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ATTORNEYS FOR
TRANSCONTINENTAL REALTY INVESTORS, INC.

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

IN RE: §
T SORRENTO, INC., § CASE NO. 12-34620-BJH11
DEBTOR § (Chapter 11)
§
§

SECOND~~FIRST~~ AMENDED CHAPTER 11 PLAN

(Dated: ~~June 10~~May 30, 2013)

T Sorrento, Inc., the debtor-in-possession in the above captioned case and Transcontinental Realty Investors, Inc. file this Original Chapter 11 Plan as follows:

ARTICLE I

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Plan that is not defined herein, but that is defined in the Bankruptcy Code, shall have the meaning assigned to such term in the Bankruptcy Code.

1.01 2400 Walton Walker means the Debtor's interest in real property located at 2400 Walton Walker Boulevard, Irving, Texas (.62 acres) more specifically described as Exhibit "A" hereto.

1.02 Administrative Claim means a Claim for payment of an administrative expense under sections 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority under section 507(a)(2) of the Bankruptcy Code, including (a) actual, necessary costs and expenses, incurred after the Petition Date, of preserving the Debtor's Estate and operating their business, including wages, salaries, or commissions for services rendered after the Petition Date, (b) Fee Claims, (c) all fees and charges assessed against the Estate under 28 U.S.C. §1930 and (d) all Allowed Claims entitled to be treated as Administrative Claims by virtue of a Final Order entered under section 546(c)(2)(A) of the Bankruptcy Code.

1.03 Allowed Amount means the amount in lawful currency of the United States of any Allowed Claim, or the percentage of partnership interest representing any Allowed Interest.

1.04 Allowed Claim and Allowed Interest means: (i) a Claim against or Interest in the Debtor or its property, proof of which was Filed on or before the Bar Date, which is not a Contested Claim or Contested Interest; (ii) if no proof of claim or interest was so Filed, a Claim against or Interest in the Debtor that has been or hereafter is listed by the Debtor in its Schedules as liquidated in amount and not disputed or contingent, which is not a Contested Claim or Contested Interest; or (iii) a Claim or Interest allowed hereunder or by Final Order. An Allowed Claim or Allowed Interest does not include any Claim or Interest or portion thereof which is a Disallowed Claim or Disallowed Interest or which has been subsequently withdrawn, disallowed, released or waived by the holder thereof, by this Plan, or pursuant to a Final Order. Unless otherwise specifically provided in this Plan, an Allowed Claim or Allowed Interest shall not include any amount for punitive damages or penalties.

1.05 Bankruptcy Court means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.

1.06 Bar Date means the deadline by which a Claim must have been timely Filed, August 1, 2012.

1.07 Business Day means any day other than a Saturday, Sunday, or legal holiday (as that term is defined in Bankruptcy Rule 9006(a)).

1.08 Casino means the following real property owned by the Debtor at Mira Lago, Farmers Branch, Texas and previously pledged under certain loan documents in favor of RMR on or about February 2, 2004: Block A, Lot 2 (10.583 acres); Block B, Lot 1 (5.063); Block B, Lot 2 (4.923); Block C, Lot 1, (2.961); Block D, Lot 1 (2.961); Block E, Lot 1 (3.805).

1.09 Casino Loan Documents means that certain Land Loan Agreement dated February 2, 2004 by and between TCI and RMR; that certain Promissory Note Secured by Deed of Trust in the amount of \$6,985,000.00 dated February 2, 2004 executed by TCI; and that certain Deed of Trust, Security Agreement and Fixture filing with Assignment of Leases, Rents, and Agreements dated February 2, 2004 by TCI for the benefit of RMR.

1.10 Cause of Action means any action, cause of action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, and Claim, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or indirectly or derivatively, in law, equity, or otherwise, including but not limited to: (a) Chapter 5 Causes of Action; (b) damages (general, exemplary, or both) relating to or based on (i) contract, fraud, negligence, gross negligence, willful misconduct, any tort actions, or any violation of a federal or state statute; (ii) violations of federal or state securities laws, (iii) violations of applicable corporate or partnership laws, (iv) breaches of fiduciary or agency duties, or (v) causes of action based upon alter ego or other liability theories; (c) damages based on any other claim of the Debtor, to the extent not

specifically compromised or released pursuant to the Plan or an agreement referred to, or incorporated into, the Plan or Final Order entered after notice and opportunity for hearing; (d) any claims of the Debtor for equitable subordination under Section 510(c) of the Bankruptcy Code or under other applicable laws; (e) any claim of the Debtor to recharacterize one or more Claims as Interests; and (f) any unresolved objection to any Contested Claim. Additionally, in an abundance of caution and for the avoidance of any doubt, Cause of Action shall, in addition to the foregoing claims for affirmative relief, include: (a) any defenses or affirmative defenses to the Claim of RMR and/or West Orient ~~in addition to the foregoing claims for affirmative relief~~, including but not limited to estoppel, waiver, modification, usury, failure to satisfy conditions precedent, failure to credit fair market value for collateral, breach, and all other claims, general or special, at law or in equity; and (b) any claim for declaratory judgment that RMR and/or West Orient are estopped from asserting a Lien against Stanley for security on the Class 4 Claim. -

1.10

1.11 Chapter 5 Cause of Action shall mean any Cause of Action arising under Sections 510, 544 through 551, and 553 of the Bankruptcy Code or otherwise arising under the Bankruptcy Code.

1.12 Claim means right of payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

1.13 Claimant means a holder of a Claim.

1.14 Class means all of the holders of Claims against or Interests in the Debtor that have been designated as a class in Articles 2 and 3 hereof.

1.15 Collateral means any property or interest in property of the Debtor's Estate that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code.

1.16 Confirmation means the Bankruptcy Court's confirmation of the Plan.

1.17 Confirmation Date means the date of entry by the Court of an order confirming the Plan.

1.18 Confirmation Hearing means the hearing to be held before the Bankruptcy Court in which the Debtor shall seek Confirmation of this Plan.

1.19 Confirmation Order means the Final Order confirming this Plan.

1.20 Consummation shall mean the instant upon which the first distributions of cash or property have been made to any class of Creditors under this Plan and/or the execution and delivery of loan documents pursuant to the Plan, at which time this Plan shall be deemed fully consummated and on which date this Plan shall be fully effective.

1.21 Contested when used with respect to a Claim or Interest, means a Claim against or Interest in one of the Debtor that is: (i) listed in one of the Debtor's Schedules as disputed, contingent, or unliquidated and as to which a proof of claim has been timely Filed; (ii) listed in one of the Debtor's Schedules as undisputed, liquidated, and not contingent and as to which a proof of Claim or Interest has been Filed with the Bankruptcy Court, to the extent the proof of Claim or Interest amount exceeds the amount provided for in one of the Debtor's Schedules; or (iii) the subject of an objection which has been or may be Filed and which claim has not been allowed or disallowed by Final Order. Further, except as otherwise provided in this Plan, a

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Contested Claim shall also include any Claim as to which the holder has retained property of the estate.

1.22 Creditor means the holder of a Claim as of the Petition Date.

1.23 Debtor means T Sorrento, Inc.

1.24 Debtor's Assets means all assets of any kind or description comprising the Debtor's Estate.

1.25 Declaration means that certain Corrected Second Amended Declaration of Covenants, Conditions, and Restrictions for Chateau Du Lac executed by the Debtor on or about April 4, 2007 and any prior or other Declaration(s) of Covenants, Conditions and Restrictions filed of record and encumbering the Frost Collateral and the Unencumbered Lot.

