

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WILSON DIVISION**

In the Matter of:
TP, INC.,
Debtor.

Case No.:
10-01594-8-SWH
Chapter 11

FIRST AMENDED PLAN OF LIQUIDATION

Pursuant to the provisions of Sections 1123 and 1127 of the Bankruptcy Code (11 U.S.C. §§ 1123 and 1127), the Debtor, TP, Inc., hereby submits the following First Amended Plan of Liquidation:

I. SUMMARY OF PLAN

The Debtor is a North Carolina corporation with its principal assets located in North Carolina. The Debtor is in the business of property development and currently owns a large number of tracts of real estate in Mecklenburg County, North Topsail and Topsail Beach, and Surf City, North Carolina. Primarily, the Plan calls for (i) the liquidation of the Debtor's business assets over a period of 12 months from the Effective Date, (ii) the payment of secured and unsecured claims as set forth herein from the net liquidation proceeds, and (iii) payment of priority tax claims in accordance with statutory requirements.

The Debtor shall pay its administrative costs in full within thirty (30) days of the Effective Date, or by such other mutually agreeable terms as the parties may agree. If sufficient funds do not exist for payment of administrative claims in Class I, the proceeds from unencumbered net sales will be used to pay this class prior to any distribution to the unsecured creditors.

All liabilities of the Debtor will also be paid according to the priorities of the Bankruptcy Code and the Orders of this Court. The specific amounts and terms of payment will be made according to the treatment of each respective creditor in the Plan of Reorganization.

The aggregate amount of non-insider General Unsecured Claims is estimated at \$12,836,586.21. The Debtor shall pay this Class the residual net proceeds from the sale of the Debtor's real estate assets, following payment of secured claims, administrative claims and priority claims. Payment shall be allocated pro-rata among the holders of allowed claims in this class. The Debtor proposes to pay remaining creditors in a manner more specifically set forth herein.

IT IS IMPORTANT TO NOTE THAT THIS PLAN OF LIQUIDATION CONTEMPLATES A LIQUIDATION OF THE DEBTOR'S REAL ESTATE ASSETS OVER A PERIOD OF TWELVE MONTHS. AS SUCH, THE DEBTOR INTENDS TO SATISFY CREDITOR CLAIMS THROUGH PROCEEDS GENERATED BY THE NET SALES OF THESE ASSETS. ALL PROPOSED SALES OF DEBTOR'S ASSETS WILL BE NOTICED TO ALL CREDITORS AND BE SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT, IN ACCORDANCE WITH 11 U.S.C. § 363.

II. DEFINITIONS

1. "ADMINISTRATIVE CLAIM" means any Allowed Claim entitled to priority under Sections 503(b) and 507(a)(1) of the Bankruptcy Code.

2. "AGENTS" mean directors, officers, employees, agents, representatives, attorneys, financial advisors and accountants of the Debtor.

3. "ALLOWED CLAIM" means (i) a Claim that has been scheduled by the Debtor as liquidated, undisputed and not contingent, and as to which Claim no objection has been timely made by the Debtor or any other Person, (ii) a Claim allowed (and only to the extent allowed) by a Final Order, or (iii) a Claim as to which a timely and

proper proof of claim or application for payment has been filed, and as to which proof of claim or application for payment no objection has been made within the time allowed for the making of objections.

4. "BANKRUPTCY CODE" shall mean the United States Bankruptcy Code, Title 11 of the United States Code, as enacted in 1978 and thereafter amended. References to "§" herein shall refer to a section of the Bankruptcy Code, 11 U.S.C. §101, et seq.

5. "BANKRUPTCY RULES" shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to Chapter 11 cases.

6. "BAR DATE" means the date established by the Bankruptcy Court for filing proofs of claim in this Chapter 11 case; provided, however, that, if the Bankruptcy Court has ordered an extension of the time by which a Creditor may file a proof of claim, the date set with respect to such Creditor shall be the Bar Date with respect to such Creditor.

7. "CLASS" shall mean any one of the Classes of Claims or Interests designated in Article IV of the Plan.

8. "CONFIRMATION DATE" shall mean the date of entry by the Court of an order confirming the Plan at or after a hearing pursuant to 11 U.S.C. §1129.

9. "CONFIRMATION HEARING" shall mean the hearing conducted by the Court regarding confirmation of the Plan pursuant to 11 U.S.C. §1129.

10. "CONFIRMATION ORDER" shall mean the order of the Court confirming the Plan.

11. "COURT" shall mean the United States Bankruptcy Court for the Eastern District of North Carolina, including the United States Bankruptcy Judge presiding in the Chapter 11 case of the Debtor.

12. "CREDITORS" shall mean all creditors of the Debtor holding claims for unsecured debts, liabilities, demand or claims of any character whatsoever.

13. "DEBTOR" shall mean TP, Inc.

14. "DISBURSING AGENT" shall mean David J. Haidt, attorney, or that person selected by the Court who shall perform the duties and have the rights and obligations described herein.

15. "DISCLOSURE STATEMENT" shall mean the Disclosure Statement describing this Plan prepared in accordance with §1125 and approved by order of the Bankruptcy Court, to be distributed to the holders of claims whose votes with respect to this Plan are to be solicited.

16. "DISPUTED CLAIM" shall mean any claim (a) that is scheduled by the Debtor as disputed, contingent or unliquidated, or (b) that is scheduled by the Debtor, or proof of which has been filed with the Bankruptcy Court and with respect to which a timely objection to allowance, in whole or in part, has been filed and which objections have not been (i) withdrawn or settled, or (ii) determined by a Final Order.

