

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

IN RE: § CASE NO. 11-57191
§
IRWIN MORTGAGE CORPORATION, §
§
§ Chapter 11
§ Chief Judge Caldwell
Debtor and §
Debtor-in-Possession. §
§

NOTICE OF REVISIONS TO DISCLOSURE STATEMENT AND FIRST AMENDED PLAN OF LIQUIDATION PROPOSED BY IRWIN MORTGAGE CORPORATION

On January 4, 2013, the Debtor filed its *Plan of Liquidation Proposed by Irwin Mortgage Corporation dated January 4, 2013* (doc. 605) and the *Disclosure Statement for Plan of Liquidation Proposed by Irwin Mortgage Corporation* (doc. 606). After receiving comments from various creditors and after negotiations with such creditors to resolve disputes or potential disputes, the Debtor has made certain revisions in the interest of facilitating approval of the Disclosure Statement and Plan confirmation. Accordingly, the Debtor is filing herewith the attached revised Disclosure Statement, a First Amended Plan of Liquidation, and related exhibits, including the Liquidating Trust Agreement. The revisions to the Disclosure Statement, Plan, and Liquidating Trust Agreement are set forth in “redline” form for ease of review by the Court and any interested parties.

Dated: January 30, 2013

Respectfully submitted,

/s/ Matthew T. Schaeffer
Nick V. Cavalieri (0013097)
Matthew T. Schaeffer (0066750)
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, Ohio 43215



614.221.3155 (telephone)
614.221.0479 (telefax)
nick.cavalieri@baileycavalieri.com
matthew.schaeffer@baileycavalieri.com

- and -

Robert B. Berner (0020055)
Bailey Cavalieri LLC
Kettering Tower, Suite 1250
40 North Main Street
Dayton, Ohio 45423-0001
937.223.4701 (telephone)
937.223.0170 (telefax)
robert.berner@baileycavalieri.com

ATTORNEYS FOR DEBTOR
AND DEBTOR-IN-POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Notice Of Disclosure Statement And First Amended Plan Of Liquidation Proposed By Irwin Mortgage Corporation* was served this 30th day of January, 2013 on the following parties via ECF. Additional service is to be made by KCC on the parties indentified on the current Master Service List, pursuant to the Court's case management order, with a separate certificate of service to be filed by KCC.

Glenn F Alban on behalf of Creditor Nationwide Advantage Mortgage Company
galban@albanandcarlson.com

Asst US Trustee (Col)
ustpregion09.cb.ecf@usdoj.gov

Edward A Bailey on behalf of Creditor JPMorgan Chase Bank, NA
bknoticesouth@reimerlaw.com

Edward J Boll on behalf of Creditor Federal Home Loan Mortgage Corporation
sohbk@lsrlaw.com

Brandee L Bruening on behalf of Creditor MidFirst Bank
brandee.bruening@crowedunlevy.com

John L Day on behalf of Creditor EverBank
ohbk@rslegal.com, rsbkecfbackup@gmail.com; emily.rudd@rslegal.com

Philip Gerth on behalf of Creditor Champaign Investments LLC
philipgerth@gerthskinner.com

Michael T Gunner on behalf of Creditor Copper Sands Homeowner's Association
hilliardlaw@hotmail.com

Lawrence Hackett on behalf of U.S. Trustee Asst US Trustee (Col)
larry.hackett@usdoj.gov

William H Hoch on behalf of Creditor MidFirst Bank
will.hoch@crowedunlevy.com,
donna.hinkle@crowedunlevy.com; ecf@crowedunlevy.com; kerryann.wagoner@crowedunlevy.com

Katherine Kakish on behalf of Creditor Michigan Department of Treasury
kakishk@michigan.gov

Albert Kass on behalf of Other Professional Kurtzman Carson Consultants
ecfpleadings@kccllc.com

William R. Killip on behalf of Creditor Cooper Sands Homeowner's Association
wkillip@wikelaw.com