1.26 Deficiency Litigation means the litigation styled *RMR Investments, Inv. v. Transcontinental Realty Investors Inc., Woodmont TCI Group IX LP, and Galleria Town Center GP LLC*, currently pending before the United States District Court for the Northern District of Texas, Dallas Division, Cause No. 3:12-cv-05260-L.

1.27 Disallowed Claim or Disallowed Interest means a Claim against or Interest in one of the Debtor, or any portion thereof: (i) that has been disallowed by Final Order or is disallowed in the future in a Final order; (ii) proof of which has been untimely Filed and as to which no Order of allowance has been entered by the Bankruptcy Court; (iii) listed as disputed, contingent, or unliquidated and as to which no proof of claim or proof of interest has been timely Filed; or (iv) for any reason does not qualify as an Allowed Claim.

1.28 Disclosure Statement means the written disclosure statement approved by the Bankruptcy Court that the Debtor has distributed to solicit acceptances of the Plan.

1.29 Effective Date means thirty days following the entry of a Final Order confirming this Plan. Notice of the occurrence of the Effective Date shall be filed herein by the Debtor.

1.30 Entity includes any individual, partnership, corporation, estate, trust, governmental unit, person, and the United States Trustee.

1.31 Estate means the estate of the Debtor, being all non-exempt assets of the Debtor, as created under section 541 of the Bankruptcy Code upon the commencement of the chapter 11 Cases.

1.32 Estimated Claim means any Contested Claim which is estimated in accordance with §502(c) of the Code. For purposes of distribution, the estimated amount of such Contested Claim pursuant to §502(c) shall be deemed the Allowed Amount of such Claim. For the full satisfaction of its Contested Claim and its Allowed Claim, a Claimant shall have, as its sole and exclusive remedy against the Debtor, the rights to payment provided under this Plan and shall have no other rights or remedies and may not, following Consummation, assert any other right against any of the Debtor or its property, Claimant's estimated and Allowed Claim being fully satisfied by such Debtor's payment obligations described in this Plan, and any amount in excess thereof being fully released, voided and discharged by the confirmation of this Plan. The Estimation of any Claim, including any factual or legal holding therein, shall be binding only on the Claimant and the Debtor and shall be without prejudice as to any other party, including TCI.

1.33 Estimated RMR Claim means the Estimated Claims of RMR as estimated by the Bankruptcy Court through an estimation procedure pursuant to 11 U.S.C. § 502(c) and a

determination of the valuation of RMR's Estimated Claims pursuant to Federal Rule of Bankruptcy Procedure 3012.

1.34 Fee Claim means a Claim for fees and expense reimbursements under sections 330 or 503(b) of the Bankruptcy Code.

1.35 Filed means filed with the Bankruptcy Court.

1.36 Final Order means an order of judgment, entered by the Bankruptcy Court or other court of competent jurisdiction, that has not been amended, modified or reversed and as to which (i) no stay is in effect, (ii) the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing, shall then be pending or (iii) in the event that an appeal, writ of certiorari, reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order may be appealed, or certiorari has been denied, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

1.37 Galleria Loan Documents means that certain Promissory Note in the amount of \$18,362,500.00 executed by Woodmont TCI Group IX, L.P. in favor of RMR dated November 15, 2006; that certain Deed of Trust by Woodmont TCI Group IX, L.P. for the benefit of RMR dated November 15, 2006; and that certain Guaranty Agreement executed by TCI in favor of RMR dated November 15, 2006.

1.38 General Unsecured Claims means an Unsecured Claim that is not entitled to priority under section 507 of the Bankruptcy Code.

1.39 Impaired means the treatment of an Allowed Claim or Allowed Interest under this Plan unless, with respect to such Claim or Interest, either: (i) this Plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest; or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after occurrence of a default, the applicable Debtor (A) cures any default that occurred before, on or after the commencement of the Chapter 11 case other than default of the kind specified in section 365(b)(2) of the Bankruptcy Code; (B) reinstates the maturity of such Claim or Interest as such maturity existed before such default; (C) compensates the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (D) does not otherwise alter the legal, equitable or contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest.

1.40 Interest means an equity ownership interest in the Debtor.

1.41 Interest Rate means the prime rate of interest as published in the Wall Street Journal as of the Effective Date.

1.42 Lien means all valid and enforceable liens, security interests, claims and encumbrances against any property of the Debtor's Estate which are permitted by, or not avoided pursuant to, the Bankruptcy Code.

1.43 McKinney Ranch means the Debtor's interest in the McKinney Ranch (4.693 acres) more specifically described on Exhibit "B" hereto.

1.44 Order means an order or judgment of the Bankruptcy Court.

1.45 Person means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization or other entity.

1.46 Petition Date means April 2, 2012.

1.47 Plan Documents means this Plan, this Disclosure Statement, and any and all other documents necessary to effectuate this Plan, and all exhibits and attachments to any of the foregoing, and any amendments or supplements thereto.

1.48 Plan Proponents mean the Debtor and TCI.

1.49 Priority Claim means all Claims entitled to priority under sections 507(a)(2)-(a)(7) and (a)(9) of the Bankruptcy Code.

1.50 Priority Tax Claim means all Claims for Taxes entitled to priority under section 507(a)(8) of the Bankruptcy Code.

1.51 Reserve means the \$93,359.60 escrowed with RMR for payment of property taxes pursuant to prior Forbearance Agreements.

1.52 RMR means RMR Investments, Inc.

1.53 Schedules means those schedules and statements of financial affairs filed by the Debtor under Federal Rule of Bankruptcy Procedure 1007, as same may be amended from time to time.

1.54 Secured Claim (or Allowed Secured Claim) means an Allowed Claim that is secured by a lien on or security interest in property in which one of the Debtor's Estates has an interest, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of a Claimant's interest in a Debtor's Estate's interest in such property, or to the extent of the amount subject to setoff, as the case may be.

1.55 Stanley means the following real property owned by the Debtor at 2301 Valley Branch Circle, Farmers Branch, Texas and previously pledged under certain loan documents in favor of RMR on or about December 5, 2005: Lot 1 (6.330); and Lot 2 (17.418).

1.56 Stanley Credit shall mean the fair market value of Stanley determined as of the date of the effective date of the transfer of Stanley from the Debtor to RMR less appropriate discounts to allow RMR and West Orient to obtain the indubitable equivalent of their interest in Stanley under bankruptcy and applicable non-bankruptcy law.

1.57 Stanley Loan Documents means that certain Loan Agreement between RMR and TCI in the amount of \$2,420,000.00; that certain Promissory Note in the amount of \$2,420,000.00 executed by TCI in favor of RMR; and that certain Deed of Trust by TCI for the benefit of RMR dated December 5, 2005.

1.58 Taxes means and includes all federal, state, county and local income, ad valorem, excise, stamp and other taxes of any type or nature whatsoever.

1.59 Tax Claims means any and all Secured or Priority Claims of any Entity for the payment of any Taxes: (i) accorded a priority pursuant to section 507(a)(8) of the Code; or (ii) secured by valid Liens on assets of one of the Debtor existing on the Confirmation Date. Additionally, all Liens securing Tax Claims shall be deemed and legally treated as released, voided and discharged upon payment of such Claims in full.

1.60 **TCI** means Transcontinental Realty Investors, Inc.