17. "EFFECTIVE DATE" means the date on which the conditions precedent set forth in Section V of the Plan have been satisfied.

18. "FINAL DECREE" shall mean the order of this Court pursuant to Bankruptcy Rule 3022 closing this case.

19 "FINAL ORDER" means an order of the Bankruptcy Court that (i) has not been reversed, modified, amended or stayed, and as to which the time for appeal or to seek review or rehearing of or certiorari thereof has expired, or (ii) if appealed, shall not be subject to a stay pending appeal.

20. "IMPAIRED" classes of creditors are those whose claims or interests are altered by the Plan, or who will not receive under the Plan the allowed amount of their claims in cash as of the "Effective Date" (as defined in the Plan).

21 "LIEN" shall have the meaning set forth in Section 101(37) of the Bankruptcy Code and shall include a Mortgage.

22 "MORTGAGE" means a mortgage or deed of trust on real property or similar instrument.

23. "PERSON" means any individual, corporation, general partnership, limited partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government or any political subdivision thereof, or other agency or entity.

24. "PETITION DATE" shall mean the date upon which the Debtor filed its voluntary Chapter 11 petition.

25. "PLAN" shall mean this First Amended Plan of Liquidation in its present form or as it may be amended or modified.

26. "PRE-PETITION" means, with respect to any Claim, a Claim, or part thereof, that arose by contract, judgment, statute, operation of law or otherwise prior to the Petition Date.

27. "PRIORITY TAX CLAIM" means any Allowed Claim for taxes, to the extent that it is entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code.

28. "PROPERTY" means each and every property of the Debtor's estate as that term is defined in Section 541 of the Bankruptcy Code.

29. "PRO-RATA" shall mean the amount of cash or property to be paid or distributed to a claimant with respect to an Allowed Claim on a particular date, in accordance with the ratio, as of such date, of the dollar amount of the Allowed Claim of such person in the indicated class to the aggregate dollar amount of Claims in the indicated class (including, in each such calculation, the full amount of Disputed Claims in the class which have been asserted or are otherwise pending and which have not yet been allowed or otherwise disposed of).

30. "REJECTION CLAIM" means any Allowed Claim arising under Section 502(g) of the Bankruptcy Code.

31. "SECURED CLAIM" means an Allowed Claim secured by a Lien on Property to the extent of the value of the Creditor's interest in the Estate's interest in such Property, and to the extent such Lien is valid, perfected and enforceable under applicable law and is not subject to avoidance or subordination under the Bankruptcy Code or other applicable non-bankruptcy law, and which is duly established in the Case.

32. "SUBSTANTIAL CONSUMMATION" shall mean the time the Reorganized Debtor has commenced the distribution of initial Plan payments to all creditor classes.

33. "GENERAL UNSECURED CLAIM" means an Allowed Claim that is not an Administrative Claim, a Priority Tax Claim or a Secured Claim.

III. CLAIMS IMPAIRED BY THE PLAN

Classes I, II and III are unimpaired under this Plan. Classes IV, V, V, VI, VII, VIII, IX and X are impaired under this Plan. Classes that are unimpaired by this Plan are not entitled to vote to accept or reject this Plan. Only holders of Allowed Claims that are impaired by this Plan are entitled to vote to accept or reject this Plan. A Claim is entitled to the treatment accorded to a particular Class only to the extent that such Claim is an Allowed Claim.

IV. CLASSIFICATION AND TREATMENT OF CLASSES OF CREDITORS

The Debtor classifies the following classes of claims, indicating whether said class is impaired or unimpaired, and proposes the following treatment:

A. Class I – Administrative Claims

- (1) Classification. Class I consists of claims for any cost or expense of administration pursuant to Sections 503, 506 and 507 of the Bankruptcy Code.

The following claims will be paid subject to Court approval:

David J. Haidt
Counsel for Debtor

TO BE APPLIED FOR IN THE UNITED
STATES BANKRUPTCY COURT.

Bank of America, N.A.

TO BE DETERMINED BY UNITED STATES
BANKRUPTCY COURT

- (2) Impairment. This class will be unimpaired.

- (3) Treatment. Administrative costs and expenses approved by the Court shall be paid in cash and in full including accruals to date of payment on the Effective Date of the Plan, or upon such other terms as the parties may mutually agree. The Debtor estimates that the administrative claims of counsel for the Debtor will total approximately \$75,000.00; however, while this is the Debtor's best estimate, there can be no assurance that the actual fees will not in fact exceed this amount, especially if there is substantial opposition to the Disclosure Statement and/or confirmation. Debtor's counsel additionally asserts a secured claim against the Debtor pursuant to a Future Advance Deed of Trust authorized by the Bankruptcy Court by Order dated April 15, 2010 and recorded in the Pender County Register of Deeds, which secures a second-in-priority lien against that certain 45± acre tract owned by the Debtor and known as the "Old Point" property. In accordance with the terms of the Deed of Trust, the property securing this obligation shall be sold by December 31, 2010.

Bank of America asserts an administrative claim, in an amount unknown as of the date of the Debtor's Plan of Reorganization, related to the payment of post-petition insurance premiums and ad valorem taxes. This sum is also secured by a third-in-priority Future Advance Deed of Trust against the "Old Point" property, in accordance with the terms of the Bankruptcy Court's Order dated July 22, 2010.

