the Liquidating Trust Assets.

(b) The Liquidating Trust shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding, or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in connection with this Liquidating Trust Agreement or the duties, acts, or omissions of the Liquidating Trustee, upon submission of invoices therefor, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise. Each Indemnified Party hereby undertakes, and the Liquidating Trust hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefor under this Liquidating Trust Agreement.

4.3 No Liability for Acts of Successor/Predecessor Liquidating Trustees. Upon the appointment of a successor Liquidating Trustee and the delivery of the Liquidating Trust Assets to the successor Liquidating Trustee, the predecessor Liquidating Trustee and any director, officer, affiliate, employee, employer, professional, agent, or representative of the predecessor Liquidating Trustee shall have no further liability or responsibility with respect thereto. A successor Liquidating Trustee shall have no duty to examine or inquire into the acts or omissions of its immediate or remote predecessor and no successor Liquidating Trustee shall be in any way liable for the acts or omissions of any predecessor Liquidating Trustee unless a successor Liquidating Trustee expressly assumes such responsibility. A predecessor Liquidating Trustee shall have no liability for the acts or omissions of any immediate or subsequent successor Liquidating Trustee for any events or occurrences subsequent to the cessation of its role as Liquidating Trustee.

4.4 Reliance by Liquidating Trustee on Documents or Advice of Counsel. Except as otherwise provided in this Liquidating Trust Agreement, the Liquidating Trustee and any

affiliate, employee, employer, professional, agent, or representative of the Liquidating Trustee may rely, and shall be protected from liability for acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document reasonably believed by the Liquidating Trustee to be genuine and to have been presented by an authorized party. The Liquidating Trustee shall not be liable for any action taken or suffered by the Liquidating Trustee in reasonable reliance upon the advice of counsel or other professionals engaged by the Liquidating Trustee in accordance with this Liquidating Trust Agreement.

4.5 Insurance. The Liquidating Trust may purchase, using Liquidating Trust Assets, and carry all insurance policies and pay all insurance premiums and costs the Liquidating Trustee deems reasonably necessary or advisable, including, without limitation, purchasing any errors and omissions insurance with regard to any liabilities, losses, damages, claims, costs, and expenses it may incur, including but not limited to attorneys' fees, arising out of or due to its actions or omissions, or consequences of such actions or omissions, other than as a result of its fraud or willful misconduct, with respect to the implementation and administration of the Plan or this Liquidating Trust Agreement.

ARTICLE V GENERAL PROVISIONS CONCERNING ADMINISTRATION OF THE LIQUIDATING TRUST

5.1 Register of Beneficiaries. The Liquidating Trust shall maintain at all times a register of the names, Distribution addresses, amounts of Allowed Claims and the ratable interests in the Liquidating Trust of the Beneficiaries (the "**Register**"). The Liquidating Trustee shall cause the Register to be kept at its office or at such other place or places as may be designated by the Liquidating Trustee from time to time.

5.2 Books and Records. On the Effective Date, the Liquidating Trust shall (a) take possession of all books, records, and files of the Plan Debtors and the Estates, and (b) provide for the retention and storage of such books, records, and files until such time as the Liquidating Trustee determines that retention of same is no longer necessary or required. The Liquidating Trust also shall maintain in respect of the Liquidating Trust and the Beneficiaries books and records relating to the Liquidating Trust Assets and income realized therefrom and the payment of expenses of and claims against or assumed by the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to make full and proper reports in respect thereof. Except as expressly provided in this Liquidating Trust Agreement, the Plan or the Confirmation Order, or as may be required by applicable law, nothing in this Liquidating Trust Agreement is intended to require the Liquidating Trust to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for making any payment or Distribution out of the Liquidating Trust Assets.

5.3 Quarterly Reporting Obligations to Bankruptcy Court and Payment of Statutory Fees. In no event later than thirty (30) Business Days after the end of the first full month following the Effective Date and on a quarterly basis thereafter until all Liquidating Trust Assets have been released or paid out in accordance with the Plan and this Liquidating Trust Agreement, the Liquidating Trustee shall file with the Bankruptcy Court a report setting forth the

amounts, recipients, and dates of all Distributions made by the Liquidating Trustee under the Plan and hereunder through each applicable reporting period.

5.4 Filing of Monthly and Quarterly Reports and Payment of Statutory Fees. The filing of the final monthly operating report (for the month in which the Effective Date occurs) and all subsequent quarterly Liquidating Trust reports shall be the responsibility of the Liquidating Trustee. With respect to the period after the Effective Date, the Liquidating Trustee shall be obligated to pay when due quarterly statutory fees under 28 U.S.C. § 1930 to the United States Trustee, and such obligation shall continue until such time as the Chapter 11 Cases are closed, dismissed or converted.

5.5 Filing of Tax Returns. The Liquidating Trust shall be responsible for filing all federal, state, local, and foreign tax returns for the Plan Debtors and the Liquidating Trust.

ARTICLE VI BENEFICIAL INTERESTS AND BENEFICIARIES

6.1 Interest Beneficial Only. The ownership of a beneficial interest in the Liquidating Trust shall not entitle any Beneficiary to any title in or to the Liquidating Trust Assets or to any right to call for a partition or division of the Liquidating Trust Assets or to require an accounting.

6.2 Evidence of Beneficial Interest. Ownership of a beneficial interest in the Liquidating Trust shall not be evidenced by any certificate, security, or receipt or in any other form or manner whatsoever, except as maintained on the books and records of the Liquidating Trust by the Liquidating Trustee.

6.3 Transfers of Beneficial Interests. Beneficial interests in the Liquidating Trust shall be nontransferable except upon death of the interest holder or by operation of law. The Liquidating Trust shall not have any obligation to recognize any transfer of Claims or Interests occurring after the Distribution Record Date. Only those Holders of Claims and Interests of record stated on the transfer ledgers as of the close of business on the Distribution Record Date, to the extent applicable, shall be entitled to be recognized for all purposes hereunder.

6.4 Absolute Owners. The Liquidating Trustee may deem and treat the Beneficiary reflected as the owner of a beneficial interest on the Register as the absolute owner thereof for the purposes of receiving Distributions and payments on account thereof for federal and state income tax purposes and for all other purposes whatsoever.

6.5 Change of Address. A Beneficiary may, after the Effective Date, select an alternative Distribution address by notifying the Liquidating Trustee in writing of such alternative Distribution address. Absent such notice, the Liquidating Trustee shall not recognize any such change of Distribution address. Such notification shall be effective only upon receipt by the Liquidating Trustee.

6.6 Effect of Death, Dissolution, Incapacity, or Bankruptcy of Beneficiary. The death, dissolution, incapacity, or bankruptcy of a Beneficiary during the term of the Liquidating Trust shall not operate to terminate the Liquidating Trust during the term of the Liquidating Trust nor shall it entitle the representative or creditors of the deceased, incapacitated, or bankrupt

Beneficiary to an accounting or to take any action in any court or elsewhere for the Distribution of the Liquidating Trust Assets or for a partition thereof nor shall it otherwise affect the rights and obligations of the Beneficiary under this Liquidating Trust Agreement or in the Liquidating Trust.