1.61 **Unsecured Creditor** means the holder of a Claim that is not secured by a Lien and includes General Unsecured Claims, an Administrative Claim, a Priority Claim, or a Priority Tax Claim.

1.62 **West Orient** means West Orient Investments, Inc.

ARTICLE II

TREATMENT OF NON-CLASSIFIED CLAIMS

2.01 Administrative Claims:

- (a) **Fee Claims.** Each professional person whose retention with respect to the Debtor's case has been approved by the Bankruptcy Court or who holds, or asserts, an Administrative Claim that is a Fee Claim shall be required to file with the Bankruptcy Court a final fee application within thirty (30) days after the Effective Date and to serve notice thereof on all parties entitled to such notice. The failure to file timely any such application as required under this Section 2.01(a) of this Plan shall result in the Fee Claim being forever barred and discharged. A Fee Claim, with respect to which a Fee Application has been properly Filed pursuant to this Section 2.01(a) of this Plan, shall become an Administrative Claim only to the extent allowed by Final Order. Except as provided herein, Fee Claims shall be paid either: (i) with respect to Fee Claims which are Allowed Claims on the Effective Date, the amount of such holder's Allowed Claim in one cash payment, within 10 days after the Effective Date; or (ii) with respect to Fee Claims which become Allowed Claims after the Effective Date, the amount of such holder's Allowed Claim, in one cash payment from the Debtor within 10 days after such claim becomes an Allowed Fee Claim. Following Bankruptcy Court Approval, the Debtor's general counsel, Quilling, Selander, Lownds, Winslett & Moser, P.C. shall be entitled to offset any retainer funds and shall be paid 50% of all outstanding amounts through the Effective Date within 10 days after the allowance of such amounts. The remainder shall be paid in equal monthly payments beginning on the first day of the month following the initial 50% payment over a period of six (6) months.
- (b) **2013 Ad Valorem Property Taxes.** All property taxing authorities with Liens on the Debtor's property shall retain all statutory liens that secure prepetition and postpetition ad valorem property taxes and their statutory priority until all amounts owed are paid in full. Ad valorem property taxes for the tax year 2013 are a secured administrative expense claim of the estate. The 2013 taxes shall retain the liens securing such taxes until paid pursuant to non-bankruptcy state law governing payment of property taxes. The Tax Authorities shall not be required to file an administrative expense claim and request for payment as a condition of allowance of such postpetition taxes. If not timely paid, postpetition taxes shall incur full penalties and interest under state law which are collectible. The Tax Authorities' administrative expense claim is not discharged.

- (c) **U.S. Trustee Fees.** All fees payable under 28 U.S.C. § 1930 shall be paid in cash in full upon receipt of invoice. Quarterly fees shall continue to accrue until the bankruptcy case is closed.

ARTICLE III

DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

For purposes of repayment of the Debtor's indebtedness under the Plan, the Allowed Claims and Interests are divided into the following categories:

3.01 Class 1: Allowed Priority Tax Claims. This Class consists of all Allowed Secured Claims of any states or relevant municipalities and government entities ~~secured by~~ ~~against~~ any of the ~~Debtor's property~~ Debtor for property taxes that are entitled to automatic first lien priority pursuant to their state laws or are entitled to secured status by virtue of the collateral that is located in such state and arose prior to tax year 2013.

3.02 Class 2: Allowed Secured Claim of RMR – Casino. This Class consists of the Allowed Secured Claim of RMR under the Casino Loan Documents secured by a Lien the Debtor's interest in Casino and Stanley. RMR asserts that the ~~Class 2 Claim totals~~ ~~obligations owing under the Casino Loan Documents total~~ \$3,606,666.14 as of the Petition Date and \$3,868,523.21 as of February 1, 2013 inclusive of post-Petition interest and fees not including post-Petition attorney's fees estimated in the amount of approximately \$60,000.00.

3.03 Class 3: Allowed Secured Claim of RMR - Stanley. This Class consists of the Allowed Claim of RMR under the Stanley Loan Documents secured by a Lien on the Debtor's interest in Stanley. RMR asserts that the ~~Class 3 Claim totals~~ ~~obligations owing under the Stanley Loan Documents total~~ \$1,435,209.94 as of the Petition Date and \$1,603,276.18 as of February 1, 2013 inclusive of post-Petition interest and fees

3.04 Class 4: Secured Claim of RMR – Galleria. This Class consists of the Contested Secured Claim of RMR under the Galleria Loan Documents allegedly secured by a Lien on the Debtor's interest in Stanley. RMR asserts that ~~the Class 4 Claim totals~~ \$9,314,755.71 ~~is owed under the Galleria Loan Documents~~ as of the Petition Date and ~~is~~ secured by the Debtor's interest in Stanley.

3.05 Class 5: Allowed Secured Claim of West Orient - Casino. This Class consists of the Allowed Claim of West Orient under the Casino Loan Documents secured by a Lien on the Debtor's interest in Casino and Stanley. West Orient asserts that ~~the Class 5 Claims~~ ~~such amount~~ is \$88,993.81 as of the Petition Date and \$127,732.96 as of February 1, 2013 inclusive of post-petition interest and fees.

3.06 Class 6: Allowed Secured Claim of West Orient - Stanley. This Class consists of the Allowed Claim of West Orient under the Stanley Loan Documents secured by a Lien on the Debtor's interest in Stanley. West Orient asserts that ~~the Class 6 Claim is~~ \$20,969.50 ~~is owed~~ as the Petition Date and \$35,281.86 as of February 1, 2013 inclusive of post-petition interest and fees.

3.07 Class 7: Allowed General Unsecured Claims. This Class consists of all Allowed Unsecured Claims which are not entitled to priority under section 507(a) of the Bankruptcy Code.

~~3.08 — Class 8: Insider Claims. This Class consists of any post-Petition claims of Pillar Income Asset Management, Inc. for advancement of attorney's fees to Debtor's counsel and any post-Petition and/or post-Confirmation claims of TCI for contribution, reimbursement, or any other claims based upon TCI's funding amounts on behalf of the Debtor during the Debtor's Bankruptcy Case or pursuant to the Confirmed Plan.~~

~~3.09~~ 3.08 Class 9: Interests in the Debtor. This class consists of all Interests in the Debtor.

ARTICLE IV

**PROVISION FOR SATISFACTION
OF CLAIMS AND INTERESTS**

The Claims and Interests as classified in Article III hereof shall be satisfied in the manner set forth in this Article IV. The treatment of, and the consideration to be received by, Entities holding Allowed Claims against the Debtor pursuant to this Plan shall be in full satisfaction of their respective Allowed Claims against the Debtor.

4.01 Class 1: Allowed Priority Tax Claims. Upon information and belief, the pre-Petition property taxes secured by Liens on Casino and Stanley for tax year 2012 have been satisfied by RMR from the Reserve and therefore constitute Contested Claims. On or before the Effective Date, RMR shall remit payment for any additional 2012 taxes to the relevant taxing authorities for application to the 2012 taxes due on Casino and Stanley, along with any penalties and interest. Any unpaid 2012 Property Taxes secured by ~~Liens~~ on the McKinney Ranch and 2400 Walton Walker shall be entitled to accrue interest at the rate of 1% per month January 31, 2013 and shall be satisfied on or before the Effective Date.