B. Class II - Priority Ad Valorem Taxes

- (1) Classification. Class II consists of claims against the Debtor for property taxes in North Carolina to the Carteret, Craven and Lee County Tax Collectors, and to McIntosh County Tax Collector in Georgia. Presently, the Debtor is aware of the following claims against his estate:

Pender County Tax Collector (Claim #1)	\$ 4,678.22
Onslow County Tax Collector (Claim #2)	\$ 8,784.83
Mecklenburg County Tax Collector (Claim #9)	\$37,797.71

Town of Surf City (Claim #5)	\$ 129.54 (priority)
Town of Surf City (Claim #5)	\$18,832.02 (general unsecured)

(2) Impairment. This class will be unimpaired.

(3) Treatment. Ad valorem taxes owed by the Debtor shall be paid in full on or before the Effective Date from the proceeds of sale of the subject real property assets in accordance with priorities established by the Bankruptcy Code and the provisions of 11 U.S.C. § 363.

Alternatively, Ad Valorem taxes entitled to priority pursuant to 11 U.S.C. § 507(a)(8) owed by the Debtor shall be paid through deferred cash payments over a period ending no later than five years after the date of the order for relief, of a value, as of the Effective Date, equal to the full amount of such Priority Tax Claim, with interest on such amount from the Effective Date at an annual rate of interest of 5%. The Class II Unsecured Priority Tax Claims shall be paid in equal quarterly installments of principal and interest, with all unpaid principal and accrued interest due on the fifth anniversary of the Effective Date of the Plan. Payments shall commence on the first day of the third full month following the Effective Date. Ad Valorem Tax Claims may be prepaid at any time without premium or penalty.

C. **Class III – Priority Tax Claims:**

(1) Classification. Class III consists of claims against the Debtor for income taxes, withholding taxes, unemployment taxes, excise taxes and/or any and all other taxes levied or entitled to be levied against the Debtor, plus interest as allowed by law, as the same are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. As of the Petition Date, there exist the following Priority Tax Claims:

a.	Internal Revenue Service	None known
b.	North Carolina Dept of Revenue	None known
c.	NC Employment Security Commission	None known

(2) Impairment. This class will be unimpaired.

(3) Treatment. **Unsecured Priority Tax Claims**, as described in Sections 507(a)(8) and 1129(a)(9)(C) of the Bankruptcy Code, shall receive deferred cash payments over a period ending no later than five years after the date of the order for relief, of a value, as of the Effective Date, equal to the full amount of such Priority Tax Claim, with interest on such amount from the Effective Date at an annual rate of interest of 5%. The Class III Unsecured Priority Tax Claims shall be paid in equal quarterly installments of principal and interest, with all unpaid principal and accrued interest due on the fifth anniversary of the date of the order for relief. Payments shall commence on the first day of the third full month following the Effective Date. Unsecured Priority Tax Claims may be prepaid at any time without premium or penalty.

The Debtor shall have a period of thirty (30) days to cure any plan payment not made upon the due date, such cure period to begin the 1st day of any month during which a payment is due and not paid and continuing for 30 days thereafter. Upon the Debtor's failure to cure any delinquent payment, holders of tax claims shall be entitled to exercise such remedies as deemed appropriate by the taxing authority and permitted by law.

Unsecured Priority Tax Claims that are **Costs and Expenses of Administration** shall be paid in cash in accordance with the treatment afforded Class I creditors.

Secured Tax Claims shall retain their secured interest in the property of the Debtor in a manner consistent with the pre-petition security interests and liens asserted by the taxing authority, and accrue interest at the annual rate of 5%. All Secured Tax Claims shall be paid in equal quarterly

installments of principal and interest over a period of 120 months, with all unpaid principal and accrued interest due on the tenth anniversary of the Petition Date. Payments shall commence on the first day of the third full month following the Effective Date. Secured Tax Claims may be prepaid at any time without premium or penalty.

Unsecured General Tax Claims shall be treated in a manner consistent with the treatment afforded creditors holding General Unsecured Claims.

D. **Class IV – Bank of America, NA (“Bank of America”)**

(1) **Classification.** This class shall consist of the secured claim asserted by Bank of America pursuant to the terms and conditions of certain loan documents relative to the obligation which secures a first priority lien against the Debtor’s real property located in Topsail Beach, Surf City and North Topsail Beach, North Carolina pursuant to that certain promissory note dated January 10, 2003, in the original amount of \$5,000,000.00 together with the loan extensions and modifications made thereafter on said note. The secured balance owed to Bank of America as of the filing of its proof of claim dated July 13, 2010 is \$7,895,000. The unsecured portion of Bank of America’s claim, in the amount of \$12,320,143.91, represents the alleged under-secured portion of Bank of America’s claim and is believed to include interest, advanced insurance premiums, taxes and fees to and including March 1, 2010. This note had matured and was in default at the time of the filing of the Debtor’s Chapter 11 petition.

The Bank of America additionally possesses a valid post-petition mortgage and lien against the real estate known as Old Pointe owned by the Debtor in Pender County, North Carolina, pursuant to this Court’s Order of July 22, 2010 in the maximum amount of \$206,540.00.

(2) **Impairment.** Bank of America’s pre-petition secured claim and pre-petition unsecured claim will be impaired. Bank of America’s post-petition secured claim will be unimpaired.

(3) **Treatment.** The Debtor shall treat Bank of America’s pre-petition secured claim, pre-petition unsecured claim, and post-petition secured claim, as follows:

(a) **Bank of America’s Secured Claim of \$7,895,000:** The principal amount of this claim, together with interest at the annual rate of 4.5% from and after the Effective Date of the Plan, shall be treated as a single, fully-secured claim. This creditor shall retain its liens pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code until this claim is paid in full. The Debtor shall liquidate, by private or public sale, those parcels of real estate upon which Bank of America asserted a pre-petition mortgage and lien by virtue of its deeds of trust recorded in Pender and Onslow County.