Mary E Krasovic on behalf of Creditor EverBank
bankruptcy@mdk-llc.com, anhsmdk@zuckergoldberg.com

Mark R Lembright on behalf of Creditor EverBank
Mlembright@feltyandlembright.com

Susan L Lissant on behalf of Creditor Missouri Department of Revenue
sdoh@dor.mo.gov

Jeffrey A Marks on behalf of Creditor First Financial Bank, NA
jamarks@vorys.com, bjtobin@vorys.com; lnfromme@vorys.com

Steven M Palmer on behalf of Creditor Nationwide Advantage Mortgage Company
stpalmer@logs.com, nmunoz@logs.com

Justin W Ristau on behalf of Creditor MidFirst Bank
jristau@bricker.com, aklein@bricker.com

Neil Sander on behalf of Creditor Kajaine Estates LLC
ecfbank@wileslaw.com

Matthew T Schaeffer on behalf of Debtor In Possession Irwin Mortgage Corporation
matthew.schaeffer@baileycavalieri.com, br-ecf@baileycavalieri.com

Mark A Shaw on behalf of Creditor Greyfield Resources Inc
mashaw@eastmansmith.com, kalewis@eastmansmith.com

Steven Vincent Sorg on behalf of Creditor OneWest Bank, FSB
ssorg@nsattorneys.com, bankruptcy@nsattorneys.com

Martha R Spaner on behalf of Creditor EverBank
ohbk@rslegal.com, rsbkecfbackup@gmail.com

James E Tebbutt on behalf of Creditor Dovenmuehle Mortgage, Inc
bankruptcy@mdk-llc.com, anhsmdk@zuckergoldberg.com

Terry L. Wike on behalf of Creditor Cooper Sands Homeowner's Association
twike@wikelaw.com, wkillip@wikelaw.com; sstone@wikelaw.com; gselvage@wikelaw.com; atorres@wikelaw.com

Holly N Wolf on behalf of Creditor US Bank, NA
bankruptcy@mdk-llc.com, anhsmdk@zuckergoldberg.com

/s/ Matthew T. Schaeffer
Matthew T. Schaeffer

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IRWIN MORTGAGE CORPORATION, § Chapter 11
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Debtor and §
Debtor-in-Possession. §

**DISCLOSURE STATEMENT FOR FIRST AMENDED PLAN OF LIQUIDATION
PROPOSED BY IRWIN MORTGAGE CORPORATION**

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Nick V. Cavalieri (0013097)
Matthew T. Schaeffer (0066750)
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, Ohio 43215
(614) 221-3155 / Fax (614) 221-0479
E-Mail: nick.cavalieri@baileycavalieri.com
matthew.schaeffer@baileycavalieri.com

- and -

Robert B. Berner (0020055)
Bailey Cavalieri LLC
Kettering Tower, Suite 1250
40 North Main Street
Dayton, Ohio 45423-0001
(937) 223.4701 / Fax (937).223.0170
E-Mail: robert.berner@baileycavalieri.com

ATTORNEYS FOR DEBTOR
AND DEBTOR-IN-POSSESSION

January 30, 2013

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EXHIBITS:

- Exhibit A: Plan
- Exhibit B: Ballot
- Exhibit C: Liquidation Analysis

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THIS DISCLOSURE STATEMENT (“DISCLOSURE STATEMENT”) FOR THE PLAN OF LIQUIDATION FOR IRWIN MORTGAGE CORPORATION (THE “PLAN”) DESCRIBES THE TERMS AND PROVISIONS OF THE PLAN FILED JANUARY 4, 2013, AS AMENDED, IN THE CASE CAPTIONED ABOVE (“CASE”), PENDING BEFORE THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF OHIO, EASTERN DIVISION (“COURT”) UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE (“CODE”).

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A BALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR USE IN VOTING ON THE PLAN.

