

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF ALABAMA  
SOUTHERN DIVISION**

In re: \* Chapter 11  
TANNIN, INC., \*  
Debtor. \* Case No. 12-00593

**DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION**

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July 23, 2012

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**DEBTOR’S SECOND AMENDED PLAN OF REORGANIZATION**

This Second Amended Plan of Reorganization (the “Plan”) is filed pursuant to Title 11, Chapter 11 of the United States Code by the Debtor, Tannin, Inc., which requests that the Court enter an order confirming the Plan.

**ARTICLE I  
DEFINITIONS**

The following terms when used in the Plan shall, unless the context otherwise requires, have the following meanings, respectively:

1.01. Allowed Claim. A claim against the Debtor to the extent that:

- (a) a proof of such claim was
  - (i) timely filed;
  - (ii) deemed timely filed pursuant to section 1111(a) of the Bankruptcy Code; or
  - (iii) late filed with leave of the Bankruptcy Court after notice and opportunity for hearing given to the counsel for Debtor; and
- (b) (i) the claim is not a Disputed Claim, or
  - (ii) the claim is allowed (and only to the extent allowed) by a Final Order.

1.02. Bankruptcy Code. Title 11 of the United States Code as now in effect or hereafter amended.

1.03. Bankruptcy Court. The United States Bankruptcy Court for the Southern District of Alabama, or, in the event such court ceases to exercise jurisdiction over this Chapter 11 case, such court or adjunct thereof that exercises jurisdiction over this Chapter 11 case in lieu of the United States Bankruptcy Court for the Southern District of Alabama.

1.04. Case. The bankruptcy proceeding commenced in the Bankruptcy Court on the Filing Date and referenced as Case Number 12-00593.

1.05. Cash. Cash or cash equivalents.

1.06. Causes of Action. All claims, rights, and causes of action owned by the Debtor under applicable law and/or created in favor of the Debtor under the Bankruptcy Code, including, but not limited to, all claims, rights and causes of action arising under §§ 542 through 553 of the Bankruptcy Code.

1.07. Chapter 11. Chapter 11 of the Bankruptcy Code.

1.08. Claim. Any “claim” as defined by the Bankruptcy Code.

1.09. Class. Any class of creditors as designated by Article II of the Plan.

1.10. Confirmation. The entry of the Confirmation Order.

1.11. Confirmation Date. The date on which the Confirmation Order is entered on the docket of the Bankruptcy Court.

1.12. Confirmation Order. The order entered by the Bankruptcy Court confirming the Plan pursuant to § 1129 of the Bankruptcy Code.

1.13. Debtor. Tannin, Inc. as debtor and/or debtor-in-possession.

1.14. Debtor’s Property. All property of any nature whatsoever, real or personal, tangible or intangible, owned by the Debtor on the Filing Date.

1.15. Disputed Claim. Alleged claims against the Debtor as to which (a) the claim was shown on the Debtor’s Schedules as being disputed, contingent and/or liquidated, or (b) an objection has been filed and not withdrawn, which objection is not the subject of a Final Order.

1.16. East 6.1 Acres. An approximately 6.1 acre parcel of undeveloped real property located on the east side of the Village of Tannin, which is subject to the first priority mortgage lien of Alexander Gounares.

1.17. Effective Date. The date which is 60 days after the date of the Confirmation Order and which is not a Saturday, Sunday or Legal Holiday, in which case the next day not a Saturday, Sunday or Legal Holiday shall be the Effective Date.

1.18. Estate. The bankruptcy estate created on the Filing Date pursuant to section 541 of the Bankruptcy Code.

1.19. Filing Date. February 20, 2012.

1.20. Final Order. An order or judgment of the Bankruptcy Court as entered on its docket that has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari, or seek reconsideration has expired and as to which no notice of

appeal, petition for certiorari, or motion for reconsideration was timely filed; or, if a notice of appeal, petition for certiorari, or motion for reconsideration was timely filed, the order or judgment was appealed or from which the reconsideration was sought, or certiorari has been denied, and the time to file any further appeal or to petition for certiorari or to seek further reconsideration has expired.

1.21. Notice. Mailing a writing to the Debtor by U.S. Mail, postage prepaid, properly addressed. For purposes hereof, notice shall be given to Debtor's counsel at 4317-A Midmost Drive, Mobile AL 36609-5589.