6.7 Standing. Except as expressly provided in this Liquidating Trust Agreement, the Plan, or the Confirmation Order, a Beneficiary does not have standing to direct the Liquidating Trustee to do or not to do any act or to institute any action or proceeding at law or in equity against any party (other than against the Liquidating Trustee to the extent provided in this Liquidating Trust Agreement) upon or with respect to the Liquidating Trust Assets.

ARTICLE VII PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

7.1 Incorporation of Plan Provisions Regarding Claims. As of the Effective Date, the Liquidating Trust shall assume responsibility for all Claims matters established by the Plan and shall be vested with any and all rights and defenses the Plan Debtors had with respect to any Claim or Interest immediately prior to the Effective Date.

7.2 Allowance of Claims and Interests. Except as expressly provided in the Plan, or in any order entered in the Plan Debtors' Chapter 11 Cases prior to the Effective Date, including the Confirmation Order, no Claim or Interest shall be deemed Allowed unless and until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code or Allowed by the Bankruptcy Court by entry of a Final Order allowing such Claim or Interest. Prior to and following the Effective Date, the Liquidating Trust shall be vested with any and all rights and defenses the Plan Debtors had with respect to any Claim or Interest immediately prior to the Effective Date.

7.3 Objections to Claims. The Liquidating Trustee shall be entitled to file objections to all Claims and Interests that are otherwise not deemed Allowed Claims or Interests under the Plan and Confirmation Order—*i.e.*, Claims or Interests listed on the Plan Debtors' schedules of liabilities as not disputed, not contingent, and not unliquidated, or that are the subject of filed proofs of claim or interests in a liquidated amount are not deemed Allowed unless and until the Claims Objection Deadline (as defined below) passes with no objection as to such Claims or Interests filed. Any objections to Claims shall be served and filed on or before the later of (i) one hundred eighty (180) days after the Effective Date or (ii) such later date as may be fixed by the Bankruptcy Court after reasonable notice and opportunity to object (the "**Claims Objection Deadline**"). If an objection has not been filed to a Claim or the Schedules have not been amended with respect to a Claim that (a) was scheduled by the Plan Debtors but (b) was not scheduled as contingent, unliquidated, and/or disputed, by the Claims Objection Deadline, as the same may be extended by order of the Bankruptcy Court, the Claim to which the Proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier by a Final Order of the Bankruptcy Court.

7.4 Estimation of Claims. The Liquidating Trustee may (but is not required to) at any time request that the Bankruptcy Court estimate any Contingent Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether an

objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to such objection. In the event that the Bankruptcy Court estimates any Contingent Claim or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Liquidating Trustee may pursue supplementary proceedings to object to the allowance of such Claim; *provided, however*, the Liquidating Trustee may elect not to pursue such supplementary proceedings, instead electing to treat such maximum amount as the Allowed amount of such Claim.

7.5 No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, if any portion of a Claim is Disputed, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

7.6 Distributions After Allowance. At such time as a Contingent Claim or a Disputed Claim becomes an Allowed Claim, a Distribution shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Contingent Claim or Disputed Claim becomes a Final Order. To the extent that all or a portion of a Contingent Claim or a Disputed Claim is disallowed, the Holder of such Claim shall not receive any Distribution on account of the portion of such Claim that is disallowed.

7.7 Disallowed Claims. All Claims held by persons or entities against whom or which the Plan Debtors or Liquidating Trustee has commenced a proceeding asserting a cause of action under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Bankruptcy Code shall be deemed Disallowed Claims pursuant to section 502(d) of the Bankruptcy Code. Disallowed Claims pursuant to this Section shall continue to be Disallowed Claims for all purposes until the avoidance action against such party has been settled or resolved by Final Order and any sums due to the Plan Debtors or Liquidating Trustee from such party have been paid.

ARTICLE VIII DISTRIBUTIONS

8.1 Incorporation of Plan Provisions Regarding Distributions. As of the Effective Date, the Liquidating Trust shall assume responsibility for all Distributions to be made pursuant to the Plan.

8.2 Distributions to Beneficiaries from Liquidating Trust Assets. All payments to be made by the Liquidating Trust to any Beneficiary shall be made only in accordance with the Plan, the Confirmation Order, and this Liquidating Trust Agreement and from the Liquidating Trust Assets (or from the income and proceeds realized from the Liquidating Trust Assets), and only to the extent that the Liquidating Trust has sufficient Liquidating Trust Assets (or income and proceeds realized from the Liquidating Trust Assets) to make such payments in accordance with and to the extent provided for in the Plan, the Confirmation Order and this Liquidating

Trust Agreement. Any Distributions to be made by the Liquidating Trustee pursuant to the Plan shall be made by checks drawn on accounts maintained by the Liquidating Trustee or by wire transfer if circumstances justify, at the option of the Liquidating Trustee, as applicable; *provided, however*, all Distributions to the Obligated Group Bond Trustee and Tyler Bond Trustee shall be made by wire.

8.3 Distributions; Withholding. Any Distributions and deliveries to be made under the Plan with respect to Claims that are Allowed as of the Effective Date shall be made on the Effective Date or as soon thereafter as is reasonably practicable. Except as otherwise provided in the Plan or Confirmation Order, any Distributions and deliveries to be made under the Plan with respect to Claims that are Allowed after the Effective Date shall be made as soon as is reasonably practicable after the date on which such Claim becomes Allowed. Distributions made after the Effective Date to Holders of Allowed Claims shall be deemed to have been made on the Effective Date and, except as otherwise provided in the Plan, no interest shall accrue or be payable with respect to such Claims or any Distribution related thereto. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

8.4 No Distribution Pending Allowance. No payment or Distribution shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

8.5 Distributions after Allowance. Distributions to each Holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan governing the Class of Claims to which such Holder of a Claim belongs.

8.6 Unclaimed Property. In the event that any Distribution to any Holder is returned as undeliverable, no Distribution to such Holder shall be made unless and until the Liquidating Trustee has determined the then current address of such Holder, at which time such Distribution shall be made as soon as practicable after such Distribution has become deliverable; *provided, however*, that such Distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six months from the date of the Distribution. After such date, all “unclaimed property” or interests in property shall revert to the Liquidating Trust (notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary), and the Claim of any Holder to such property shall be discharged and forever barred.

8.7 Withholding Taxes. Any federal, state, or local withholding taxes or other amounts required to be withheld under applicable law shall be deducted from Distributions hereunder. All Beneficiaries shall be required to provide the Liquidating Trustee with any information necessary in connection with the withholding of such taxes.