I. INTRODUCTION

This Disclosure Statement is submitted by Irwin Mortgage Corporation, Debtor and Debtor-in-Possession herein (“Debtor” or “IMC”), pursuant to § 1125 of the United States Bankruptcy Code (the “Code”). This Disclosure Statement is filed for the Court’s approval for submission to all of the known holders of claims or interests with respect to Debtor to solicit the acceptance of The Plan Of Liquidation Proposed By Irwin Mortgage Corporation Dated January 4, 2013, as amended (the “Plan”). The purpose of this Disclosure Statement is to provide to creditors of Debtor adequate information of a kind and in sufficient detail about Debtor, its business, and the Plan so that creditors may make an informed judgment with respect to accepting or rejecting the terms of the Plan.

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Each holder of a claim or interest is encouraged to read the contents of this Disclosure Statement before making a decision to accept or reject the Plan. The terms used in this Disclosure Statement have the same meaning as defined in the Plan, unless the context otherwise requires. A copy of the Plan is attached hereto and incorporated by reference as though fully rewritten herein as Exhibit “A”

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NO RELIANCE SHOULD BE PLACED ON PRIOR CORRESPONDENCE OR DISCUSSIONS WITH DEBTOR OR ITS COUNSEL REGARDING THIS DISCLOSURE STATEMENT OR THE PLAN. CREDITORS AND INTEREST HOLDERS SHOULD RELY ONLY UPON THE INFORMATION CONTAINED HEREIN. EXCEPT AS SET FORTH IN THE DISCLOSURE STATEMENT AND ITS EXHIBITS, NO REPRESENTATIONS CONCERNING DEBTOR, ITS ASSETS, ITS PAST OR FUTURE OPERATIONS, OR THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN

OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR DEBTOR.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ALTHOUGH DEBTOR BELIEVES ALL INFORMATION HEREIN IS ACCURATE, DEBTOR IS NOT ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY DEBTOR'S COURT APPOINTED MANAGEMENT BASED UPON DEBTOR'S RECORDS.

THE APPROVAL BY THE COURT OF DEBTOR'S DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR A GUARANTY OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

BAILEY CAVALIERI LLC ("DEBTOR'S COUNSEL"), COUNSEL TO DEBTOR, IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT CONCERNING DEBTOR IS WITHOUT INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. DEBTOR'S COUNSEL HAS NOT VERIFIED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. IT HAS NO ACTUAL KNOWLEDGE OF ANY INACCURACIES WITH RESPECT TO INFORMATION CONCERNING DEBTOR.

II. CONFIRMATION PROCESS AND HEARING

A. CONFIRMATION PROCESS

As a creditor or interest holder in an impaired class, your vote may be important. The Plan may be confirmed by the Court if it is accepted by the holders of two-thirds ($2/3^{\text{rds}}$) in dollar

amount and more than one-half (1/2) in number of claims in each impaired class of claims voting on the Plan. All creditors entitled to vote will receive a ballot. In the event the requisite acceptance is not obtained, the Court may nevertheless confirm the Plan if the Court finds that it accords fair and equitable treatment to the class or classes rejecting it.

MANAGEMENT OF DEBTOR URGES THE CREDITORS TO VOTE IN FAVOR OF THE PROPOSED PLAN.

B. CONFIRMATION HEARING

On January 4, 2013, the Court entered an order fixing March 7, 2013, at 1:00 p.m., in the United States Bankruptcy Court, Southern District of Ohio, 170 North High Street, Courtroom B, Columbus, Ohio 43215 as the date, time, and place for hearing on confirmation of the Plan, and fixing February 27, 2013, as the last date for the filing of any objections to confirmation of the Plan and as the last day to file ballots accepting or rejecting the Plan. The hearing on confirmation may be adjourned from time to time without further notice, with the exception of “in-court” announcement of adjourned dates and times at the hearing on confirmation or any adjournment thereof.