~~4.02—Class 2: Allowed Secured Claim of RMR – Casino. The amount~~This Class consists of the Allowed ~~Class 2~~Secured Claim of RMR under the Casino Loan Documents secured by a Lien on the Debtor's interest in Casino and Stanley. ~~The Court will be determined by the Bankruptcy Court at Confirmation~~determine the value of the secured claim of RMR Investments, Inc. under the Casino Loan Documents, including specifically the amount of fees, interest, and principal currently owing on the ~~Allowed~~Class 2 Claim. Within

~~The Allowed Class 2 Claim will continue to be secured by a Lien on Casino, and within~~ thirty days of the Effective Date: (a) the Debtor shall ~~execute and deliver a Deed of Trust to grant RMR a lien on Casino, the McKinney Ranch and 2400 Walton Walker, by Deed of Trust as additional security for the Debtor's performance its payment obligations under this Article 4.02 on the Allowed Class 2 Claim;~~ and (b) RMR shall ~~execute and deliver~~provide a Release of its Lien on Stanley ~~that serves as security for the obligations under the Casino Loan Documents if the Debtor confirms under Option 1 of Article 4.03.~~

~~4.02 If the~~its Class 2 Claim. The parties shall use commercially reasonable terms consistent with the terms of the Plan, and in the event the parties cannot agree on a form, the Bankruptcy Court shall resolve any dispute by Motion of either party. For the avoidance of any argument, a payment default under the Deeds of Trust shall be limited to payments under this Debtor confirms under Option 2 of Article 4.02 or satisfaction of property tax liability in excess of the escrow on or before the delinquency date for payment of such taxes under state law. Additionally~~03,~~ the ~~security for Stanley Credit shall be applied to the Allowed Class 2 Claim shall be limited to Casino, McKinney Ranch, and 2400 Walton Walker, and such properties shall not serve as collateral for any other debt other than set forth in Article 4.03 or as approved by the Class 2 Claim.~~

~~The Bankruptcy Court. If the Debtor confirms under Option 1, the entire Allowed Class 2 Claim of RMR shall be recapitalized at Confirmation as provided herein. At Confirmation as of the Effective Date, and if the Debtor confirms under Option 2, the amounts owing on the Allowed Class 2 Claim shall be recapitalized following the application of the Stanley Credit as of the Effective Date.~~

~~On or before the Effective Date, the Debtor shall pay the amount of \$50,000.00 to RMR, which RMR shall be applied by RMR, along with apply the \$50,000.00 payment and the Reserve remaining after satisfaction of 2012 property taxes secured by Casino and Stanley, to the recapitalized Allowed Class 2 Claim as of Confirmation on the Effective Date. The Allowed~~

Class 2 Claim remaining after the application of these amounts shall be recapitalized as of Confirmation as principal outstanding balance of.

If the Court confirms the Plan with the injunction contained in Article 10.03, the Allowed Class 2 Claim shall thereafter accrue interest after Confirmation at the annual rate of 10.00%, with interest paid monthly on the first day of each month at 6.00% during the first year, 6.50% during the second year, 7.00% during the third year, and 8.00% during the fourth and fifth years, with each calculation using simple interest. If, and the Court confirms the Plan without the injunction contained in Article 10.03, the Allowed Class 2 Claim Debtor shall accrue pay interest after Confirmation at the annual rate of 4.25%, using simple interest, with interest paid monthly on the first day of each the month following the Effective Date.

If the Court confirms the Plan with the injunction contained in Article 10.03, the
~~On or before the first day of the second (2nd) month following the Effective Date, the Debtor shall pay RMR the amount of estimated 2013 property taxes on Casino based upon 2012 Casino property taxes to be held in escrow for 2013 property taxes. The Debtor shall further reduce the Allowed Class 2 Claim by paying the total amount of \$200,000.00 in four (4) payments of \$50,000.00 each on the first day of the month in months three (3), four (4), five (5), and seven (7) following the Effective Date. If the Court confirms the Plan with the injunction contained in Article 10.03, the~~ Debtor shall additionally pay RMR an additional sum of \$250,000.00 prior to the first day of the thirteenth (13th) month following the Effective Date by either additional payment(s) or the payment of the proceeds of partial sale(s) of Casino prior to such date.

On or before the first day of the second (2nd) month following the Effective Date, the Debtor shall pay RMR the amount of estimated 2013 property taxes on Casino based upon 2012 Casino property taxes to be held in escrow for 2013 property taxes. Beginning on January 1, 2014, the Debtor shall escrow property taxes on Casino by paying 1/12 of the estimated tax liability based upon prior years to be held in escrow by RMR for current tax year property tax obligations.

The total outstanding balance of the Allowed Class 2 Claim shall be due and owing sixty (60) months following the Effective Date, provided however, that the term will be terminated in the event the Debtor has failed to reduce the balance of the Allowed Class 2 Claim as of the Effective Date by at least 20% on or before the first day of the thirty-sixth (36th) month following the Effective Date, and by an additional 20% on or before the first day of the forty-eighth (48th) month following the Effective Date.

In the event of a partial sale of less than all of the Casino property, RMR shall provide a release of Lien on the parcel to be sold so long as: (a) RMR receives funds at closing equal to an amount equal to twice the pro-rata proportion of the outstanding Allowed Class 2 Claim based upon the acreage sold (i.e. a sale of 25% of the total Casino acreage would require satisfaction of 50% of the outstanding Allowed Class 2 Claim); and (b) the remaining Casino acreage is sufficient to maintain the remaining Allowed Class 2 Claim at a fifty-percent (50%) loan to value ratio. In the event RMR fails to provide such a release, RMR shall be in violation of the Confirmation Order. In addition to any retention of jurisdiction in this Plan, the Bankruptcy Court shall retain jurisdiction to the fullest extent allowed by law to address any disputes concerning compliance with this partial release provision.

~~The Casino Documents shall be modified to the extent inconsistent with this Plan. All cross-default provisions are eliminated and the Debtor shall not be in default under the Stanley Loan Documents unless the Debtor has failed to timely cure a default of: (a) payment under this Article 4.02; or (b) satisfaction of property tax liability on Casino in excess of the escrow.~~

In the event the Bankruptcy Court finds this treatment insufficient for confirmation, then the terms of the Allowed Class 2 Claim, including fees, points, and interest, debt service, and term,

shall be set in the amounts required by the Bankruptcy Court for purposes of confirmation under 11 U.S.C. § 1129(b)(2)(A).

~~4.03—Class 3: Secured Claim of RMR – Stanley. This Class consists of the Allowed Secured Claim of RMR under the Stanley Loan Documents secured by a Lien the Debtor's interest in Stanley. Following the Court's estimation of the Estimated RMR Claim and the determination of the value of the secured claim of RMR Investments, Inc. under the Stanley Loan Documents, including specifically the amount of post-Petition fees and interest, the Debtor shall elect to exercise Option 1 or 2. In the event the Debtor elects Option 1 and the Court finds that Option 1 is not confirmable, the Debtor requests confirmation under Option 2.~~

~~In the event the Bankruptcy Court finds this treatment insufficient for confirmation, then the terms of the Allowed Class 3 Claim, including fees, points, and interest, debt service, and term, shall be set in the amounts required by the Bankruptcy Court for purposes of confirmation under 11 U.S.C. § 1129(b)(2)(A).~~

Option 1—Retention of Stanley

~~4.03 The~~ The amount of the Allowed Class 2 Claim will be determined by the Bankruptcy Court at Confirmation, including specifically the amount of fees, interest, and principal currently owing on the Class 2 Claim. Within thirty days of the Effective Date the Debtor shall execute and deliver a Deed of Trust to RMR on Stanley as security for the Debtor's obligations under this Article 4.03. The parties shall use commercially reasonable terms consistent with the terms of the Plan, and in the event the parties cannot agree on a form, the Bankruptcy Court shall resolve any dispute by Motion of either party. For the avoidance of any argument, a payment default under the Deed of Trust shall be limited to payments under this Article 4.03 or satisfaction of property tax liability in excess of the escrow on or before the delinquency date for payment of such taxes under state law. Additionally, the security for the Allowed Class 3 Claim shall be limited to Stanley, and Stanley shall not serve as collateral for any other debt other than the Allowed Class 3 Claim.