The Debtor shall market and liquidate Bank of America’s collateral over a period of 12 months by utilizing a real estate broker or by marketing efforts coordinated by the Debtor directly. The Debtor shall pursue both sales of single properties, in accordance with the Debtor’s pre-petition sales activity, and bulk sales of Debtor inventory, both in a manner intended to maximize income and the repayment of claims. All sales will be conducted in accordance with the provisions of 11 U.S.C. § 363 and shall be free and clear of liens and encumbrances of record. In accordance with the provisions of 11 U.S.C. § 506(c), all sales proceeds will be subject to costs and expenses incurred by the Debtor and/or the Debtor’s agents related to the preservation or disposition of its property. The Debtor anticipates the following marketing period for the Bank of America collateral:

	<u>Property</u>	<u>Marketing Period</u>
(i)	Single Family:	12 months
a.	Topsail Cove Lot 9	

- b. Topsail Cove Lot 14
- c. Topsail Cove Lot 2
- d. Topsail Cove Lot 1

- (ii) Duplexes: 12 months
 - a. Topsail Cove Lot 3A
 - b. Topsail Cove Lot 3B
 - c. Topsail Cove Lot 4A
 - d. Topsail Cove Lot 4B
 - e. Topsail Cove Lot 5A
 - f. Topsail Cove Lot 5B
 - g. Topsail Cove Lot 6A
 - h. Topsail Cove Lot 6B
 - i. Topsail Cove Lot 7A
 - j. Topsail Cove Lot 7B
 - k. Topsail Cove Lot 8A
 - l. Topsail Cove Lot 8B

- Duplex Lots: 12 months
 - a. Topsail Cove Lot 11
 - b. Topsail Cove Lot 12
 - c. Topsail Cove Lot 13

- (iii) 460 North Anderson (single family) 60 days

- (iv) Single Family N. Topsail Beach 12 months
 - a. 3729 Island Dr.
 - b. 3731 Island Dr.

- (v) Single Family N. Topsail Beach 12 months
 - a. 4730/4731 23rd Avenue

- (vi) Oceanaire Estates (29 total lots) 12 months (package)
 - a. 4 X Zone Lots
 - b. 4 Water/Marsh Lots
 - c. 21 Interior Lots

- (vii) Lots (N. Topsail Beach) 12 months
 - a. Northwinds Lot 1A
 - b. Northwinds Lot 1B

- (viii) Lots (Topsail Beach) 12 months
 - a. 1811 Ocean Blvd.
 - b. 1901 Ocean Blvd.
 - c. 1903 Ocean Blvd.

The proceeds of any individual sale of property shall be allocated pursuant to the following schedule:

- (i) First, to real estate broker commissions or auctioneer commissions, if any, taxes, ordinary closing costs, and approved expenses pursuant to 11 U.S.C. § 506(c), together with any amounts necessary for the Debtor's payment of post-confirmation quarterly fees and post-confirmation tax obligations. Such fees shall be deducted prior to disbursements to any creditor.

(ii) Second, to Bank of America, until such time as the debt secured by Bank of America's pre-petition mortgages and liens is satisfied.

(iii) Third, to any subordinate lienholder, if any.

(iv) Fourth, to the Debtor for allocation to remaining creditors in accordance with the Plan.

Upon the expiration of the 12 month sales period, the Debtor shall, subject to the approval of Bank of America and the Bankruptcy Court, surrender the balance of the collateral to Bank of America or sell the remaining lot inventory by public sale to be conducted within 60 days of the expiration of the 12 month sales period.

As concerns any marketing efforts or sales conducted pursuant to the Plan, Bank of America shall be provided, as soon as is practicable, copies of contracts, HUD settlement statements, amendments to the foregoing items, and other documentation related to marketing efforts of the collateral.

(b) Bank of America's Unsecured Claim of \$12,320,143.91: Upon full disposition of the property listed in subparagraph (a) above, any remaining claim shall be treated as a General Unsecured Claim in accordance with the treatment afforded the holders of Class X claims.

(c) Bank of America's Post-Petition Secured Claim: The principal amount of this claim, together with interest at the non-default contract rate, shall be treated as a single, fully-secured claim. This creditor shall retain its liens pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code until this claim is paid in full, and this obligation shall be paid in accordance with the terms of the post-petition Future Advance Promissory Note and Deed of Trust, as the same may be modified by or subject to future orders of the Bankruptcy Court.

E. Class V – Georgia Capital, LLC (“Georgia Capital”)

(1) Classification. This class shall consist of the secured claim asserted by Georgia capital pursuant to the terms and conditions of certain loan documents relative to the promissory note and security agreement dated August 21, 2008, in the original principal amount of \$4,100,000.00, together with any loan modifications made thereafter on said note, which secures a first priority lien against residential building lots #162, #172 and #173, The Sanctuary Subdivision, Mecklenburg County. Pursuant to Georgia Capital's proof of claim filed with this court on June 11, 2010, the balance of this claim was \$773,483.36, which included accrued interest at the default rate of 20%. This obligation had matured and was in default at the time of the filing of the Debtor's petition.

In accordance with the loan documents, and modifications thereto, this obligation originated August 21, 2008 in the original principal amount of \$4,100,000.00 and was to accrue interest at the non-default rate of 15% with an original maturation date of August 21, 2009.

(2) Impairment. This class will be impaired.