III. VOTING PROCEDURES AND REQUIREMENTS

A. BALLOTS AND VOTING DEADLINE

A ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure Statement mailed to creditors entitled to vote. See Exhibit “B”. The creditor must (1) carefully review the ballot and instructions thereon; (2) complete and sign the ballot, indicating therein the principal amount of its claim, the Class in which its claim is placed under the Plan, and whether the creditor accepts or rejects the Plan; and (3) file it with the Court and send a copy of it to the address indicated on the ballot by the Court-established deadline in order for the ballot to be considered for voting purposes.

B. CREDITORS ENTITLED TO VOTE

Any creditor of Debtor whose claim is impaired under the Plan is entitled to vote, if either (1) its claim has been scheduled by Debtor (and such claim is not scheduled as disputed, contingent or unliquidated); or (2) it has filed a Proof of Claim on or before the last date set by the Court for such filings; provided, however, that any claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Court temporarily allows the claim upon motion by the creditor to whose claim Debtor has objected, in an amount which the Court deems proper for the purpose of accepting or rejecting the Plan. Such motion must be heard and determined by the Court prior to the date established by the Court to confirm the Plan. In addition, a creditor's vote may be disregarded if the Court determines that the creditor's acceptance or rejection was not solicited or procured in good faith or in accordance with the Code.

C. DEFINITION OF IMPAIRMENT

Pursuant to the requirements of § 1126 of the Code, each Class of Allowed Claims or Interests which is impaired under the Plan is entitled to vote to accept or reject the Plan.

Under § 1124 of the Code, a class is "impaired" under a plan of reorganization unless, with respect to each claim or interest of such class, the plan:

- (1) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or
- (2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to demand or receive accelerated payment of his claim or interest after the occurrence of a default:

- (a) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in § 365(b)(2) of the Code;
 - (b) reinstates the maturity of such claim or interest as it existed before the default;
 - (c) compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and
 - (d) does not otherwise alter the legal, equitable, or contractual rights to which the claim or interest entitles the holder of such claim or interest; or
- (3) provides that, on the effective date of the plan, the holder of such claim or interest receives on account of such claim or interest, cash equal to:
- (a) with respect to a claim, the allowed amount of such claim; or
 - (b) with respect to an interest, if applicable, the greater of:
 - (i) any applicable fixed liquidation preference; or
 - (ii) any fixed redemption price at which the debtor may redeem such interest.

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All Classes of Claims and Interests that are impaired under the Plan, and holders of Allowed Claims or Allowed Interests, as applicable, in each impaired Class are entitled to vote to accept or reject the Plan.

D. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Code requires that each impaired class of claims or interests under a plan of reorganization accept such a plan, subject to the exceptions described below.

Section 1126 of the Code defines acceptance of a plan by a class of claims as acceptance by holders of two-thirds (2/3^{rds}) in dollar amount and more than one-half (1/2) in number of claims of that class, but only those who actually vote to accept or reject the plan count in determining such ratio. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting the Plan.

IV. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A summary of certain requirements of the Code with respect to acceptance and confirmation of the Plan is set forth below. All defined terms used in this Section IV without definition shall have the meaning assigned to such terms in the Plan.

A. REQUIREMENTS FOR CONFIRMATION

At the Confirmation Hearing (as defined below), in order to confirm the Plan, the Court will determine whether the requirements of § 1129 of the Code have been satisfied with respect to the Plan. If the requirements of § 1129 have been met, the Court will enter an order confirming the Plan.

The requirements of § 1129 relevant to the Plan are as follows:

1. The Plan complies with the applicable provisions of the Code.
2. Debtor, as proponent of the Plan, has complied with the applicable provisions of the Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or to be made from property of the estate by Debtor, as proponents of the Plan, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with the Case, or in connection with the Plan and incident to

the Case, has been disclosed to the Court, and if such payment is made prior to Confirmation of the Plan, is reasonable, or if such payment is to be fixed after Confirmation of the Plan, is subject to the approval of the Court as reasonable.