~~If the Court confirms the Plan with the injunction contained in Article 10.03, the Allowed Class 3 Secured Claim shall continue to be secured by the pre-petition Lien on Stanley and shall be recapitalized as of the Effective Date. The term under the Stanley Loan Documents shall be extended to a term of sixty (60) months following the Effective Date. The remaining Allowed Class 3 Claim shall will accrue interest after Confirmation at the annual rate of 10.00%, with interest paid monthly on the first day of each month at 6.00% during the first year, 6.50% during the second year, 7.00% during the third year, and 8.00% during the fourth and fifth years, with each calculating using simple interest. If, and the Court confirms the Plan without the injunction contained in Article 10.03, the Allowed Class 3 Claim Debtor shall accrue pay interest after Confirmation at the annual rate of 4.25%, using simple interest, with interest paid monthly on the first day of each the month.~~

~~The total outstanding balance of the Class 3 Claim shall be due and owing sixty (60) months following the Effective Date. The In addition, the Debtor shall pay estimated 2013 property taxes on Stanley to RMR to be held in escrow within thirty (30) days of the Effective Date and shall escrow future tax years by paying 1/12 of the estimated property taxes for Stanley to RMR each month.~~

RMR shall release its Lien securing the Allowed Class 3 Secured Claim in connection with any sale or other transaction so long as the outstanding balance on the Allowed Class 3 Secured Claim is satisfied in full. The ~~Debtor Stanley Loan Documents~~ shall be modified to the extent inconsistent with this Plan. All cross default provisions are eliminated and the Debtor shall not be in default of its obligations under Article 4.03 only if the Stanley Loan Documents unless the

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Debtor ~~failshas failed~~ to timely cure a default of: (a) payment under this Article 4.03; or (b) satisfaction of property tax liability on Stanley in excess of the escrow on or before the delinquency date for payment of such taxes under state law. -

In the event the Bankruptcy Court finds this treatment insufficient for confirmation, then the terms of the Allowed Class 3 Claim, including fees, points, and interest, debt service, and term, shall be set in the amounts required by the Bankruptcy Court for purposes of confirmation under 11 U.S.C. § 1129(b)(2)(A).

Option 2—Transfer of Stanley to RMR

~~RMR shall acquire Stanley in return for the Stanley Credit. Within fourteen (14) days of Confirmation, RMR shall elect: (a) to acquire Stanley by Special Warranty Deed under Texas law in return for the Stanley Credit; or (b) to proceed with a non-judicial foreclosure of Stanley under Texas law wherein RMR will bid the amount of the Stanley Credit. Absent timely election by RMR, the Debtor will transfer Stanley by Special Warranty Deed under Texas law. In the event RMR elects to proceed with a non-judicial foreclosure under Texas law, RMR must complete such foreclosure within three (3) months of the Effective Date.~~

~~The Stanley Credit, or if applicable the higher proceeds of foreclosure, shall be applied as follows: (a) first, to the amounts owed RMR and West Orient for fees under the Casino Loan Documents and Stanley Loan Documents; second, to accrued interest under the Casino Loan Documents and Stanley Loan Documents; third, to unpaid principal under the Casino Loan Documents and Stanley Loan Documents (to the extent insufficient funds are available to fully satisfy any of the foregoing tranches, the funds in such tranche shall be applied *pro rata* between the Casino Loan Documents and Stanley Loan Documents); or (b) if the foregoing application schedule is held to be insufficient by the Bankruptcy Court for confirmation, pursuant to an application schedule approved by the Court giving priority if possible to the amounts owed under the Stanley Loan Documents, then the Casino Loan Documents, and last the Estimated RMR Claim and/or Final Order in the Deficiency Litigation.~~

~~To the extent any claim remains under the Stanley Loan Documents after application of the Stanley Credit, or if applicable the higher proceeds of foreclosure, such claim shall constitute a Disallowed Claim as to the Debtor, its property, and the Debtor's bankruptcy case, and accordingly, will not be provided further treatment under this Plan. This Plan shall not operate to modify, waive, or discharge any amounts owed to RMR or West Orient by any other party remaining after application of the Stanley Credit, or if applicable the higher proceeds of foreclosure.~~

~~**4.04—Class 4: Estimated Claim of RMR - Galleria.** The Class 4 Claim is Contested and consists of the Claim of RMR under the Galleria Loan Documents allegedly secured by the Debtor's interest in Stanley. The Class 4 Claim is a Contested Secured Claim and will not be determined on a final basis until a final resolution of the Deficiency Litigation. The Court will estimate the amount of the Class 4 Claim at the confirmation hearing to the extent necessary for purposes of confirmation of the Plan.~~

Option 1—Retention of Stanley

~~In the event the Debtor confirms under Option 1 of Article 4.03, the Debtor shall collateralize any portion of the Estimated RMR Claim exceeding the value of Stanley less the Allowed Class 3 Claim by providing a surety bond from a rated issuer in such amount in favor of RMR to secure any liability of TCI in the Deficiency Litigation within thirty (30) days of the Effective Date.~~

4.04 ~~The Contested Class 4 Secured Claim of RMR under the Galleria Loan Documents shall continue to be secured by the alleged asserted pre-Petition Lien on Stanley pending a sale of Stanley or a final resolution of the Deficiency Litigation by either the entry of a final, unappealable order disposing of all claims or by agreement of the parties to the Deficiency Litigation. Until such time, RMR shall have no right to foreclose on Stanley on account of the Contested Class 4 Secured Claim.~~

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In the event of a sale of Stanley prior to the final resolution of the Deficiency Litigation, RMR agrees to release the Lien securing its Contested Class 4 Secured Claim so long as: (a) the gross purchase price is at least \$~~3,000,700~~0,000.00; and (b) the Debtor agrees that the amount of the net proceeds at closing after satisfaction of the Allowed Class 3 Secured Claim and reasonable and necessary closing costs, will either, at the election of the Debtor: (i) be provided in the form of a surety bond from a rated issuer in such amount in favor of RMR to secure any liability of TCI in the Deficiency Litigation; or (ii) be placed into the registry of the court presiding over the Deficiency Litigation to secure any liability of TCI in the Deficiency Litigation, subject to being refunded to the payor following a dismissal of the claims of RMR. In the event Stanley is not sold prior to the final resolution of the Deficiency Litigation and RMR obtains a net affirmative award against TCI, RMR shall be entitled to foreclose on Stanley in a manner otherwise consistent with the laws of the State of Texas if such amounts awarded are not satisfied within 30 days.