(3) Treatment. The Debtor will liquidate the collateral secured by this loan by private sale to be conducted within 12 months of the Effective Date of the Plan. During this period, the Debtor shall not be obligated to make any payments to this creditor. The principal amount of the reorganized obligation shall accrue interest at the annual rate of 8.5% and this amount, plus such costs as may be allowed by the Court pursuant to 11 U.S.C. § 506(b), shall be treated as a single, fully-secured claim. This creditor shall retain its liens pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code until this

claim is paid in full, and this reorganized obligation shall be a non-recourse claim against the Debtor. At the expiration of the 12 month sale period, Georgia Capital shall be entitled to relief from the automatic stay to exercise such state law remedies it may deem appropriate.

F. **Class VI – James and Linda Samuel**

(2) **Classification.** This class shall consist of the secured claim asserted by James and Linda Samuel pursuant to that certain Order for Summary Judgment dated July 7, 2009, in the amount of approximately \$122,572.22, together with interest. The Debtor believes this Judgment was recorded in Onslow County on July 7, 2009 and Pender County on August 24, 2009. Pursuant to a proof of claim filed by James and Linda Samuel with this Court on June 14, 2010, the outstanding balance of \$123,722.20.

(2) **Impairment.** This class will be impaired.

(3) **Treatment.** Any allowed judgment lien claim that is not avoided pursuant to 11 U.S.C. § 547 shall continue to accrue interest at the North Carolina judgment rate of interest and this amount, plus such costs as may be allowed by the Court pursuant to 11 U.S.C. § 506(b), shall be treated as a single, fully-secured claim subordinate to the mortgages and liens of Bank of America and any other creditor holding a valid judgment or secured claim recorded prior to the judgment asserted by the Samuels. The Samuels shall retain this lien pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code until this claim is paid in full. The Debtor will liquidate the property encumbered by this judgment by private or public sale to be conducted within 12 months of the Effective Date of the Plan. During this period, the Debtor shall not be obligated to make any payments to this creditor. At the expiration of the 12 month sale period, the Samuels shall be entitled to relief from the automatic stay to exercise such state law remedies they may deem appropriate.

G. **Class VII – Stover Siding Company (“Stover”)**

(3) **Classification.** This class shall consist of the claim asserted by Stover. The Debtor believes that Stover obtained a Judgment against it in Onslow County in the amount of approximately \$6,000.00, together with interest. The Debtor believes this Judgment is recorded in the Onslow County, North Carolina.

(2) **Impairment.** This class will be impaired.

(3) **Treatment.** Any allowed judgment lien claim that is not avoided pursuant to 11 U.S.C. § 547 shall continue to accrue interest at the North Carolina judgment rate of interest and this amount, plus such costs as may be allowed by the Court pursuant to 11 U.S.C. § 506(b), shall be treated as a single, fully-secured claim subordinate to the mortgages and liens of Bank of America and any other creditor holding a valid judgment or secured claim recorded prior to the judgment asserted by Stover. Stover shall retain this lien pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code until this claim is paid in full. The Debtor will liquidate the property encumbered by this judgment by private or public sale to be conducted within 12 months of the Effective Date of the Plan. During this period, the Debtor shall not be obligated to make any payments to this creditor. At the expiration of the 12 month sale period, Stover shall be entitled to relief from the automatic stay to exercise such state law remedies it may deem appropriate.

H. **Class VIII – Walton Engineering**

(4) **Classification.** This class shall consist of the claim asserted by Walton Engineering. The Debtor believes that Walton Engineering obtained a Judgment against it in Pender County in the amount of approximately \$46,937.50, together with interest. This Judgment is recorded in Pender County, North Carolina.

(2) **Impairment.** This class will be impaired.

(3) Treatment. Any allowed judgment lien claim that is not avoided pursuant to 11 U.S.C. § 547 shall continue to accrue interest at the North Carolina judgment rate of interest and this amount, plus such costs as may be allowed by the Court pursuant to 11 U.S.C. § 506(b), shall be treated as a single, fully-secured claim subordinate to the mortgages and liens of Bank of America and any other creditor holding a valid judgment or secured claim recorded prior to the judgment asserted by Walton. Walton shall retain this lien pursuant to § 1129(b)(2)(A)(i)(I) of the Bankruptcy Code until this claim is paid in full. The Debtor will liquidate the property encumbered by this judgment by private or public sale to be conducted within 12 months of the Effective Date of the Plan. During this period, the Debtor shall not be obligated to make any payments to this creditor. At the expiration of the 12 month sale period, Walton shall be entitled to relief from the automatic stay to exercise such state law remedies it may deem appropriate.

Walton currently asserts a mechanics lien against that certain 45± acre tract of real property (the Old Point property) conveyed from HP, Inc. to TP, Inc. subsequent to the Debtor's bankruptcy filing. In the event of a sale of the Old Point property, the proceeds of shall be disbursed in accordance with valid security interests in that property and future orders of the Bankruptcy Court.

I. Class IX – North Carolina Department of Environment and Natural Resources (“NCDENR”)

(1) Classification. The NCDENR filed a claim against the Debtor as a result of an assessment of civil penalties dated August 14, 2008, in the amount of \$5,547.26 pursuant to a proof of claim filed with this Court on August 26, 2010. This civil penalty was assessed against the Debtor pursuant to an investigation performed by the NCDENR, by and through the Director of the Division of Water Quality, which was directly related to the Oceanaire Estates property owned by the Debtor located on South Shore Drive in Pender County, North Carolina.

(2) Impairment. This class will be impaired.

(3) Treatment. This claim shall be treated as a General Unsecured Claim in accordance with the treatment afforded the holders of Class X claims.

J. Class X – General Unsecured Claims:

(1) Classification. This class consists of all Allowed Claims that are not Administrative Claims, Priority Tax Claims, or Secured Claims.