5. Debtor, as proponent of the Plan, has disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of any Debtor, an officer or voting trustee of any Debtor, of an affiliate of Debtor participating in a plan with any such Debtor, or of a successor to any such Debtor under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of such Debtor's creditors and with public policy, and Debtor has disclosed the identity of any insider of Debtor that will be employed or retained by the reorganized Debtor and the nature of any compensation for such insider.
6. With respect to each impaired class of claims under the Plan, either each holder of a claim of such class has accepted the Plan, or will receive or retain under the Plan on account of such claim property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if Debtor against which it holds a claim were liquidated on such date under chapter 7 of the Code. For further discussion of this requirement, see "Acceptance and Confirmation of the Plan - Best Interest Test."

7. Each Class of claims or interests under the Plan has either accepted the Plan or is not impaired under the Plan. (Alternatively, the Plan may be confirmed over the dissent of a Class of claims or interests if the “cramdown” requirements of the Code are met. See “Acceptance and Confirmation of the Plan – Cramdown - Confirmation without Acceptance by All Impaired Classes”.) If section 1111(b)(2) applies to such a class, then each holder of a claim of such class will receive or retain under the Plan on account of such claim property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder’s interest in the estate’s interest in the property that secures such claim.
8. Except to the extent that the holder of a particular claim against Debtor has agreed to a different treatment of such claim, the Plan provides that administrative expenses and priority claims (other than Allowed Claims of Governmental Units having priority under § 507(a)(8) of the Code) will be paid in full on the Effective Date of the Plan and that Allowed Claims of Governmental Units having priority under § 507(a)(8) of the Code will receive on account of such claims deferred cash payments, over a period not exceeding six (6) years after the date of assessment of such claim or such longer period to which such holders agree, of a value, as of such Effective Date, equal to the allowed amount of such claim.
9. At least one (1) impaired class of claims has accepted the Plan, determined without including any acceptance of the Plan by any insider of Debtor holding a claim of such class.

10. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of Debtor or any successor to Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

Debtor believes that the Plan satisfies all the statutory requirements of Chapter 11 of the Code, that Debtor has complied or will have complied with all of the requirements of Chapter 11 of the Code, and that the proposal of the Plan is made in good faith.

B. CLASSIFICATION OF CLAIMS AND INTERESTS

Section 1123 of the Code requires that a plan of reorganization designate classes of claims (other than certain priority claims). Section 1122 of the Code provides that a creditor's claim may be placed in a class only if such claim is "substantially similar" to the other claims or interests. Debtor believes that the classification system in the Plan satisfies the Code's standards.

The Plan divides claims against and interests in Debtor into classes. A single claim may be divided into different parts for classification and treatment under the Plan, in that a claim is in a particular class only to the extent that it fits within the description of that class and is in another, different class to the extent that it fits within the description of such other class.

C. BEST INTEREST TEST

Notwithstanding rejection of the Plan by a holder of a claim in an impaired class under the Plan, in order to confirm the Plan, under § 1129(a)(7) of the Code, the Court may determine that, with respect to each rejecting holder of a claim in such impaired class, the Plan is in the "best interest" of each holder of a claim within such Class. The "best interest" test requires the Court to find that the Plan provides to each such holder of a claim a recovery, which has a present value at least equal to the present value of the distribution that such holder would receive from Debtor's estate, if Debtor were instead liquidated under Chapter 7 of the Code.

To calculate what non-accepting holders would receive if Debtor were liquidated under Chapter 7 of the Code, the Court must first determine the dollar amount that would be generated upon disposition of Debtor's assets. The aggregate amount so generated would be reduced by the costs of liquidating Debtor. Such costs would be expected to include the fees of a trustee (as well as those of counsel and other professionals that such trustee would employ), selling expenses, and claims arising from a trustee's rejection of any obligations assumed or otherwise incurred during the pendency of Debtor's Case.