8.8 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary in the Plan or herein, no Beneficiary shall receive in respect of such

Claims held by the Beneficiary any Distribution in excess of the Allowed amount of such Claim. Upon a Beneficiary recovering the full amount of its Allowed Claim from another source, it thereafter shall no longer have any entitlement to receive Distributions under the Plan.

8.9 Fractional Dollars; De Minimis Distributions. Notwithstanding any other provision of the Plan, Cash payments of fractions of dollars shall not be made. Whenever any Distribution to a Holder of a Claim would otherwise call for Distribution of Cash in a fractional dollar amount, the actual Distribution of such Cash shall be rounded to the nearest whole dollar (up or down), with half dollars (or less) being rounded down. The Liquidating Trustee shall not be required to make any Cash payment of less than fifty dollars (\$50.00) with respect to any Claim or Interest unless a request therefor is made in writing to the Liquidating Trustee, as applicable; *provided, however*, that the Liquidating Trustee shall not have any obligation to make any Distribution, whether final or not, unless and until the total amount of such Distribution to a specific Holder of an Allowed Claim or Interest is equal to or greater than ten dollars (\$10.00).

8.10 Single Satisfaction of Claims. Holders of Allowed Claims may assert such Claims against each Plan Debtor obligated with respect to such Claim, and such Claims shall be entitled to share in the recovery provided for the applicable Class of Claims against each obligated Plan Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, in no case shall the aggregate value of all property received or retained under the Plan on account of Allowed Claims exceed the total amount of the underlying Allowed Claim.

8.11 Excess Funds. In the event there is Liquidating Trust Distributable Cash remaining after all required Distributions under the Plan and this Liquidating Trust Agreement have been made, such Cash will be turned over to the Attorney General for the State of Texas in accordance with Texas law.

ARTICLE IX TAXES

9.1 Income Tax Status. Consistent with Revenue Procedure 94-45, 1994-2 C. B. 684, the Liquidating Trust shall be treated as a liquidating trust pursuant to Treasury Regulation Section 301.7701-4(d) and as a grantor trust pursuant to IRC Sections 671-677. Accordingly, for federal income tax purposes, it is intended that the Beneficiaries be treated as if they had received a distribution from the Estates of an undivided interest in each of the Liquidating Trust Assets (to the extent of the value of their respective share in the applicable assets) and then contributed such interests to the Liquidating Trust, and the Beneficiaries will be treated as the grantors and owners thereof.

9.2 Tax Returns. The Liquidating Trustee shall file tax returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with the Plan. The Liquidating Trust also shall annually (for tax years in which Distributions from the Liquidating Trust are made) send to each holder of a beneficial interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction or credit and all such holders shall report such items on their federal income tax returns; *provided, however*, that no such statement need be sent to any Class that is not expected to receive any Distribution from the Liquidating Trust. The Liquidating Trust's taxable income, gain, loss, deduction or

credit will be allocated to the Beneficiaries in accordance with their relative beneficial interests in the Liquidating Trust.

9.3 Withholding of Taxes and Reporting Related to Liquidating Trust Operations. The Liquidating Trust shall be responsible for filing all federal, state, and local tax returns for the Plan Debtors and the Liquidating Trust. The Liquidating Trust shall comply with all withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions made by the Liquidating Trust shall be subject to any such withholding and reporting requirements.

9.4 Valuations. As soon as possible after the Effective Date, the Liquidating Trust shall make a good faith valuation of the Liquidating Trust Assets, and such valuation shall be used consistently by all parties for all federal income tax purposes. The Liquidating Trust also shall file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any Governmental Unit for taxing purposes. The Liquidating Trust may request an expedited determination of taxes of the Plan Debtors or of the Liquidating Trust under Bankruptcy Code section 505(b) for all tax returns filed for, or on behalf of, the Plan Debtors and the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust.

9.5 Payment of Taxes. The Liquidating Trust shall be responsible for payments of all Allowed tax obligations of the Plan Debtors, and any taxes imposed on the Liquidating Trust or the Liquidating Trust Assets.

ARTICLE X TERMINATION OF LIQUIDATING TRUST

10.1 Termination of Liquidating Trust. The Liquidating Trustee shall be discharged and the Liquidating Trust shall be terminated at such time as (i) all Disputed Claims have been resolved, (ii) all of the Liquidating Trust Assets have been liquidated, (iii) all duties and obligations of the Liquidating Trustee under this Liquidating Trust Agreement have been fulfilled, (iv) all Distributions required to be made by the Liquidating Trust under the Plan and this Liquidating Trust Agreement have been made, and (v) the Chapter 11 Cases have been closed; *provided, however*, that in no event shall the Liquidating Trust be dissolved later than five (5) years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month period prior to the fifth anniversary (or the end of any extension period approved by the Bankruptcy Court), determines that a fixed period extension not to exceed one (1) year is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets.

10.2 Events Upon End of Term Termination. At the conclusion of the term of the Liquidating Trust, the Liquidating Trustee shall distribute the remaining Liquidating Trust Assets, if any, to the Beneficiaries, in accordance with the Plan, the Confirmation Order, and this Liquidating Trust Agreement, *provided, however*, that the Liquidating Trust shall not be obligated to make Distributions to a Class of Claims or Interests if the amount of the Liquidating Trust Distributable Cash is *de minimis* and is not sufficient to warrant the incurrence of costs in making the Distribution.

10.3 Winding Up and Discharge of the Liquidating Trustee. For the purposes of winding up the affairs of the Liquidating Trust at the conclusion of its term, the Liquidating Trustee shall continue to act as Liquidating Trustee until its duties under this Liquidating Trust Agreement have been fully discharged or its role as Liquidating Trustee is otherwise terminated under this Liquidating Trust Agreement and the Plan. Upon a motion by the Liquidating Trustee, the Bankruptcy Court may enter an order relieving the Liquidating Trustee, its agents, and employees of any further duties and discharging the Liquidating Trustee.

ARTICLE XI MISCELLANEOUS PROVISIONS

11.1 Amendments. The Liquidating Trustee may modify, supplement, or amend this Liquidating Trust Agreement without Bankruptcy Court approval (a) to clarify any ambiguity or inconsistency, or render this Liquidating Trust Agreement in compliance with its stated tax purposes, or (b) in any other way that is not inconsistent with the Plan or the Confirmation Order, only if such modification, supplement, or amendment does not materially and adversely affect the interests, rights, treatment, or Distributions of or to any Beneficiaries. All other modifications, supplements, and amendments shall require prior approval of the Bankruptcy Court.

11.2 Waiver. No failure by the Liquidating Trust or the Liquidating Trustee to exercise or delay in exercising any right, power, or privilege hereunder shall operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any further exercise thereof, or of any other right, power, or privilege.

11.3 Cumulative Rights and Remedies. The rights and remedies provided in this Liquidating Trust Agreement are cumulative and are not exclusive of any rights under law or in equity.

11.4 No Bond Required. Notwithstanding any state law to the contrary, the Liquidating Trustee (including any successor Liquidating Trustee) shall be exempt from giving any bond or other security in any jurisdiction.