(2) Impairment. This class will be impaired.

(3) Treatment. The aggregate amount of non-insider General Unsecured Claims is estimated at \$12,836,586.21. The Debtor shall pay creditors in the Class that hold allowed claims a pro-rata dividend equal to the net proceeds derived from the sale or collection of estate assets in accordance with the schedule proposed herein. Such payments, whether from sale proceeds or net disposable income, shall be made over the 12-month period following the Effective Date by periodic installments payable pro-rata to creditors in this Class. Upon the liquidation of such assets or the proceeds therefrom, and the satisfactory completion of this payment schedule, the Debtor shall not be under any further or continuing obligation to creditors in this class, and the respective claims of each shall be deemed satisfied and extinguished.

K. Class XI – Equity Security Holders

(1) Class XI Claims consist of any interest in TP, Inc. represented by shares of capital stock, or any other claim of ownership in the Debtor.

(2) Impairment. This class will be impaired.

(3) Treatment. The holders of Class XI equity interests shall not receive or retain any interest or property under the Plan, except as provided in the Plan's Means of Execution. On the Effective Date, all certificates that previously evidenced ownership of TP, Inc. shall be canceled, and all pre-petition claims of ownership in the Debtor shall be terminated.

L. Other Agreements. Notwithstanding the foregoing, each holder of an Allowed Claim under Article IV of the Plan may agree to less favorable treatment, in which case, such holder shall be paid in accordance with such agreed treatment.

V. DISCLAIMER

All parties are advised and encouraged to read the Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan or before voting on any other matter as provided for herein.

Plan summaries and statements made in the Disclosure Statement are qualified in their entirety by reference to the Plan itself, the Disclosure Statement, and all exhibits annexed thereto. The statements contained in the Disclosure Statement are made only as of the date hereof. No assurances exist that the statements contained herein will be correct any time hereafter.

The information contained in the Disclosure Statement is included herein for purposes of soliciting acceptances of the Plan and may not be relied upon for any purpose other than to determine how to vote on the Plan. No representations concerning the Debtor are authorized by the Debtor other than as set forth in the Disclosure Statement. Any other representations or inducements made to solicit your acceptance that are not contained in this Disclosure Statement should not be relied upon by you in arriving at your decision to accept or reject the Plan.

With respect to adversary proceedings, contested matters, other actions or threatened actions, the Disclosure Statement shall not constitute or be construed as an admission of any fact or liability, stipulation, or waiver; rather, the Disclosure Statement shall constitute statements made in connection with settlement negotiations.

Neither the Disclosure Statement nor Plan shall not be admissible in any non-bankruptcy proceeding involving the Debtor or any other party. Furthermore, Neither the Disclosure Statement nor Plan shall not be construed to be conclusive advice on the legal effects, including, but not limited to the tax effects, of the Debtor's Plan of Reorganization. You should consult your legal or tax advisor on any questions or concerns regarding the tax or other legal consequences of the Plan.

The information contained in the Plan and Disclosure Statement is not the subject of a certified audit and formal appraisals. The Debtor's records are dependent upon internal accounting methods. As a result, valuations and liabilities are estimated. Although substantial efforts have been made to be complete and accurate, the Debtor is unable to warrant or represent the full and complete accuracy of the information contained herein.

VI. CONDITIONS PRECEDENT TO EFFECTIVE DATE

A. Conditions Precedent to the Effective Date. The following shall be conditions precedent to the Effective Date:

(1) Eleven days shall have expired since the Confirmation Date and no stay of the Confirmation Order shall be in effect;

B. Waiver of Conditions Precedent. Any condition precedent to the Effective Date of the Plan may be deferred or waived by the Debtor.

C. Notification of Effective Date. The Debtor shall inform the Bankruptcy Court when the Effective Date has occurred.

VII. MEANS OF EXECUTION

A. The Debtor will continue in possession of all property not heretofore sold by public or private sale or turned over to any creditor either voluntarily or pursuant to Orders of the Court. Although this Plan does not specifically provide for liquidation of the Debtor's personal or real property, some of the property may be sold subject to Court Order, during the pendency of this Plan, and such sales shall be made free and clear of liens pursuant to Sections 1129 (b) (2) (A) (ii) and 363 (c) of the Bankruptcy Code. Alternatively, such real or personal property shall be transferred to a purchaser for full and adequate consideration, as determined by the Bankruptcy Court, with the lien of each respective creditor continuing in place and with the terms of repayment as specified herein. The Debtor shall be permitted to withhold from the gross proceeds of sale such amounts necessary to satisfy post-confirmation tax obligations and quarterly fees due to the Clerk of the United States Bankruptcy Court.

B. All rights pursuant to Sections 502, 544, 545 and 546 of the Bankruptcy Code, all preference claims pursuant to Section 547 of the Bankruptcy Code, all fraudulent transfer claims pursuant to Section 548 of the Bankruptcy Code, all claims relating to post-petition transactions under Section 549 of the Bankruptcy Code, all claims against any Person on account of an indebtedness or any other Claim owed to or in favor of a Debtor or the Estate, whether or not commenced prior to the Effective Date, are hereby preserved for the benefit of the Debtor, except as otherwise provided in settlements approved by the Bankruptcy Court. The Post-Confirmation Debtor will have the right to continue and/or bring such claims and/or causes of action in the name of the Debtor and to compromise such claims and/or causes of action, subject to Bankruptcy Court approval.

C. On or before the Effective Date of the Plan, the reorganized Debtor shall cause to be issued to the Debtor's Pre-Petition shareholders such ownership interests as the members held pre-petition.