Further, distributions to unsecured creditors in a Chapter 7 liquidation would not occur immediately upon completion of Debtor's liquidation, but would be delayed pending determination of the aggregate amount of unsecured claims against Debtor. Such a determination could entail delay and lost opportunity cost even for those creditors whose claims were ultimately allowed.

For a further discussion of alternatives to the Plan and a hypothetical liquidation of Debtor, see IX A. *infra*.

D. CONFIRMATION HEARING

Section 1128(a) of the Code requires the Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). THE CONFIRMATION HEARING FOR THE PLAN IS SCHEDULED TO BEGIN ON March 7, 2013 at 1:00 p.m.

Section 1128(b) provides that any party in interest of Debtor may object to confirmation of the Plan. Any objection to confirmation of the Plan, together with proof of service, must be filed with the Court electronically and signed and verified by electronic means that comply with the Court's "Southern District of Ohio Administrative Procedures for Electronic Case Filing". See the Court's website at <http://www.ohsb.uscourts.gov>. A copy of any such objection must be served upon counsel for Debtor either by CM/ECF electronic mail service or by ordinary U.S.

mail, postage prepaid, to be actually received on or before February 27, 2013, at the following addresses:

Nick V. Cavalieri
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, Ohio 43215

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE COURT.

E. CRAMDOWN: CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

The Code contains provisions for confirmation of a plan of reorganization even if the plan is not accepted by all impaired classes, provided that at least one impaired class of claims has accepted it (determined without including any acceptance by any insider of Debtor holding a claim of such class). These “cramdown” provisions, for confirmation of a plan despite the non-acceptance of one or more impaired classes of claims or interests, are set forth in § 1129(b) of the Code.

In the event that any impaired class of claimants does not accept the Plan by the requisite majorities, Debtor must demonstrate to the Court, with respect to each such impaired class, that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to that class. If Debtor is able to demonstrate these factors, the Court may still confirm the Plan.

Additionally, under the Code, the Plan is considered “fair and equitable” with respect to a class of claims if the following conditions are met:

1. Secured Claims.

Either (a) each impaired secured creditor retains the liens securing such claims to the extent of the allowed amount of such claim and receives on account of such

claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the Plan, of at least the value of such holder's interest in the estate's interest in such property; or (b) the Plan provides for the sale, subject to § 363(k) of the Code of any property free and clear of any liens in favor of creditors of Debtor, then such liens shall attach to the proceeds of such sale and the treatment of such liens on proceeds shall satisfy the requirements of either clauses (a) or (c) herein; or (c) the secured creditor receives under the Plan the "indubitable equivalent" of its claim.

2. Unsecured Claims.

Either (a) each impaired unsecured creditor receives or retains property of a value, as of the effective date of the Plan, equal to the amount of its allowed claim; or (b) the holder of any claim or interest that is junior to the claims of the dissenting class will not receive or retain any property under the Plan on account of its junior claim or interest.

Debtor believes that the Plan does not discriminate unfairly with respect to any impaired classes and meets the "fair and equitable" test with respect to all impaired classes of Allowed Claims. With respect to certain classes of Allowed Secured Claims (Classes 2(b)-(f) and 3), the secured claims are unimpaired. Additionally, under the Plan, holders of unsecured Allowed Claims are neither receiving nor retaining property of a value, as of the Effective Date of the Plan, equal to the amount of their Allowed Claims. However, since the interest holder is neither receiving nor retaining any property under the Plan on account of its Allowed Interest, the Debtor believes that the Plan, on its face, meets the "fair and equitable" test with respect to holders of unsecured Allowed Claims. Thus, Debtor believes that as long as any one impaired

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- Deleted: the Plan provides for the payment of the value of the amount of such Allowed Claims and for the retention of liens or setoff on an abandonment of the property subject to the lien or right to setoff. Therefore, the Plan may be confirmed by the Court, even if it is not accepted by the holders of Allowed Secured Claims in these impaired classes.