11.5 Irrevocability. This Liquidating Trust Agreement and the Liquidating Trust created hereunder shall be irrevocable, except as otherwise expressly provided in this Liquidating Trust Agreement.

11.6 Relationship to the Plan. The principal purpose of this Liquidating Trust Agreement is to aid in the implementation of the Plan and, therefore, this Liquidating Trust Agreement incorporates and is subject to the provisions of the Plan and the Confirmation Order. In the event that any provision of this Liquidating Trust Agreement is found to be inconsistent with a provision of the Plan or the Confirmation Order, the provisions of the Plan or the Confirmation Order, as applicable, shall control.

11.7 Division of Liquidating Trust. Under no circumstances shall the Liquidating Trustee have the right or power to divide the Liquidating Trust unless authorized to do so by the Bankruptcy Court.

11.8 Applicable Law. The Liquidating Trust is made in the State of Texas, and the Liquidating Trust and this Liquidating Trust Agreement, and the rights and obligations of the Liquidating Trustee, are to be governed by and construed and administered according to the laws of the State of Texas; *provided, however*, that, except as expressly provided in this Liquidating Trust Agreement, there shall not be applicable to the Liquidating Trust, the Liquidating Trustee, or this Liquidating Trust Agreement any provisions of the laws (statutory or common) of the State of Texas pertaining to trusts that relate to or regulate (a) the filing with any court or governmental body or agency of trustee accounts or schedules of trustee fees and charges, (b) affirmative requirements to post bonds for trustees, officers, agents, or employees of a trust, (c) the necessity for obtaining court or other governmental approval concerning the acquisition, holding, or disposition of real or personal property, (d) fees or other sums payable to trustees, officers, agents, or employees of a trust, (e) the allocation of receipts and expenditures to income or principal, (f) restrictions or limitations on the permissible nature, amount or concentration of trust investments or requirements relating to the titling, storage or other manner of holding of trust assets, or (g) the establishment of fiduciary or other standards or responsibilities or limitations on the acts or powers of trustees that are inconsistent with the limitations or liabilities or authorities and powers of the Liquidating Trustee set forth or referenced in this Liquidating Trust Agreement.

11.9 Retention of Jurisdiction. Notwithstanding the Effective Date, and to the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the Liquidating Trust after the Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits, and issues that may arise in connection therewith, including, without limitation, this Liquidating Trust Agreement, or any entity's obligations incurred in connection herewith, including without limitation, any action against the Liquidating Trustee or any professional retained by the Liquidating Trustee, in its capacity as such. Each party to this Liquidating Trust Agreement and each Beneficiary of the Liquidating Trust hereby irrevocably consents to the exclusive jurisdiction of the Bankruptcy Court in any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement or of any other agreement or document delivered in connection with this Liquidating Trust Agreement, and also hereby irrevocably waives any defense of improper venue, forum non conveniens, or lack of personal jurisdiction to any such action brought in the Bankruptcy Court. Each party further irrevocably agrees that any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement will be brought only in the Bankruptcy Court. Each party hereby irrevocably consents to the service by certified or registered mail, return receipt requested, of any process in any action to enforce, interpret, or construe any provision of this Liquidating Trust Agreement. Notwithstanding the preceding, nothing herein shall be interpreted as requiring the commencement or prosecution of any Cause of Action in the Bankruptcy Court, and all determinations regarding the proper forum for initiating any Cause of Action shall be at the discretion of the Liquidating Trust, consistent with applicable law.

11.10 Severability. In the event that any provision of this Liquidating Trust Agreement or the application thereof to any person or circumstance shall be determined by the Bankruptcy Court to be invalid or unenforceable to any extent, the remainder of this Liquidating Trust Agreement, or the application of such provision to persons or circumstance, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of

this Liquidating Trust Agreement shall be valid and enforced to the fullest extent permitted by law.

11.11 Limitation of Benefits. Except as otherwise specifically provided in this Liquidating Trust Agreement, the Plan or the Confirmation Order, nothing herein is intended or shall be construed to confer upon or to give any person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Liquidating Trust Agreement.

11.12 Notices. All notices, requests, demands, consents, and other communication hereunder shall be in writing and shall be deemed to have been duly given to a person, if delivered in person or by facsimile or if sent by overnight mail, registered mail, certified mail or regular mail, with postage prepaid, to the following addresses:

If to the Liquidating Trustee:

[INSERT ADDRESS OF LIQUIDATING TRUSTEE]

If to a Beneficiary:

To the name and Distribution address set forth in the Register with respect to such Beneficiary.

The parties may designate in writing from time to time other and additional places to which notices may be sent.

11.13 Further Assurances. From and after the Effective Date, the parties hereto covenant and agree to execute and deliver all such documents and notices and to take all such further actions as may reasonably be required from time to time to carry out the intent and purposes of this Liquidating Trust Agreement, and to consummate the transactions contemplated hereby.

11.14 Integration. This Liquidating Trust Agreement, the Plan, and the Confirmation Order constitute the entire agreement with, by, and among the parties hereto and thereto, and there are no representations, warranties, covenants, or obligations except as set forth herein, in the Plan, and in the Confirmation Order. This Liquidating Trust Agreement, together with the Plan and the Confirmation Order, supersede all prior and contemporaneous agreements, understandings, negotiations, and discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder. Except as otherwise provided in this Liquidating Trust Agreement, the Plan, or Confirmation Order, nothing herein is intended or shall be construed to confer upon or give any person other than the parties hereto and the Beneficiaries any rights or remedies under or by reason of this Liquidating Trust Agreement.

11.15 Interpretation. The enumeration and Section headings contained in this Liquidating Trust Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Liquidating Trust Agreement or of any term or provision hereof. Unless context otherwise requires, whenever used in this Liquidating Trust Agreement the singular shall include the plural and the plural shall include the singular, and words importing

the masculine gender shall include the feminine and the neuter, if appropriate, and vice versa, and words importing persons shall include partnerships, associations, and corporations. The words herein, hereby, and hereunder and words with similar import, refer to this Liquidating Trust Agreement as a whole and not to any particular Section or subsection hereof unless the context requires otherwise. Any reference to the "Liquidating Trustee" shall be deemed to include a reference to the "Liquidating Trust" and any reference to the "Liquidating Trust" shall be deemed to include a reference to the "Liquidating Trustee" except for the references in which the context otherwise requires.

11.16 Counterparts. This Liquidating Trust Agreement may be signed by the parties hereto in counterparts, which, when taken together, shall constitute one and the same document.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Liquidating Trust Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized representatives, all as of the date first above written.

SEARS METHODIST RETIREMENT SYSTEM,
INC.

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS CAPROCK RETIREMENT
CORPORATION

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS METHODIST CENTERS, INC.