D. The Debtor intends to employ certain of its current officers and management personnel subsequent to the Effective Date. The persons named below, each of whom currently holds the office stated opposite his or her name, will continue to hold such office after the Effective Date:

Ronald Bryant

President

E. The Debtor will make all payments on the Effective Date of the Plan, or as soon as practicable thereafter or as otherwise called for by the Plan or by agreement of the parties, and the Debtor will further execute and deliver all documentation to the Bankruptcy Court and to all parties in interest or entitled to receive the same as required by the terms of this Plan and the Bankruptcy Code.

F. The Debtor shall take such other action as necessary to satisfy the other terms and requirements of this Plan and the Bankruptcy Code.

G. All funds necessary for the implementation of this Plan shall be obtained from funds (1) in the possession of the Debtor; (2) acquired in the ordinary course of business; (3) derived from the liquidation of property of the Estate; and (4) collected from claims against other parties, including, but not limited to the collection of notes and accounts receivable to the Debtor, avoidance actions, and from loans and/or capital contributions to the Debtor from trustees or third party investors, to the extent the same exist. All outside capitalization and other funding in favor of the Debtor, as well as all distributions, will be made pursuant to the Plan, Bankruptcy Court approval and the applicable provisions of the Bankruptcy Code.

H. Administrative claims unpaid on the Effective Date will be paid from the Debtor's sale proceeds.

VIII. SIMILAR TREATMENT FOR EACH CLAIM WITHIN A CLASS

The claims stated herein, by modification, Court Order, or other legally appropriate manner, might be modified throughout the course of payment under this Plan. The Debtor, upon full payment as called for under the notes and deeds of trust, shall be entitled to have the note marked paid and satisfied and the deed of trust canceled as a matter of record, by the Trustee, or by appropriate application to this Bankruptcy Court, and upon a showing that the full amount of the

monthly payments were made by the Debtor.

IX. DISPUTED CLAIMS

A. Objection Bar Date. Unless a different date is set by order of the Bankruptcy Court, all objections to Claims shall be filed no later than 90 days after the Confirmation Date or 90 days after a timely proof of claim is filed, whichever is later. All Disputed Claims shall be litigated to Final Order, settled or withdrawn. The Debtor shall have authority to settle Disputed Claims without approval of the Bankruptcy Court.

B. Right to Object to Claims. The Debtor shall have the right to object where appropriate to the allowance of Claims following the Confirmation Date; provided, however, that nothing in this Section shall affect the right of any other party in interest to file objections or to continue to pursue objections that had been filed prior to the Confirmation Date.

C. Distributions with Respect to Disputed Claims. Except as may be otherwise agreed with respect to any Disputed Claim, no distribution under this Plan shall be made with respect to any portion of a Disputed Claim until such Disputed Claim shall have become an Allowed Claim or settled by the Debtor.

X. PROVISIONS GOVERNING DISTRIBUTIONS

A. Disbursing or Escrow Agent. A person named by the Bankruptcy court will act as Disbursing or Escrow Agent for the receipts and disbursements of all proceeds derived from the sales described herein. Said Disbursing or Escrow Agent may account to the Court for all funds received and disbursed, and such disbursement shall be subject to the approval of the Court.

B. Delivery of Distributions in General. Distributions to holders of allowed claims shall be made: (i) at the addresses set forth in the proofs of claim filed by such holders; (ii) at the addresses set forth in any written notices of address change submitted to the Court or Attorney for the Debtor after the date on which any related proof of claim was filed; or, if the information described in clauses (i) or (ii) is not available, (iii) at the addresses reflected in the Debtor's schedules of liabilities.

C. Distribution Dates. It is the intent of this Plan that the distribution shall occur as early as practicable following the Effective Date.

XI. EXECUTORY CONTRACTS

A. Assumption or Rejection of Executory Contracts. Unless otherwise set forth herein, any other pre-petition executory contract and unexpired lease in which the Debtor is a party shall be deemed to be rejected by the Debtor on the Confirmation Date unless the Debtor, prior to Confirmation, notifies the Bankruptcy Court and the other parties to such contract or lease that the contract or lease will be assumed.

B. Rejection Claims. All Claims arising from rejection of any executory contract or unexpired lease shall be forever barred unless a Rejection Claim relating thereto is duly filed with the Bankruptcy Court and served upon the Debtor and counsel to the Debtor within 30 days after the Confirmation Date. If allowed, the Claim shall become a Class X Claim unless the Bankruptcy Court determines otherwise.

XII. ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION BY AN IMPAIRED CLASS

A. Each Impaired Class Entitled to Vote Separately. Each impaired class of claims shall be entitled to have the holders of claims therein vote separately as a class to accept or reject the Plan.

B. Acceptance by a Class of Creditors. Consistent with §1126(c) of the Bankruptcy Code, and except as provided in §1126(e) of the Bankruptcy Code, a class of claims shall have accepted the Plan if the Plan is accepted by holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the allowed claims of that

class that have timely and properly voted to accept or reject the Plan.

C. Claimants Entitled to Vote. Holders of impaired claims shall be entitled to vote if:

- (1) Such claim has been filed against the Debtor in a liquidated amount or has been listed on the Debtor's schedules other than as contingent, unliquidated or disputed, and as to which no proof of claim has been filed. The claim shall be allowed solely for the purpose of voting on the Plan in the amount in which such claim has been filed or listed on the Debtor's schedules;
- (2) Such claim has been filed against the Debtor or listed on the Debtor's schedules and is the subject of an existing objection filed by the Debtor, and is temporarily allowed for voting purposes by order of the Court in accordance with Bankruptcy Rule 3018;
- (3) Such claim has been filed in an undetermined amount, in which case the creditor shall not be entitled to vote unless the Debtor and the holder of the claim agree on an amount for voting purposes or the Court enters an order setting the amount of the claim that the creditor may ballot.
- (4) Any entity holding two or more duplicate claims shall be entitled to vote only one claim.