Class of claims accepts the Plan (without regard to the vote of any insider) the Plan can be confirmed under § 1129(b) of the Code notwithstanding rejection of the Plan by any Class.

F. EFFECT OF CONFIRMATION

Except as otherwise provided in the Plan or Confirmation Order, and in addition to other consequences of Confirmation as disclosed herein, entry by the Court of the Confirmation Order will constitute the approval of all rejections of executory contracts and unexpired leases not expressly assumed under the Plan or by previous Court order; constitute authorization for Debtor's use of funds of the estate to meet any cash requirement in the Case; will act as a discharge, effective as of the Effective Date of the Plan, of all claims against Debtor that arose at any time before the entry of the Confirmation Order; and, *provided that Debtor is not in default of its obligations under the Plan, will constitute an injunction against all entities that have held, currently hold or may hold a Claim or other debt or liability against Debtor, prohibiting them from taking any of the following actions against the Debtor, the Plan Trustee, or their property, on account of, or in any way relating to, any such Claim, debts or liabilities: (a) commencing or continuing in any manner any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff or right of subrogation of any kind against any debt, liability or obligation due to Debtor; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.*

Except as otherwise provided in the Plan and the Confirmation Order, upon the Effective Date, all property of Debtor's estate will vest in the Plan Trustee free and clear of all liens, claims and interests of all creditors of and interest holders in Debtor, except for such liens or interests retained or expressly provided pursuant to the Plan. Further, confirmation will

authorize the Plan Trustee to sell, transfer, or convey any of its assets or any interest therein, whether in or out of the ordinary course of its Business, without the need for further notice to parties in interest or approval by the Court. Any such sale, transfer, or conveyance may be on such terms as the Plan Trustee deems appropriate, subject to the advice and consent of the Oversight Committee as provided in the Plan,

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V. GENERAL INFORMATION OF DEBTOR

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A. GENERAL BACKGROUND

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IMC began in business in 1944 as Inland Mortgage Company, Inc. (“Inland Mortgage”). In April, 1981 Inland Mortgage was purchased by Irwin Financial Corporation (“IFC”). In 1998, Inland Mortgage changed its name to IMC. In October, 2002, IMC became a subsidiary of another IFC affiliate, Irwin Union Bank and Trust (“IUBT”).

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At one time, IMC was one of American’s top mortgage lenders. By January, 2005, IMC operated 169 production and satellite offices in 33 states. IMC’s main office, where administrative and servicing activities were centered, was located at 10500 Kincaid Drive, Fishers, Indiana. The Kincaid Drive facility was a leased 125,000 square foot office building.

Prior to the Freedom Sale (as defined below), IMC originated, purchased, sold and serviced primarily conventional and government agency backed residential mortgage loans throughout the entire United States. Most of IMC’s first mortgage originations were either insured by an agency of the federal government (i.e. the FHA or the VA) or met the requirements for sale to FNMA, the FHLMC or the FHLB and were able to be sold to institutional and private investors. However, IMC frequently retained servicing rights to the sold mortgages.

Mortgage originations totaled:

1998	\$8.9 billion
1999	\$5.9 billion

2000	\$4.1 billion
2001	\$9.2 billion
2002	\$11.4 billion
2003	\$22.7 billion
2004	\$13.1 billion
2005	\$11 billion

IMC's target market focused primarily on lower to middle income, first-time home buyers. IMC originated loans through its retail, wholesale and correspondent lending channels. IMC's retail channel originated loans through branches and identified potential borrowers mainly through relationships maintained with housing intermediaries, such as realtors, homebuilders and brokers. IMC's wholesale channel purchased loans primarily from mortgage loan brokers. IMC's correspondent lending channel purchased closed mortgage loans primarily from small mortgage and retail banks.

IMC's primary competition came from other mortgage banking companies as well as commercial banks, savings banks, credit unions, savings and loan associations and a number of other non-bank competitors. IMC entered the non prime first mortgage lending market in 1997. The non-prime first lending market is comprised of borrowers who did not qualify under the underwriting guidelines established by the government sponsored secondary market agencies for conforming first mortgages.