1.22. Plan. This "Debtor's Plan of Reorganization," together with any modifications or amendments thereto as may hereafter be filed.

1.23. Plan Payment. Any payment scheduled to be made to any holder of an Allowed Claim in Classes 1, 2, 3, 4, 5, or 6 pursuant to the terms of the Plan.

1.24. Professional. Attorneys, accountants, appraisers, auctioneers or other professionals within the meaning of § 327 of the Bankruptcy Code employed by the Debtor with the Bankruptcy Court's approval.

1.25. Reorganized Debtor. The Debtor after the Effective Date. Unless the context otherwise requires, any term used in this Plan and not defined herein (whether capitalized or not), but that is defined in the Bankruptcy Code, shall have the meaning given to that term in the Bankruptcy Code. Similarly, the "Rules of Construction" contained in Bankruptcy Code § 102 shall apply where the meaning or provisions are not otherwise established or defined in this Plan.

1.26. Secured Claim. A Claim to the extent such claim is secured by a valid, unavoidable lien on or in the Debtor's Property or based upon a valid unexercised right of set-off pursuant to § 553 of the Bankruptcy Code, but only to the extent of the value of such lien or right of set-off.

1.27. Southeast Corner Parcel. An approximately 0.4 acre parcel of real property on the southeast corner of the Village of Tannin, which is subject to the first priority mortgage lien of Alexander Gounares.

1.28. Tannin. Tannin, Inc., Debtor.

1.29. West 21 Acres. An approximately 21 acre parcel of undeveloped real property located on the west side of the Village of Tannin, which is subject to the first priority mortgage lien of Vision Bank.

## **ARTICLE II**

### **CLASSIFICATION OF CLAIMS AND INTERESTS**

2.01. Class 1 (Vision Bank). Class 1 consists of the Allowed Secured Claims of SE Property Holdings, LLC, as successor to Vision Bank (referred to as "Vision Bank") for \$1,342,419, which are secured by a first-priority mortgage lien on the West 21 Acres and the two lots located at 19 Market Street and 20 Market Street.

2.02. Class 2 (PNC Bank). Class 2 consists of the Allowed Secured Claim of PNC Bank (successor to RBCBank) for \$143,385, which is secured by a first-priority mortgage lien on three lots located at 2 Market Street, 3 Market Street, and 4 Market Street.

2.03. Class 3 (Rozlynn Rush). Class 3 consists of the Allowed Secured Claim of Rozlynn Rush for \$35,000, which is secured by a first-priority mortgage lien on Lot 29, Unit One, Village of Tannin.

2.04. Class 4 (Alexander Gounares). Class 4 consist of the Allowed Secured Claim of Alexander Gounares for \$315,000 under a demand note, which is secured by a first-priority mortgage lien on the East 6.1 Acres and the Southeast Corner Parcel.

2.05. Class 5 (Priority Claims). The Class 5 claims consist of all Allowed Claims, if any, against the Debtor to the extent the same are entitled to priority pursuant to Section 507 of the Bankruptcy Code, other than Section 507(a) and (1).

2.06. Class 6 (Unsecured Claims). Class 6 consists of the Allowed Claims against the Debtor that are not (a) Secured Claims or (b) Claims in Classes 1, 2, 3, 4, 5, or 7. This Class includes the \$100,000 unsecured claim of First Federal and includes the deficiency claim of any creditor presently secured after the conveyance of its collateral to the creditor in satisfaction of its debt, which leaves a deficiency balance remaining.

2.07. Class 7 (Shareholder). Class 7 shall consist of all interests held by the sole shareholder of Tannin, George Gounares.

### **ARTICLE III**

#### **TREATMENT OF UNCLASSIFIED ADMINISTRATIVE CLAIMS**

##### 3.1. Unclassified Claims – Administrative.

A. **General.** Subject to the bar date provisions herein, each holder of a claim for administrative expenses of the kind specified in Sections 507(a)(1) and 503(b) of the Bankruptcy Code shall receive, on account of and in full satisfaction of such claim, cash equal to the amount of such Allowed Claim, unless the holder agrees to less favorable treatment of such claim.