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS METHODIST FOUNDATION

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS PANHANDLE RETIREMENT
CORPORATION

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS PERMIAN RETIREMENT
CORPORATION

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS PLAINS RETIREMENT
CORPORATION

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SEARS TYLER METHODIST RETIREMENT
CORPORATION

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

SENIOR DIMENSIONS, INC.

By: _____
Name: Paul Rundell
Title: Chief Restructuring Officer

[INSERT NAME], as Liquidating Trustee

By: _____
Name:

EXHIBIT B

Liquidation Analyses

Obligated Group
OG

Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	0.0%	\$ -	0.0%	\$ -
Accounts Receivable	2,186	75.0%	1,640	55.0%	1,202
Inventory	62	20.0%	12	10.0%	6
Prepaid Deposits	165	20.0%	33	0.0%	-
Prepaid Expense	130	40.0%	52	20.0%	26
Total Current Assets	2,543	68.3%	1,737	48.5%	1,235
Restricted Assets:					
Restricted Assets	2,167	0.0%	-	0.0%	-
Total Restricted Assets	2,167	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	61,465	23.4%	14,406	9.2%	5,666
Land	5,586	30.0%	1,676	15.0%	838
Total Fixed Assets	67,051	24.0%	16,081	9.7%	6,504
Other Assets:					
Intangible Assets, net	50	0.0%	-	0.0%	-
Due from Affiliates	26,945	0.0%	-	0.0%	-
Other Assets	2,815	10.2%	287	6.8%	192
Total Other Assets	29,810	1.0%	287	0.6%	192
Total Assets	101,570	17.8%	18,106	7.8%	7,930
Wind-Down Profit/(Loss)	-	100.0%	(8,658)	100.0%	(13,013)
Liquidation Fees	-	100.0%	(804)	100.0%	(455)
Net Cash Flow	\$ 101,570	8.5%	\$ 8,643	0.0%	\$ (5,538)
Total Available for Distribution	\$ 101,570	8.5%	\$ 8,643	0.0%	\$ -
Distribution Summary					
Administrative Claims:					
DIP Loan	4,600	100.0%	4,600	0.0%	-
Subtotal - Administrative Claims	4,600	100.0%	4,600	0.0%	-
Amount Available for Secured Lender Claims			4,043		-

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

Sears Methodist Retirement System, Inc.

SMRS

Liquidation Analysis Summary

(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	26	75.0%	20	55.0%	14
Inventory	-	20.0%	-	10.0%	-
Prepaid Deposits	-	20.0%	-	0.0%	-
Prepaid Expense	100	40.0%	40	20.0%	20
Total Current Assets	126	47.3%	60	27.3%	34
Restricted Assets:					
Restricted Assets	-	0.0%	-	0.0%	-
Total Restricted Assets	-	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	1,128	25.0%	282	10.0%	113
Land	830	30.0%	249	15.0%	125
Total Fixed Assets	1,958	27.1%	531	12.1%	237
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	20,589	0.0%	-	0.0%	-
Other Assets	2,671	8.9%	239	5.8%	155
Total Other Assets	23,260	1.0%	239	0.7%	155
Total Assets	25,345	3.3%	829	1.7%	427
Wind-Down Profit/(Loss)	-	100.0%	(2,419)	100.0%	(3,346)
Liquidation Fees	-	100.0%	(27)	100.0%	(17)
Net Cash Flow	\$ 25,345	0.0%	\$ (1,616)	0.0%	\$ (2,936)
Total Available for Distribution	\$ 25,345	0.0%	\$ -	0.0%	\$ -

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

**Sears Methodist Foundation
Foundation**
Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	-	75.0%	-	55.0%	-
Inventory	-	20.0%	-	10.0%	-
Prepaid Deposits	-	20.0%	-	0.0%	-
Prepaid Expense	-	40.0%	-	20.0%	-
Total Current Assets	-	0.0%	-	0.0%	-
Restricted Assets:					
Restricted Assets ⁽¹⁾	1,771	0.0%	-	0.0%	-
Total Restricted Assets	1,771	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	-	25.0%	-	10.0%	-
Land	1,827	30.0%	548	15.0%	274
Total Fixed Assets	1,827	30.0%	548	15.0%	274
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	2,020	0.0%	-	0.0%	-
Other Assets	144	33.9%	49	25.4%	37
Total Other Assets	2,164	2.3%	49	1.7%	37
Total Assets	5,762	10.4%	597	5.4%	311
Wind-Down Profit/(Loss)	-	100.0%	(261)	100.0%	(375)
Liquidation Fees	-	100.0%	(27)	100.0%	(19)
Net Cash Flow	\$ 5,762	5.4%	\$ 309	0.0%	\$ (83)
Total Available for Distribution	\$ 5,762	5.4%	\$ 309	0.0%	\$ -

Note ⁽¹⁾: Donor restricted funds, no collectibility, to be returned to donors

Sears Panhandle Retirement Corp.
Craig
Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	821	75.0%	616	55.0%	452
Inventory	52	20.0%	10	10.0%	5
Prepaid Deposits	47	20.0%	9	0.0%	-
Prepaid Expense	25	40.0%	10	20.0%	5
Total Current Assets	945	68.3%	646	48.9%	462
Restricted Assets:					
Restricted Assets	(¹) 395	0.0%	-	0.0%	-
Total Restricted Assets	395	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	23,731	25.0%	5,933	10.0%	2,373
Land	1,394	30.0%	418	15.0%	209
Total Fixed Assets	25,125	25.3%	6,351	10.3%	2,582
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	1,502	0.0%	-	0.0%	-
Other Assets	-	10.0%	-	0.0%	-
Total Other Assets	1,502	0.0%	-	0.0%	-
Total Assets	27,967	25.0%	6,997	10.9%	3,044
Wind-Down Profit/(Loss)	-	100.0%	(2,376)	100.0%	(3,731)
Liquidation Fees	-	100.0%	(318)	100.0%	(181)
Net Cash Flow	\$ 27,967	15.4%	\$ 4,303	0.0%	\$ (868)
Total Available for Distribution	\$ 27,967	15.4%	\$ 4,303	0.0%	\$ -

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

Sears Permian Retirement Corp.
Parks
Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	1,289	75.0%	967	55.0%	709
Inventory	-	20.0%	-	10.0%	-
Prepaid Deposits	87	20.0%	17	0.0%	-
Prepaid Expense	1	40.0%	1	20.0%	0
Total Current Assets	1,377	71.5%	984	51.5%	709
Restricted Assets:					
Restricted Assets	-	0.0%	-	0.0%	-
Total Restricted Assets	-	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	9,606	15.0%	1,441	5.0%	480
Land	586	30.0%	176	15.0%	88
Total Fixed Assets	10,192	15.9%	1,617	5.6%	568
Other Assets:					
Intangible Assets, net	50	0.0%	-	0.0%	-
Due from Affiliates	3,067	0.0%	-	0.0%	-
Other Assets	-	10.0%	-	0.0%	-
Total Other Assets	3,117	0.0%	-	0.0%	-
Total Assets	14,686	17.7%	2,601	8.7%	1,277
Wind-Down Profit/(Loss)	-	100.0%	(1,794)	100.0%	(2,881)
Liquidation Fees	-	100.0%	(81)	100.0%	(40)
Net Cash Flow	\$ 14,686	4.9%	\$ 726	0.0%	\$ (1,644)
Total Available for Distribution	\$ 14,686	4.9%	\$ 726	0.0%	\$ -