D. Confirmation Hearing. The Court will set a hearing on the confirmation of the Plan to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied.

E. Acceptances Necessary to Confirm the Plan. At the hearing of confirmation of the Plan, the Court shall determine, among other things, whether the Plan has been accepted by each impaired class. Under §1126 of the Bankruptcy Code, an impaired class of Creditors is deemed to accept the Plan if at least two-thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number vote to accept the Plan. Further, unless there is unanimous acceptance of the Plan by an impaired class, the Court must also determine that class members will receive property with a value, as of the Effective Date of the Plan, that is not less than the amount that such class member would receive or retain if the Debtor were liquidated as of the Effective Date of the Plan under Chapter 7 of the Bankruptcy Code.

F. Confirmation of Plan Without Necessary Acceptances. The Bankruptcy Code provides that the Plan may be confirmed even if it is not accepted by all impaired Classes. In order to be confirmed without the requisite number of acceptances of each impaired class, the Court must find that at least one impaired class has accepted the Plan without regard to the acceptances of insiders, and the Plan does not discriminate unfairly against, and is otherwise fair and equitable, to such impaired class. In the event that any class votes against the plan, the Debtor hereby requests and moves the Court under the provisions of this Plan outlined in Section XIII herein, for confirmation pursuant to the "cramdown" provisions of §1129(b) of the Bankruptcy Code. In connection therewith, the Debtor shall be allowed to modify the proposed treatment of the allowed claims in any class that votes against the Plan consistent with §1129(b)(2)(A).

XIII. "CRAMDOWN" FOR IMPAIRED CREDITORS NOT ACCEPTING THE PLAN

In respect to any class of creditors impaired but not accepting the Plan by the requisite majority in number or two-thirds in amount, the proponent of this Plan requests the Court to find that the Plan does not discriminate unfairly and is fair and equitable in respect to each class of claims or interests that are impaired under the Plan and that the Court confirm the Plan without such acceptances by the said impaired classes. The Debtor will also request that the Court establish a value for any assets, the value of which is in dispute between the Debtor and any secured creditor, at a valuation hearing under Section 506 of the Bankruptcy Code, to be scheduled at the same time as the hearing on confirmation of the Plan.

XIV. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction of these proceedings pursuant to and for the purposes of Sections

105(a) and 1127 of the Code and for, without limitation, the following purposes, inter alia:

1. to determine any and all objections to the allowance of claims and/or interests;
2. to determine any and all applications for allowance of compensation for periods prior to or after the Confirmation Date;
3. to determine any and all applications pending on the Confirmation Date for the rejection and disaffirmance or assumption or assignment of executory contracts and the allowance of any claim resulting therefrom;
4. to determine all controversies and disputes arising under or in connection with the Plan;
5. to determine all applications, adversary proceedings and litigated matters pending on the Confirmation Date;
6. to effectuate payments under, and performance of, the provisions of the Plan, including, but not limited to, future sales of personal and real property retained by the Estate;
7. to determine such other matters and for such other purposes as may be provided for in the confirmation order;
8. to determine all disputes regarding property of the estate;
9. to establish and adjust procedures for the orderly administration of the estate;
10. to determine matters that are subject to proceedings duly removed to the Bankruptcy Court; and
11. to replace the Debtor-in-Possession with a Trustee for good cause shown.

XV. MISCELLANEOUS PROVISIONS

A. Survival of Terms. The covenants, representations and agreements made in this Plan shall survive the Confirmation Date and the transactions contemplated herein.

B. Successors Bound. This Plan shall on the Consummation Date be binding upon and inure to the benefit of the respective heirs, successors and assigns of the Debtor, and the holders of claims and interests.

C. Controlling Law. This Plan shall be read and construed and take effect in all respects in accordance with the law as set forth in the United States Bankruptcy Code and the Rules promulgated thereunder.

D. Further Assurance. If at any time, the Debtor shall consider, or be advised, that any further releases, assurances or documents are reasonably necessary or desirable to carry out the provisions hereof, and the transactions contemplated herein, the holders of claims and the holders of interest shall, upon reasonable request, execute and deliver any and all documents and assurances, and do all things necessary or appropriate to carry out fully the provisions hereof.

E. Full and Final Satisfaction. All payments and distributions under this Plan shall be in full and final satisfaction, settlement, release and discharge of all Claims against the Debtor and/or the Estate.

F. Liens. Except as expressly set forth herein, all liens, judgments and encumbrances of record asserted by any creditor in this action against the property of the Debtor, existing as of the Petition Date, shall be deemed to be released upon confirmation of the Plan. The Debtor shall request and all parties shall provide such additional documentation as may be necessary to effectuate these releases.

Respectfully submitted, this the 8th day of December, 2010.

/s/ David J. Haidt
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DEBTOR:
TP, Inc.

/s/ Ronald S. Bryant
By: Ronald S. Bryant, President

CERTIFICATE OF SERVICE

I hereby certify that I this day have served a copy of the foregoing Plan of Reorganization upon the other parties to this action by electronic service or by depositing a copy thereof in an envelope bearing sufficient postage in the United States mail addressed to counsel for said parties, this the 8th day of December, 2010.

DATED: December 8, 2010

/s/ David J. Haidt
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CC: Ronald Bryant