B. **Bar Date for Administrative Claims.** All applications for final compensation of Professionals for services rendered and for reimbursement of expenses incurred on or before the Effective Date (including, without limitation, any compensation requested by any Professional) and all other requests for payment of administrative costs and expenses incurred before the Effective Date under Section 507(a)(1) or 507(b) of the Bankruptcy Code (except only for claims for trade debt incurred in the ordinary course of business and claims under 28 U.S.C. § 1930) shall be filed no later than the Effective Date, unless such date is extended by the Bankruptcy Court on notice to the Debtor and other interested parties. Any such claim that is not filed within the deadline shall be forever barred; and any holders of administrative expense claims who are required to file a request for payment of such claims and who do not file such requests by the applicable bar date shall be forever barred from asserting such claims against the Debtor, the Debtor-in-Possession, or any of their respective property.

Any professional fees or reimbursement of expenses incurred subsequent to the Effective Date by the Debtor may be paid by such Debtor without application to the Bankruptcy Court.

C. **Treatment of Administrative Claims of Professionals.** The administrative claims of Debtor's bankruptcy attorneys, Debtor's accountants, and any other Professional holding an allowed administrative expense claim shall be paid in full on the Effective Date, on such other terms as the parties may agree, or within 30 days after the allowance of said claim in the event said claim is allowed after the Effective Date.

#### **ARTICLE IV TREATMENT OF CLASSES**

4.01. **Class 1 (Vision Bank)**. Class 1 claims are impaired. Vision Bank is the predecessor in interest to SE Property Holdings, LLC ("SEPH"), which holds the Vision Bank Secured Claim. The Debtor shall sell the West 21 Acres to Cottages of Romar, LLC pursuant to the contract of sale, a copy of which is attached hereto. The net proceeds of sale totaling \$1.7 million shall be paid to SEPH by the closing agent at closing (to occur on or before August 10, 2012) in full and final settlement and satisfaction of all of its claims against Tannin and Tannin's sole shareholder, George Gounares. Promptly after payment SEPH shall mark its judgment against Gounares as satisfied, and SEPH shall record instruments fully cancelling its mortgages on the West 21 Acres, Lots 19 and 20, and its judgment lien against Gounares. Tannin shall be authorized to execute and deliver all instruments and documents necessary and reasonable to implement the provisions of this paragraph. Debtor and Gounares shall dismiss with prejudice its remaining counterclaims against Vision Bank and/or SEPH in the United States District Court for the Southern District of Alabama (the "Case"), shall not appeal any summary judgment already entered with respect to its and his counterclaims in the Case, and shall release SEPH from any and all claims arising from or related to the loans or guaranties at issue in the Case.

4.02. **Class 2 (PNC Bank (successor to RBC Bank))**. The Class 2 claim for \$143,385 is unimpaired. The Debtor shall pay PNC Bank as required by the terms of its promissory note. PNC Bank shall retain its mortgage lien on its collateral.

4.03. **Class 3 (Rozlynn Rush)**. The Class 3 claim is impaired. This secured creditor holds a claim for \$35,000. The Debtor shall pay its debt to Rozlynn Rush as required by the terms of its promissory note, except that the loan shall be repaid without interest. Rozlynn Rush shall retain her mortgage lien on Lot 29, Unit One, Village of Tannin.

4.04. **Class 4 (Alexander Gounares)**. The Class 4 claim for \$315,000 is impaired. The Debtor shall pay its debt to Alexander Gounares pursuant to mutually agreed terms. Alexander Gounares shall retain his mortgage lien on the East 6.1 Acres and the Southeast Corner Parcel.

4.05. **Class 5 (Priority Claims)**. Class 5 claims are impaired. The Baldwin County Revenue Commissioner has an unsecured priority claim of \$13,625, and the IRS has an unsecured priority claim of \$115.24. The Debtor shall pay these debts, plus any applicable

statutory interest, in equal monthly installments over a period of 12 consecutive months beginning 60 days after the Effective Date of the Plan, in full satisfaction of each Allowed Claim in this class.

4.06. **Class 6 (Unsecured Creditors)**. Class 6 claims are impaired. Beginning on the tenth day of the month following the date which is 60 days from the Effective Date and on the same day of each third month thereafter for 12 payments, the Debtor shall distribute to each Class 6 creditor a payment equal 1/12 of that creditor's Allowed Claim, without interest, in full satisfaction of each Allowed Claim in this class.