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

Sears Methodist Centers, Inc.
Wesley Court
Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	50	75.0%	37	55.0%	27
Inventory	10	20.0%	2	10.0%	1
Prepaid Deposits	31	20.0%	6	0.0%	-
Prepaid Expense	4	40.0%	2	20.0%	1
Total Current Assets	95	49.7%	47	30.7%	29
Restricted Assets:					
Restricted Assets	-	0.0%	-	0.0%	-
Total Restricted Assets	-	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	27,000	25.0%	6,750	10.0%	2,700
Land	949	30.0%	285	15.0%	142
Total Fixed Assets	27,949	25.2%	7,035	10.2%	2,842
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	(233)	0.0%	-	0.0%	-
Other Assets	-	10.0%	-	0.0%	-
Total Other Assets	(233)	0.0%	-	0.0%	-
Total Assets	27,811	25.5%	7,082	10.3%	2,872
Wind-Down Profit/(Loss)	-	100.0%	(1,808)	100.0%	(2,679)
Liquidation Fees	-	100.0%	(352)	100.0%	(199)
Net Cash Flow	\$ 27,811	17.7%	\$ 4,922	0.0%	\$ (7)
Total Available for Distribution	\$ 27,811	17.7%	\$ 4,922	0.0%	\$ -

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

Sears Caprock Retirement Corp.
Mesa Springs
Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	712	75.0%	534	55.0%	392
Inventory	17	20.0%	3	10.0%	2
Prepaid Deposits	14	20.0%	3	0.0%	-
Prepaid Expense	13	40.0%	5	20.0%	3
Total Current Assets	757	72.1%	546	52.3%	396
Restricted Assets:					
Restricted Assets	-	0.0%	-	0.0%	-
Total Restricted Assets	-	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	7,258	25.0%	1,815	10.0%	726
Land	819	30.0%	246	15.0%	123
Total Fixed Assets	8,078	25.5%	2,060	10.5%	849
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	20	0.0%	-	0.0%	-
Other Assets	0	10.0%	0	0.0%	-
Total Other Assets	20	0.0%	0	0.0%	-
Total Assets	8,855	29.4%	2,606	14.1%	1,245
Wind-Down Profit/(Loss)	-	100.0%	(1,719)	100.0%	(2,660)
Liquidation Fees	-	100.0%	(103)	100.0%	(59)
Net Cash Flow	\$ 8,855	8.9%	\$ 784	0.0%	\$ (1,474)
Total Available for Distribution	\$ 8,855	8.9%	\$ 784	0.0%	\$ -

Distribution Summary**Administrative Claims:**

DIP Loan	2,000	38.7%	774	0.0%	-
Other Admin. Claims	26	38.7%	10	0.0%	-
Subtotal - Administrative Claims	2,026	38.7%	784	0.0%	-
Amount Available for Secured Lender Claims			-		-

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

Sears Tyler Methodist Retirement Corp.
Meadow Lake

Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	592	75.0%	444	55.0%	325
Inventory	14	20.0%	3	10.0%	1
Prepaid Deposits	40	20.0%	8	0.0%	-
Prepaid Expense	-	40.0%	-	20.0%	-
Total Current Assets	646	70.4%	455	50.6%	327
Restricted Assets:					
Restricted Assets	(¹) 1,038	0.0%	-	0.0%	-
Total Restricted Assets	1,038	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	47,238	20.0%	9,448	10.0%	4,724
Land	1,298	30.0%	389	15.0%	195
Total Fixed Assets	48,536	20.3%	9,837	10.1%	4,918
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	515	0.0%	-	0.0%	-
Other Assets (Amort. Bond Issuance & Mktng. Costs)	3,773	0.0%	-	0.0%	-
Total Other Assets	4,288	0.0%	-	0.0%	-
Total Assets	54,507	18.9%	10,291	9.6%	5,245
Wind-Down Profit/(Loss)	-	100.0%	(2,340)	100.0%	(3,814)
Liquidation Fees	-	100.0%	(492)	100.0%	(344)
Net Cash Flow	\$ 54,507	13.7%	\$ 7,460	2.0%	\$ 1,087
Total Available for Distribution	\$ 54,507	13.7%	\$ 7,460	2.0%	\$ 1,087

Distribution Summary

Administrative Claims:

DIP Loan	3,800	100.0%	3,800	28.3%	1,074
Other Admin. Claims	46	100.0%	46	28.3%	13
Subtotal - Administrative Claims	3,846	100.0%	3,846	28.3%	1,087
Amount Available for Secured Lender Claims			3,614		-

Note: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

Sears Plains Retirement Corp.
Garrison
Liquidation Analysis Summary
(in \$000s)

	Book Value 9/30/2014	HIGH SCENARIO		LOW SCENARIO	
		ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")	ORDERLY RECOVERY BASIS %	ORDERLY RECOVERY VALUE ("OLV")
ASSETS:					
Current Assets:					
Cash	\$ -	100.0%	\$ -	100.0%	\$ -
Accounts Receivable	516	75.0%	387	55.0%	284
Inventory	9	20.0%	2	10.0%	1
Prepaid Deposits	17	20.0%	3	0.0%	-
Prepaid Expense	5	40.0%	2	20.0%	1
Total Current Assets	548	72.1%	395	52.2%	286
Restricted Assets:					
Restricted Assets	-	0.0%	-	0.0%	-
Total Restricted Assets	-	0.0%	-	0.0%	-
Fixed Assets:					
Total Plant & Equipment Assets	8,417	25.0%	2,104	10.0%	842
Land ⁽¹⁾	593	0.0%	-	0.0%	-
Total Fixed Assets	9,010	23.4%	2,104	9.3%	842
Other Assets:					
Intangible Assets, net	-	0.0%	-	0.0%	-
Due from Affiliates	1,570	0.0%	-	0.0%	-
Other Assets (Loan Issuance Costs, net of Amort.)	183	0.0%	-	0.0%	-
Total Other Assets	1,753	0.0%	-	0.0%	-
Total Assets	11,311	22.1%	2,499	10.0%	1,128
Wind-Down Profit/(Loss)	-	100.0%	(1,688)	100.0%	(2,901)
Liquidation Fees	-	100.0%	(105)	100.0%	(59)
Net Cash Flow	\$ 11,311	6.2%	\$ 706	0.0%	\$ (1,832)
Total Available for Distribution	\$ 11,311	6.2%	\$ 706	0.0%	\$ -
Distribution Summary					
Administrative Claims:					
DIP Loan	-	0.0%	-	0.0%	-
Other Admin. Claims	40	100.0%	40	0.0%	-
Subtotal - Administrative Claims	40	100.0%	40	0.0%	-
Amount Available for Secured Lender Claims			666		-