~~The Galleria Loan Documents shall be modified to the extent inconsistent with this Plan. All cross default provisions are eliminated and the Debtor shall not be in default under the Galleria Loan Documents unless the Debtor has failed to timely cure a default under this Article 4.04.~~

~~Option 2 - Transfer of Stanley to RMR~~

~~In the event the Debtor confirms under Option 2 of Article 4.03 and the Court approves the application schedule in Option 2, any claim under the Galleria Loan Documents or Estimated RMR Claim shall constitute a Disallowed Claim as to the Debtor, its property, and the Debtor's bankruptcy case, and accordingly, will not be provided treatment under this Plan. In the event the Court denies confirmation of the application schedule in Option 2 and approves a different schedule, the amount of any Stanley Credit, or if applicable the higher proceeds of foreclosure, applied to the Estimated RMR Claim (if any) shall be held and segregated by RMR pending the entry of a final, non-appealable Order in the Deficiency Action and then applied: (a) first, to any liability of TCI in the Deficiency Action; (b) second, to the Allowed Class 2 Claim if such has not been previously satisfied in full; and (c) third, any remaining funds refunded to the Debtor.~~

4.05 **Class 5: Allowed Secured Claim of West Orient - Casino.** ~~The amount~~This Class consists of the Class 5 Allowed Claim will be determined of West Orient under the Casino Loan Documents secured by the Bankruptcy Court at Confirmation, including specifically a Lien on the amount of fees, Debtor's interest, in Casino and principal currently owing on Stanley. To the Allowed Class 5 Claim. The extent any Allowed Class 5 Claim exists after application of the Stanley Credit (if applicable), the Allowed Class 5 Claim will be recapitalized as of Confirmation on the Effective Date and included as part of the Allowed Class 2 Claim and subject to the same terms and conditions as the Allowed Class 2 Claim.

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4.06 **Class 6: Allowed Secured Claim of West Orient - Stanley.** ~~The amount~~This Class consists of the Class 6 Allowed Claim will be determined of West Orient under the Stanley Loan Documents secured by the Bankruptcy Court at Confirmation, including specifically the amount of fees, a Lien on the Debtor's interest, in Stanley. In the event the Debtor confirms under Option 2 of Article 4.03 and principal currently owing on the any Allowed Class 6 Claim. The exists after application of the Stanley Credit, such claim shall constitute a Disallowed Claim as to the Debtor, its property, and the Debtor's bankruptcy case, and accordingly, will not be provided further treatment under this Plan. This Plan shall not operate to modify, waive, or discharge any

~~amounts owed to RMR or West Orient by any other party remaining after application of the Stanley Credit.~~

~~In the event the Debtor confirms under Option 1 of Article 4.03, the~~ Allowed Class 6
4.06 Claim will be recapitalized on the Effective Date and included part of the Allowed Class 3 Claim and subject to the same terms and conditions as the Allowed Class 3 Claim.

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4.07 **Class 7: Allowed General Unsecured Claim.** Holders of Allowed General Unsecured Claims shall be entitled accrue interest from the Petition Date until paid in full at the Interest Rate. Class 5 Claimants shall receive 50% of the Claimant's Allowed Claim with interest on or before the later of: (a) thirty (30) days following the Effective Date, or (b) thirty (30) days following the entry of a Final Order Allowing such Claim. The Class 5 Claimants shall receive the remaining 50% of their Allowed Claim with interest on the first day of the sixth (6th) month following confirmation.

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~~**4.08** **Class 8: Insider Claims.** Class 6 Claims shall be entitled to retain their state law rights and remedies for any Claims against the Debtor, provided however that no distributions shall be made on account of Class 6 Claims until the Debtor has performed its obligations to Classes 1 – 7.~~

~~4.09~~4.08 **Class 9: Interests in the Debtor.** Holders of Allowed Interests will retain their pre-petition interest in the Debtor and shall not receive any distributions on account of such Interests until the Debtor has performed its obligations to Classes 1 – 7.

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ARTICLE V

DESIGNATION OF THE CLASSES OF CLAIMS IMPAIRED UNDER THIS PLAN

5.01 **Impairment/Voting.** Classes ~~2-3 and 5-9~~ are Impaired and receiving or retaining property under the Plan, ~~regardless of the Court's ruling on the Estimated RMR and West Orient have agreed that they are entitled Claim. The ability of Class 4 to vote the claim on the Plan is subject to the Bankruptcy Court's estimation of the Estimated RMR Claim and the Debtor's election under Classes 2 – 6 as secured claims and that RMR and West Orient do not have claim(s) which they may vote as part of Class 7. Article 4.03.~~

ARTICLE VI

MEANS FOR IMPLEMENTATION OF PLAN

6.01 **Sale/Refinance of Property.** The Debtor will continue its efforts to develop, sell, and/or refinance the debt associated with Casino, the McKinney Ranch, and 2400 Walton Walker and to satisfy its obligations under the Plan. Additionally, the Debtor intends to continue aggressive efforts to sell Casino and Stanley prior to Plan Confirmation. The terms of this Plan shall be modified prior to Confirmation as necessary to address any such sales and applications of proceeds on the secured claims set forth herein.

6.02 **Contribution by TCI.** TCI agrees to fund the Debtor's obligations under the Plan by either remitting payment directly to the Claimant, transferring funds to the Debtor for purposes of funding such obligation, and/or by otherwise causing such payments to be made to the Claimant. For the avoidance of any doubt on title, TCI will~~TCI additionally agrees to~~ execute a Special Warranty Deed under Texas law in favor of the Debtor within thirty (30) days of the

Effective Date that transfers all interest of TCI in the mineral estate of Casino and Stanley to the Debtor. ~~If the Debtor elects Option 2—Transfer of Stanley to RMR and RMR and/or the Debtor elect to transfer Stanley to RMR by Special Warranty Deed under Texas law, TCI will execute a Special Warranty Deed under Texas law in favor of RMR within thirty (30) days of the Effective Date that transfers all interests of TCI in the mineral estate of Stanley.~~

6.03 Management of the Debtor. The Debtor is owned by ABCLD Income, LLC and is served by Ronald F. Akin, President, Craig Landess, Vice President, and Steven Shelley, Vice President. Pursuant to an agreement with ABCLD Income, LLC, Pillar Income Asset Management provides management and advisory services for properties directly and indirectly owned by ABCLD Income, LLC. The Debtor intends for operations and management to continue post-Confirmation in the same manner and is unaware of any plans or intentions regarding change of management.

ARTICLE VII

PROVISIONS REGARDING DISTRIBUTIONS AND OBJECTIONS TO CLAIMS

7.01 No Distribution Pending Allowance or Estimation of Claims. No payments or distributions shall be made with respect to all or any Contested Claim unless and until such Claim becomes an Allowed Claim or Allowed Interest, as determined by Final Order. No holder of a Claim shall be entitled to any payment under the Plan if such holder has retained property of the Estate in violation of the Plan or applicable law.

~~**7.02 Substantial Consummation.** TheThe transfer implementation of Option 1 or 2 under Article 4.03 and the~~ payments and other actions contemplated in the three (3) months following the Effective Date shall be conditions precedent to substantial consummation of the Plan.

7.02

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.01 Assumption of Certain Executory Contracts. All Executory Contracts which have been previously assumed or are on the list of assumed contracts filed with the Court within 10 days after the Effective Date are assumed.

8.02 General Rejection of Executory Contracts. All Executory Contracts which have not been previously assumed or are not on the list of assumed contracts filed with the Court within 10 days after the Effective Date are rejected.