The Debtor reserves the right to prepay the amounts due under this paragraph to any or all creditors in this class at any time. In the event the Debtor is unable to obtain the funds necessary to pay Class 6 creditors as set forth herein from lot sales, the Debtor shall be entitled to suspend distributions to Class 6 creditors, and shall be further entitled to liquidate its assets as it deems reasonable and necessary to perform under the Plan, even if such performance varies from or modifies the distributions to Class 6 creditors.

4.07. **Class 7 (Shareholders)**. The Class 7 claim is unimpaired. The sole shareholder of the Debtor shall retain his stock. No dividends shall be paid to the shareholder until the Debtor fully performs all obligations to Class 6 creditors under the Plan.

#### **ARTICLE V** **MEANS FOR EXECUTION OF THE PLAN**

5.01. The Debtor shall fulfill its obligations to the creditor in Class 1 under the Plan by executing those deeds and other related documents necessary to convey the stated collateral to the Class 1 creditor. Following confirmation of the Plan, the Debtor will continue marketing, developing, selling, and leasing its other real property and shall pay all administrative expense claims as well as all obligations owed to the creditors in Classes 2, 3, 4, 5, and 6 pursuant to the Plan from the proceeds of the sales and leases, or from its BP recovery, if any.

#### **ARTICLE VI** **EFFECT OF CONFIRMATION: DISCHARGE**

6.01 **Discharge of the Debtor and Injunction**. Except as otherwise provided for in the Plan or in the Confirmation Order, upon Confirmation this Plan shall be binding on all parties in interest, regardless of whether the claims or interests of such parties in interest are impaired or unimpaired and regardless of whether the holders of such claims or interests have accepted the Plan. Except as provided by sections 523 or 727 of the Bankruptcy Code, the Debtor shall be discharged from all other claims as permitted by sections 524 and 1141 of the Bankruptcy Code.

The rights afforded in this Plan and the treatment of all claims and equity interests therein shall be in exchange for and in complete satisfaction, discharge, and release of all claims and equity interests of any nature whatsoever, including any interest accrued on such claims from and after the Petition Date, against the Debtor, and its assets and properties. Except as otherwise provided in this Plan or the Confirmation Order (i) on the Effective Date, the Debtor shall be

deemed discharged and released to the fullest extent permitted by Section 1141 of the Bankruptcy Code from all claims and interests, including, but not limited to, demands, liabilities, claims and interests that arose before the Confirmation Date and all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not: (a) a proof of claim or proof of interest based on such debt or interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a claim or interest based on such debt or interest has accepted the Plan; and (ii) all Persons shall be precluded from asserting against the Reorganized Debtor, its successors, owners, partners or its assets or properties any other or further claims or equity interests based upon any action or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date. Except as otherwise provided in this Plan, the Confirmation Order shall act as a discharge of any and all claims against and all debts and liabilities of the Debtor, as provided in sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment against the Debtor at any time obtained to the extent that it relates to a claim discharged.

Except as otherwise provided in this Plan or the Confirmation Order, on and after the Effective Date, all Persons who have held, currently hold or may hold a debt, claim or interest discharged pursuant to the terms of this Plan shall be permanently enjoined from taking any of the following actions on account of any such debt, claim, or interest: (1) commencing or continuing in any manner any action or other proceeding against the Debtor or the Reorganized Debtor, or its property; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor or the Reorganized Debtor, or its property; (3) creating, perfecting or enforcing any lien or encumbrance against the Debtor or the Reorganized Debtor, or its property; (4) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to the Debtor or the Reorganized Debtor, or its property; (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan or the Confirmation Order. If the Debtor or Reorganized Debtor is damaged by any violation of such injunction it shall recover actual damages, including costs and attorney's fees, and, in appropriate circumstance, may recover punitive damages, from the willful violator.

6.02. Limitation of Liability. Neither the Debtor, nor its shareholder(s), officers, directors, managers, agents, servants, employees, owners, members of partners or agents, nor any professional persons or firms employed by any of them, shall have or incur any liability for any act or omission before the Effective Date, or any damages or obligation incurred, or act taken or omission made in good faith in connection with or related to formulating, implementing, confirming or consummating this Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with this Plan.