Note ⁽¹⁾: Long-Term lease-to-own contract with Texas Tech, land cannot be sold

Note ⁽²⁾: Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

**SMRS Liquidation Analysis
Assumptions and Footnotes**

Liquidation Analysis:

- 1 Recovery % assumptions based on estimated book value of debtors' assets as of 9/30/14
- 2 5-30% recovery for PPE and land based on the current condition of the assets, local real estate markets, and the expected loss of value associated with the closure of facilities.
- 3 Accounts receivable recovery ranges from 55%-75% based on historical collectability
- 4 Limited Inventory recovery expected, perishable inventory will be used in due course
- 5 Limited prepaid expenses and deposits recovery expected, amounts will decrease as expenses are incurred during the wind-down process
- 6 5-7% Liquidation Fee on the value of the asset sales
- 7 Foundation's restricted assets are donor restricted funds with no collectability, to be returned to donors
- 8 Other restricted assets mainly composed of debt service funds to be netted against debt obligations
- 9 Amounts due from affiliates are intercompany receivables with no recovery value
- 10 Main portion of Other Assets composed of Bond & Loan Issuance Costs (net of amortization), no recovery value
- 11 Post-petition resident entrance fees currently held in a separate escrow account are returned to the individual residents and are therefore not available to the secured creditors

EXHIBIT C

List of Preserved Causes of Actions

Section 6.8(d) of the Plan provides as follows¹:

Pursuant to Bankruptcy Code section 1141(b), the Liquidating Trust Assets shall vest in the Liquidating Trust free and clear of all Liens, Claims and Interests, except as otherwise specifically provided in this Plan or in the Confirmation Order; *provided, however*, that the Liquidating Trustee may abandon or otherwise not accept any non-Cash Liquidating Trust Assets that the Liquidating Trustee believes, in good faith, have no value to the Liquidating Trust. Any non-Cash Liquidating Trust Assets that the Liquidating Trustee so abandons or otherwise does not accept shall not be property of the Liquidating Trust. The Liquidating Trust Assets primarily consist of claims against third parties. These claims include, but are not limited to, claims against former directors and officers of the Plan Debtors (for which the Debtors have a five million dollar (\$5,000,000) insurance policy), claims against former officers and directors, advisors or third parties (exclusive of the Obligated Group Bond Trustee and its former and current employees, agents, representatives, advisors, consultants and attorneys) involved in the 2013 Restructuring, claims against LCS and claims against certain entities with whom the Plan Debtors formerly did business, a list of which will be provided as a Plan Supplement. These claims will be preserved and transferred to the Liquidating Trust. The Plan Debtors have agreed to waive preference claims under section 547 of the Bankruptcy Code against third-party, noninsider vendors, except for certain vendors whose identities will be disclosed in the Plan Supplement.

Section 11.15 of the Plan further provides as follows:

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, pursuant to the releases by the Plan Debtors and exculpation provisions provided in the Plan), the Plan Debtors and Liquidating Trustee shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, including, but not limited to, any claims against former officers and directors, advisors or third parties (exclusive of the Obligated Group Bond Trustee and its former and current employees, agents, representatives, advisors, consultants and attorneys) involved in the 2013 Restructuring and the use of Garrison Restricted Cash as well as claims against LCS, whether arising before or after the Petition Date, and the Liquidating Trustee's rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Plan Debtors have agreed to waive preference claims under section 547 of the Bankruptcy Code against third party, non-insider vendors, except for certain vendors whose identities will be disclosed in the Plan Supplement. The Plan Debtors and Liquidating Trustee may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Creditors and Beneficiaries. No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Plan Debtors or Liquidating Trustee, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Plan Debtors and Liquidating Trustee have released any Person

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in *Plan Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of December 6, 2014 [Dkt. No. 595], as amended by the *Plan Debtors' Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, dated as of January 15, 2015 [Dkt. No. 685].

or Person on or before the Effective Date, the Plan Debtors and Liquidating Trustee, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, except as otherwise expressly provided in the Plan.

Without limiting the generality of the foregoing, and except as otherwise provided under the Plan, the Plan Debtors expressly preserve all Causes of Action against the following individuals and entities:

1. Former officers and directors of the Plan Debtors
2. Former officers and directors, advisors or third parties (exclusive of the Obligated Group Bond Trustee and its former and current employees, agents, representatives, advisors, consultants and attorneys) involved in the 2013 Restructuring and the use of Garrison Restricted Cash
3. Life Care Services LLC
4. Top Wall Construction
5. Select Medical Rehabilitation
6. Pharmerica
7. Keith Perry
8. Any insider of the Plan Debtors

EXHIBIT D

Forms of Deeds Transferring Undeveloped Properties to TMF

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

STATE OF _____ §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF _____ §

SEARS METHODIST CENTERS, INC., a Texas non-profit corporation, ("**Grantor**"), as a Debtor in Possession in the bankruptcy case styled as *In re Sears Methodist Retirement System, Inc. et al.*, in the United States Bankruptcy Court for the Northern District of Texas, Case No. 14-32821 (the "**Bankruptcy Case**"), for and in consideration of the sum of \$10 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD, and CONVEYED and by these presents does GRANT, BARGAIN, SELL, AND CONVEY unto TEXAS METHODIST FOUNDATION, a _____ ("**Grantee**"), the real property in Taylor County, Texas, fully described in Exhibit A hereto, together with all rights, titles, and interests appurtenant thereto (collectively, the "**Property**") pursuant to that certain order confirming the Plan Debtors' Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code in the Bankruptcy Case (as attached hereto as Exhibit B, the "**Bankruptcy Order**").

This Special Warranty Deed and the conveyance hereinabove set forth is executed by Grantor and accepted by Grantee subject to all matters of record to the extent the same are validly existing and applicable to the Property and not otherwise extinguished by the Bankruptcy Order, all subject and pursuant to the Bankruptcy Order (collectively, the "**Permitted Encumbrances**").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the title to the Property unto the said Grantee, its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through, or under Grantor but not otherwise, subject to the Permitted Encumbrances.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, IT IS UNDERSTOOD AND AGREED THAT THE PROPERTY IS BEING SOLD AND CONVEYED HEREUNDER "AS IS" WITH ANY AND ALL FAULTS AND LATENT AND PATENT DEFECTS WITHOUT ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY BY GRANTOR. GRANTOR HAS NOT MADE AND DOES NOT HEREBY MAKE AND HEREBY SPECIFICALLY DISCLAIMS (EXCEPT AS EXPRESSLY SET FORTH HEREIN) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, ITS