8.03 Cure of Defaults. Debtor shall cure all defaults existing under any assumed Executory Contract pursuant to the provisions of sections 1123(a)(5)(G) and 365(b) of the Bankruptcy Code by paying the amount, if any, determined by the Court required to be paid in order to assume such Executory Contract. Payment of such amounts shall be made by Debtor as soon as possible after the Effective Date.

8.04 Claims for Damages. Each person who is a party to an Executory Contract rejected pursuant to this Article shall be entitled to file, not later than 60 days after the Confirmation Date, which is the deemed date of such rejection, a proof of claim for damages alleged to arise from the rejection of the Executory Contract to which such person is a party.

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The Court shall determine any such objections, unless they are otherwise resolved. All Allowed Claims for rejection damages shall be treated as General Unsecured Claims.

ARTICLE IX

PROVISIONS FOR THE DISCHARGE, SETTLEMENT, AND ADJUSTMENT OF CLAIMS

9.01 Reservation of Claims and Causes of Action. Except as otherwise provided herein, any and all claims, causes of action, cross claims or counterclaims held or assertable by the Debtor, including but not limited to: (i) any claim or cause of action under a policy of liability insurance or otherwise; (ii) a Cause of Action; and (iii) to the extent not included in the term Cause of Action, any and all claims, causes of action, counterclaims, demands, controversies, against third parties on account of costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, and executions of any nature, type, or description which the Debtor has or may come to have, including, but not limited to, negligence, gross negligence, usury, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, misuse of insider information, concealment, disclosure, secrecy, misuse of collateral, wrongful release of collateral, failure to inspect, environmental due diligence, negligent loan processing and administration, wrongful setoff, violations of statutes and regulations of governmental entities, instrumentalities and agencies (both civil and criminal), racketeering activities, securities and antitrust violations, tying arrangements, deceptive trade practices, breach or abuse of fiduciary duty, breach of any alleged special relationship, course of conduct or dealing, obligation of fair dealing, obligation of good faith, whether or not in connection with or related to this Plan, at law or in equity, in contract or in tort, or otherwise, known or unknown, suspected or unsuspected, are hereby preserved and retained for enforcement by the Debtor as of the Confirmation Date. It is the intent of the Debtor that this reservation of claims shall be as broad as permitted by applicable law and shall include all claims, whether or not disclosed in the Debtor's schedules, and shall include any claims referenced in any disclosure statement filed in this case.

9.02 Return of Fraudulent Transfers. Any creditor determined to have received a transfer that is voidable pursuant to section 544, 547, 548, 549, and/or 550 of the Bankruptcy Code or any other applicable law shall be required to remit to the Debtor the determined amount of the avoided transfer prior to receiving any distribution.

9.03 Post-Confirmation Deficiency Disputes. In the event of any dispute regarding the amounts owed ~~by and for~~ the Debtor following a foreclosure or other involuntary liquidation of any of Casino Loan Documents, the Debtor's property Stanley Documents, or the Galleria Loan Documents, a credit will be given for the fair market value of the collateral and valuation will be determined by a court of competent jurisdiction. The following shall be the basis for the determination of the fair market value of the real property as of the date of the surrender or non-judicial foreclosure:

- ~~i.~~ the real property shall be valued in an "as is" condition as of the date of the
- i. surrender of the property, without any assumption or expectation that the real property will be repaired or improved in any manner before a resale of the real property;
- ii. the valuation shall be based upon an assumption that the transferee desires a prompt resale of the real property for cash (but no later than twelve months) following the date of surrender;

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- iii. the valuation shall assume commercially reasonable marketing by RMR following the surrender of the property;
- iv. reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the real property, including, without limitation, brokerage commissions, limited to 3% of the purchase price, title insurance, a survey of the real property, not to exceed \$2,000; tax prorations for the year of surrender only, and reasonable marketing costs, not to exceed 1% of the value;
- v. the gross fair market value of the real property shall be further discounted to account for any ad valorem taxes and other assessments (to the extent not accounted for in (iv) above) and any necessary maintenance expenses;
- vi. any expert opinion testimony given or considered in connection with a determination of the fair market value of the real property must be given by persons having at least five years experience in appraising property similar to the real property and who have conducted and prepared a complete written appraisal of the real property taking into consideration the factors set forth above;
- vii. The fair market value of the property surrendered to lender shall then be deducted from the balance of all indebtedness owed by any individual or entity secured by the property, with the difference remaining continuing to be due and owing in accordance with applicable loan documents and/or this Plan.

ARTICLE X

EFFECT OF CONFIRMATION, DISCHARGE, RELEASES, AND INJUNCTION

10.01 Vesting of Property. Except as expressly set forth herein, all property of the Estate, including the proceeds thereof, shall vest with the Debtor upon confirmation of the Plan free and clear of all pre-existing Liens, encumbrances, and other interests. This Plan will evidence the release of any and all Liens or encumbrances against all property dealt with by the Plan, unless such Lien or encumbrance is specifically retained or granted in the Plan.

10.02 Legal Binding Effect; Discharge of Claims and Interests. The provisions of this Plan shall: (i) bind all holders of Claims and Interests, whether or not they accept this Plan; and (ii) discharge the Debtor from all Claims, claims, debts, and liabilities, including without limitation, any Claims, claims, debts, and liabilities of a kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, that arose, or has been asserted against, the Debtor at any time before the entry of the Confirmation Order or that arises from any pre-Confirmation conduct of the Debtor whether or not the Claims, claims, debts, and liabilities are known or knowable by the Claimant or Interest holder. Except as otherwise expressly provided in, or permitted under, this Plan, the Confirmation Order shall provide, among other things, that all Creditors and persons who have held, hold or may hold Claims or Interests against the Debtor are permanently enjoined on and after the Effective Date as long as the Plan is not in default against the: (i) commencement or continuation of any judicial, administrative, or other action or proceeding against the Debtor on account of Claims against the Debtor; (ii) enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or

order against the Debtor or any assets or property of same; or (iii) creation, perfection or enforcement of any encumbrance of any kind against the Debtor arising from a Claim.

10.03 Plan Exclusive Remedy. Notwithstanding anything contained herein to the contrary, ~~this Plan shall not operate to enlarge, reduce, modify, discharge, or release the liability of anyone other individual or entity other than the Debtor, shall be discharged or released from any joint liability with the Debtor on any Claim; provided, however, that absent further order of the Court upon notice and a hearing, the Plan shall be the exclusive remedy as to all Claims and liability of any other party on a guaranty of the Casino Loan Documents or Stanley Loan Documents (if Debtor confirms under Option 1 of Article 4.03), including specifically Prime Income Asset Management, Inc., Transcontinental Realty Investors, Inc., and Basic Capital Management, Inc.; provided, however, that, so long as the Plan shall be the exclusive remedy Debtor is not in default of its obligations under Article 4.02, as to all Claims and liability of any other party on the Casino Loan Documents, and Article 4.03, as to the Stanley Loan Documents, and any guaranty executed in connection with the Casino Loan Documents or the Stanley Loan Documents, including specifically the liability. To the extent necessary, any applicable statute of limitations against collection from Prime Income Asset Management, Inc., Transcontinental Realty Investors, Inc., and Basic Capital Management, Inc., so long as the Debtor is not in default on a guaranty of its obligations under Article 4.02 as to the Casino Loan Documents and Article 4.03 as to the Stanley Loan Documents. To the extent necessary, any applicable statute of limitations regarding claims enjoined by this Article 10.03 are is specifically~~ tolled from ~~Confirmation to the period of time from the Petition Date until~~ the date upon which the Debtor fails to timely cure any written notice of default of its obligations under Article 4.02, as to the Casino Loan Documents ~~or~~ and Article 4.03, as to the Stanley Loan Documents.