## **ARTICLE VII**

### **RETENTION OF JURISDICTION**

7.01 Notwithstanding Confirmation of this Plan or the Effective Date having occurred, the Bankruptcy Court shall retain jurisdiction of this Chapter 11 case for purposes of §§ 105(a), 362 and 1127 of the Bankruptcy Code and for the following purposes:



- (a) To take any action with respect to the subordination, allowance or disallowance of claims, including, without limitation, determination of any timely filed objections to the allowance of claims.
- (b) To determine applications for allowance of compensation and reimbursement of expenses filed by or on behalf of any Professional for services through the Confirmation Date.
- (c) To determine any applications for assumption or rejection of executory contracts or unexpired leases permitted by the Plan, and to determine the amount of damages, if any, suffered by the non-Debtor party to any rejected unexpired lease or executory contract, and to fix the allowance of any claim resulting from the rejection of any executory contract or unexpired lease.
- (d) To enforce and interpret the Plan, to resolve any disputes arising under or in connection with the Plan, to effectuate payments under the Plan, and to compel performance of any person in accordance with the provisions of the Plan.
- (e) To correct any defect, to cure any omission, or to reconcile any inconsistency in the Plan or in the Confirmation Order, all as may be necessary or desirable to carry out the intents and purposes of the Plan.
- (f) To hear and determine all applications, motions, adversary proceedings or contested matters, whether related to the causes of action or otherwise, initiated or commenced by the Debtor or any part in interest, whether such applications, motions, proceedings or matters are pending on the Confirmation Date or thereafter commenced, including any objections to discharge or complaints to determine the dischargeability of any claim.
- (g) To determine such other matters and for such other purposes as may be provided for in the confirmation order or otherwise deemed appropriate to accomplish its purposes.
- (h) To enter a Final Order closing this Chapter 11 case.

**ARTICLE VIII**  
**OBJECTIONS TO CLAIMS**

8.01 Objections, if any, to the validity and/or amount of claims or interests in Classes 1, 2, 3, 4, 5, or 6 shall be filed by the Debtor with the Bankruptcy Court (and shall be served upon each holder of a Claim to which objection is made) on or before the Effective Date. Objections filed by any other person after the Effective Date shall be dismissed as untimely. The failure to object to any claim prior to the commencement of the hearing on Confirmation of this Plan for the purpose of voting shall not be deemed to be a waiver of the right to object thereafter to such claim in whole or in part for the purpose of distribution.

**ARTICLE IX**  
**REQUEST FOR CONFIRMATION UNDER**  
**SECTION 1129(b) SHOULD CLASSES OF**  
**IMPAIRED CREDITORS NOT ACCEPT THE PLAN**

9.01 In the event any Class of creditors that is impaired does not accept the Plan as provided for in §1129(a) of the Bankruptcy Code, the Debtor requests the Court to confirm the Plan pursuant to §1129(b) of the Bankruptcy Code.

**ARTICLE X**  
**MODIFICATION OF PLAN**

10.01 This Plan may be modified pursuant to §1127 of the Bankruptcy Code and as herein provided. The Plan may be modified, before or after Confirmation, without notice or hearing, or on such notice and hearing as the Bankruptcy Court deems appropriate, if the Bankruptcy Court finds that the proposed modification does not materially and adversely affect the rights of any parties in interest which have not had notice and an opportunity to be heard with regard to the proposed modification, without limiting the foregoing, the Plan otherwise may be modified after notice and hearing.

10.02 In the event of any modification on or before Confirmation, any votes in favor of the Plan shall be deemed to be votes in favor of the Plan as modified, unless the Bankruptcy Court finds that the proposed modification materially and adversely affects the rights of the parties in interest that cast said votes.

**ARTICLE XI**  
**MISCELLANEOUS**

11.01 Headings. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the meaning of the terms herein.

11.02 Article and Section References. Unless otherwise specified, all references in this Plan to articles, paragraphs and sections are to articles, paragraphs and sections of this Plan.

11.03 Designated Notice. Whenever notice and hearing is required after Confirmation and provisions with regard thereto are not otherwise specified in this Plan, Designated Notice shall be sufficient. Whenever notice and hearing or Designated Notice is required after Confirmation, notice may be given by a professional employed by the Debtor.

July 23, 2012

TANNIN, INC. Debtor

By: /s/ George Gounares  
George Gounares, President

/s/ Lawrence B. Voit

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/s/ Alexandra K. Garrett

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