CONDITION (INCLUDING WITHOUT LIMITATION ANY REPRESENTATION OR WARRANTY REGARDING SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE), ITS COMPLIANCE WITH ENVIRONMENTAL LAWS OR OTHER LAWS, OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY, AND GRANTOR HEREBY DISCLAIMS AND RENOUNCES ANY OTHER REPRESENTATION OR WARRANTY. GRANTEE ACKNOWLEDGES AND AGREES THAT IT IS ACCEPTING THIS DEED WITHOUT RELYING (EXCEPT AS EXPRESSLY SET FORTH HEREIN) UPON ANY SUCH REPRESENTATION, WARRANTY, STATEMENT OR OTHER ASSERTION, ORAL OR WRITTEN, MADE BY GRANTOR OR ANY REPRESENTATIVE OF GRANTOR OR ANY OTHER PERSON ACTING OR PURPORTING TO ACT FOR OR ON BEHALF OF GRANTOR WITH RESPECT TO THE PROPERTY BUT RATHER IS RELYING UPON ITS OWN EXAMINATION AND INSPECTION OF THE PROPERTY. GRANTEE REPRESENTS THAT IT IS A KNOWLEDGEABLE GRANTEE OF REAL ESTATE AND THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IT IS RELYING SOLELY ON ITS OWN EXPERTISE (TOGETHER WITH THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN) AND THAT OF ITS CONSULTANTS IN PURCHASING THE PROPERTY. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT THE PROVISIONS OF THIS SECTION WERE A MATERIAL FACTOR IN GRANTOR'S DETERMINATION OF THE CONSIDERATION FOR THE TRANSFER OF THE PROPERTY TO GRANTEE.

GRANTEE, ON BEHALF OF GRANTEE AND GRANTEE'S HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, "GRANTEE PARTIES") AND ANYONE CLAIMING BY, THROUGH OR UNDER GRANTEE, HEREBY FULLY AND IRREVOCABLY RELEASES GRANTOR AND GRANTOR'S AFFILIATES, PARENT COMPANIES AND SUBSIDIARIES, AND EACH OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, SHAREHOLDERS, REPRESENTATIVES, AGENTS, SERVANTS, ATTORNEYS, SUCCESSORS AND ASSIGNS, AND ALL PERSONS, FIRMS, CORPORATIONS AND ORGANIZATIONS ACTING ON THE BEHALF OF EACH OF THE FOREGOING (COLLECTIVELY, THE "GRANTOR PARTIES") FROM ANY AND ALL CLAIMS, COUNTERCLAIMS, COSTS, LOSSES, LIABILITIES, OBLIGATIONS, LEGAL OR ADMINISTRATIVE ORDERS OR PROCEEDINGS, DAMAGES, PUNITIVE DAMAGES, EXPENSES, PENALTIES, FINES, DEMANDS, ACTIONS OR CAUSES OF ACTION AND JUDGMENTS (COLLECTIVELY, "CLAIMS") THAT GRANTEE, ANY GRANTEE PARTY OR ANYONE CLAIMING BY, THROUGH OR UNDER GRANTEE MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST ANY GRANTOR PARTY ARISING FROM OR RELATED TO ANY CONSTRUCTION DEFECTS, ERRORS, OMISSIONS OR OTHER CONDITIONS, LATENT OR OTHERWISE, WHETHER GEOTECHNICAL, SEISMIC OR OTHERWISE, AFFECTING THE PROPERTY OR ANY PORTION THEREOF.

[signature page follows]

EXECUTED as of February __, 2015.

SEARS METHODIST CENTERS, INC., a Texas
non-profit corporation

By: _____

Name: Paul Rundell

Title: Chief Restructuring Officer

STATE OF _____ §

§

COUNTY OF _____ §

This instrument was acknowledged before me on this ___ day of February, 2015, by Paul Rundell, Chief Restructuring Officer of Sears Methodist Centers, Inc., a Texas non-profit corporation, on behalf of said corporation.

Notary Public, State of _____

EXHIBIT A

EXHIBIT B

[attached]

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

STATE OF _____ §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF _____ §

SEARS METHODIST FOUNDATION, a Texas non-profit corporation, ("**Grantor**"), as a Debtor in Possession in the bankruptcy case styled as *In re Sears Methodist Retirement System, Inc. et al.*, in the United States Bankruptcy Court for the Northern District of Texas, Case No. 14-32821 (the "**Bankruptcy Case**"), for and in consideration of the sum of \$10 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD, and CONVEYED and by these presents does GRANT, BARGAIN, SELL, AND CONVEY unto TEXAS METHODIST FOUNDATION, a _____ ("**Grantee**"), the real property in McLennon County, Texas, fully described in Exhibit A hereto, together with all rights, titles, and interests appurtenant thereto (collectively, the "**Property**") pursuant to that certain order confirming the Plan Debtors' Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code in the Bankruptcy Case (as attached hereto as Exhibit B, the "**Bankruptcy Order**").

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CONDITION (INCLUDING WITHOUT LIMITATION ANY REPRESENTATION OR WARRANTY REGARDING SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE), ITS COMPLIANCE WITH ENVIRONMENTAL LAWS OR OTHER LAWS, OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY, AND GRANTOR HEREBY DISCLAIMS AND RENOUNCES ANY OTHER REPRESENTATION OR WARRANTY. GRANTEE ACKNOWLEDGES AND AGREES THAT IT IS ACCEPTING THIS DEED WITHOUT RELYING (EXCEPT AS EXPRESSLY SET FORTH HEREIN) UPON ANY SUCH REPRESENTATION, WARRANTY, STATEMENT OR OTHER ASSERTION, ORAL OR WRITTEN, MADE BY GRANTOR OR ANY REPRESENTATIVE OF GRANTOR OR ANY OTHER PERSON ACTING OR PURPORTING TO ACT FOR OR ON BEHALF OF GRANTOR WITH RESPECT TO THE PROPERTY BUT RATHER IS RELYING UPON ITS OWN EXAMINATION AND INSPECTION OF THE PROPERTY. GRANTEE REPRESENTS THAT IT IS A KNOWLEDGEABLE GRANTEE OF REAL ESTATE AND THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IT IS RELYING SOLELY ON ITS OWN EXPERTISE (TOGETHER WITH THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN) AND THAT OF ITS CONSULTANTS IN ACCEPTING THE PROPERTY. GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT THE PROVISIONS OF THIS SECTION WERE A MATERIAL FACTOR IN GRANTOR'S DETERMINATION OF THE CONSIDERATION FOR THE TRANSFER OF THE PROPERTY TO GRANTEE.

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[signature page follows]

EXECUTED as of February __, 2015.

SEARS METHODIST FOUNDATION, a Texas
non-profit corporation

By: _____

Name: Paul Rundell

Title: Chief Restructuring Officer

STATE OF _____ §

§

COUNTY OF _____ §

This instrument was acknowledged before me on this ___ day of February, 2015, by Paul Rundell, Chief Restructuring Officer of Sears Methodist Foundation, a Texas non-profit corporation, on behalf of said corporation.

Notary Public, State of _____

EXHIBIT A

EXHIBIT B

[attached]