10.04 Exculpation. The Plan Proponents, along with its officers and other agents, shall be entitled to rely upon advice and opinions of counsel concerning legal matters, the authenticity of affidavits, letters, telegrams, cablegrams and other methods of communication in general use and usually accepted by businessmen as genuine and what they purport to be, and upon this Plan and any schedule, certificate, statement, report, notice or other writing which they believe to be genuine or to have been presented by a proper entity. Except for its or their own gross negligence or intentional misconduct, neither the Plan Proponents, their officers and other agents, shall (a) be responsible for any recitals, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any documents executed or delivered in connection with the implementation or consummation of this Plan, (b) be under any duty to inquire into or pass upon any matter or to make any inquiry concerning the validity of any representation or warranty of third parties or the performance by third parties of their obligations or (c) in any event, be liable as such for any action taken or omitted by it or them.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 Reservation for Intervening Sales and Modifications. The Debtor may seek authority to sell Casino or Stanley prior to or as part of confirmation of this Plan and reserves the right to modify the Plan as appropriate. The Debtor additionally reserves the right to abandon Stanley prior to or as part of confirmation of this Plan and the foregoing Plan shall serve as appropriate notice of any such intention. The Debtor reserves the right to modify the Plan in any further respects as appropriate, including to immediately cure any issues with the confirmability of this Plan raised by any party in interest or the Bankruptcy Court in order to achieve immediate confirmation of the Plan, as modified.

11.02 Request for Relief Under Section 1129(b). In the event any Impaired Class of Claims or Interests shall fail to accept this Plan in accordance with section 1129(a) of the

Bankruptcy Code, the Plan Proponents request that the Bankruptcy Court confirm this Plan in accordance with the provisions of section 1129(b) of the Bankruptcy Code.

11.03 Headings. All headings utilized in this Plan are for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

11.04 Conflict of Terms. In the event of any conflict between the terms of the Order confirming this Plan and the Plan, the terms of the Confirmation Order shall control over the Plan.

11.05 Due Authorization. Each and every Claimant who elects to participate in the distributions provided for herein warrants that such Claimant is authorized to accept, in consideration of such Claim against the Debtor, the distributions provided for in this Plan and that there are not outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by such Claimant under this Plan.

11.06 Further Assurances and Authorizations. The Plan Proponents shall seek such orders, judgments, injunctions, and rulings that may be required to carry out further the intentions and purposes, and to give full effect to the provisions of, this Plan.

11.07 Applicable Law. Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights, duties, and obligations arising under this Plan shall be governed by and construed and enforced in accordance with the internal laws of the State of Texas without reference to the laws of other jurisdictions.

11.08 No Interest. Except as expressly stated in this Plan, or allowed by the Court, no interest, penalty, fee, or other charge is to be Allowed on any Claim subsequent to the Petition Date. Except as expressly stated in this Plan, no further interest, penalty, or other fee may be assessed to the Debtor or its property following Confirmation so long as the Debtor has not failed to timely cure any default of its obligations under the Plan.

11.09 Post-Confirmation Actions. After Confirmation, the Plan Proponents may, with the approval of the Court, and so long as it does not materially or adversely affect the interests of the Creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and effect of the Plan.

11.10 Notices of Default. Notwithstanding anything contained herein to the contrary, no Claimant shall have the right to exercise any ~~right as to rights under the Debtor Plan or its property unless the Casino Loan Documents or the Stanley Loan Documents until~~ the Debtor fails to cure any default ~~of its obligations under this Plan~~ within 15 days of receipt of written notice of such default to the Plan Proponents and to the Debtor's undersigned counsel.

11.11 Notices. All notices, requests, elections, or demands in connection with the Plan shall be in writing and shall be deemed to have been given when received or, if mailed, 5 days after the date of mailing provided such writing shall have been sent by registered or certified mail, postage prepaid, return receipt requested. Notices to the Debtor shall be sent to:

T Sorrento, Inc.
c/o Steven Shelly
1603 LBJ Freeway, Ste. 800
Dallas, TX 75234

and

Hudson M. Jobe
Quilling, Selander, Lownds, Winslett & Moser, P.C.
2001 Bryan St., Suite 1800
Dallas, Texas 75201
hjobe@qslwm.com

11.12 Payment Dates. Whenever any payment or distribution to be made under the Plan shall be due on a day other than a Business Day, such payment or distribution shall instead be made, without additional interest, on the next Business Day, except as may be provided in negotiable instruments requiring such payments.

ARTICLE XIII

RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction over the Debtor's Chapter 11 Case after Confirmation for the following purposes:

- (a) to consider and effect any modification of this Plan under section 1127 of the Bankruptcy Code;
- (b) to hear and determine all controversies, suits and disputes that arise in connection with the interpretation, implementation, effectuation, consummation or enforcement of this Plan;
- (c) to hear and determine all requests for compensation and/or reimbursement of expenses for the period commencing on the Petition Date through the Confirmation Date;
- (d) to hear and determine all objections to Claims and Interests, and to determine the appropriate classification of any Claim or Interest, and other controversies, suits and disputes that may be pending at or initiated after the Confirmation Date, except as provided in the Confirmation Order;
- (e) to hear and determine all causes of action;
- (f) to consider and act on such other matters consistent with this Plan as may be provided in the Confirmation Order;
- (g) to make such orders as are necessary and appropriate to carry out and implement the provisions of this Plan; including to effect the further assurances provided in this Plan;
- (h) to approve the reasonableness of any payments made or to be made, within the meaning of section 1129(a)(4) of the Bankruptcy Code;
- (i) to exercise the jurisdiction granted pursuant to section 505(a) and (b) of the Bankruptcy Code to determine any and all federal, state, Commonwealth, local

and foreign tax liabilities of, and any and all refunds of such taxes paid by the Debtor;

- (j) to hear and determine any issues or matters in connection with any property not timely claimed as provided in this Plan; and
- (k) to determine any and all motions, applications, adversary proceedings and contested matters whether pending in the Case as of the Effective Date or brought subsequently.

Nothing contained in this Article shall be construed so as to limit the rights of any party to commence or prosecute any claim in any court of competent jurisdiction.

T SORRENTO, INC.

By: /s/ Steven Shelley

Its: Vice President

TRANSCONTINENTAL REALTY INVESTORS, INC.

By: /s/ Steven Shelley

Its: Vice President

Respectfully submitted,

QUILLING, SELANDER, LOWNDS,
WINSLETT & MOSER, P.C.
2001 Bryan Street, Suite 1800
Dallas, TX 75201
(214) 871-2100 (Telephone)
(214) 871-2111 (Facsimile)

By: /s/ Hudson M. Jobe

Hudson M. Jobe
State Bar No. 24041189

ATTORNEYS FOR THE DEBTOR

/s/ Dennis M. Holmgren

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AGREED AS TO ARTICLE 10.03 ONLY:

BASIC CAPITAL MANAGEMENT, INC.

By: /s/ Steven Shelley
Its: Vice President

PRIME INCOME ASSET MANAGEMENT, INC.

By: /s/ Steven Shelley
Its: Vice President

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