IMC funded mortgage loan originations using "internal" funding sources (i.e. IUBT) and through credit facilities provided by third parties. IMC generally sold its mortgage loan originations into the secondary mortgage market by either direct loan sales or by securitizations.

IMC's secondary market sources included government sponsored mortgage entities, nationally sponsored mortgage conduits and institutional and private investors.

If IMC retained the mortgage servicing rights, IMC collected and accounted for monthly mortgage payments and paid real estate taxes and insurance necessary to protect the integrity of the mortgage lien. IMC received a fee for these services, which generally ranged between 25 and 44 basis points annually on the principal amount of the underlying mortgages.

IMC's servicing portfolio totaled:

1998	\$11.2 billion
1999	\$10.4 billion
2000	\$9.2 billion
2001	\$12.9 billion
2002	\$16.8 billion
2003	\$29.6 billion
2004	\$26.2 billion
2005	\$18.3 billion

IMC also periodically sold servicing rights for a variety of reasons, including income recognition, cash flow, capital management and servicing portfolio management. Servicing rights sales occurred at the time the underlying loans were sold to an investor (in flow sales) or in pools from our seasoned servicing portfolio (in bulk sales).

IMC generated net income of:

1998	\$28.9 million
1999	\$23.1 million
2000	\$13 million

2001 \$38.1 million
2002 \$44.5 million
2003 \$78.1 million
2004 \$20.3 million
2005 (\$16.2 million)

IMC was also engaged in the business of mortgage reinsurance through its subsidiary, Irwin Reinsurance Corporation, a Vermont corporation.

In the Spring of 2005 IMC sold its credit union channel, a number of retail branches, and its Concord, California loan operations center to American Home Mortgage Corp. In a separate transaction, IMC sold other retail branches and its Carson, California loan operations center to Pinnacle Financial Corporation.

In January, 2006 IFC announced that it was considering strategic alternatives for the conventional first mortgage line of business, including a potential sale of IMC. On August 7, 2006 IMC and IFC (as the indirect shareholder of IMC) entered into an Asset Purchase Agreement with Freedom Mortgage Corporation (“Freedom”), as amended by a letter agreement dated September 18, 2006, to sell substantially all of IMC’s operating assets of its business of originating and selling mortgage loans through its retail, wholesale, direct lending and correspondent divisions (the “Freedom Sale”). The Freedom Sale did not, however, encompass IMC’s activity of originating or acquiring Construction Loans, IMC’s activity of Servicing mortgage loans and IMC’s activity of acquiring, holding and selling MSR held under Servicing Agreements.

The Freedom Sale was completed on or about September 26, 2006. The purchase price was approximately \$275 million in cash, subject to various adjustments. Freedom offered

employment to over 90% of IMC's staff associated with the conventional loan origination process. Freedom assumed a number of accounts payable and contractual obligation associated with IMC's mortgage origination activities. Freedom also subleased approximately 47% of IMC's building in Fishers, Indiana. IMC retained liability for pending litigation and other obligations with respect to IMC's mortgage origination activities prior to the closing. The Freedom Sale excluded mortgage servicing operations and mortgage servicing assets.

In late 2006 IFC announced the sale of substantially all of the conforming, conventional mortgage servicing rights ("MSR") portfolio to five independent acquirers for approximately \$261 million.

On November 6, 2006 IFC announced that it had reached an agreement with New Century Financial Corporation ("New Century") for New Century to purchase certain assets, assume certain obligations and offer employment to a significant portion of the employees related to the mortgage servicing operations of IMC.

B. RECAP OF SIGNIFICANT EVENTS OF IMC 2005-2009

As set forth above, IMC funded mortgage loan originations using "internal" funding sources (i.e. IUBT) and through credit facilities provided by third parties. By the third quarter of 2005, substantially all funding of IMC's operations were funded from the IUBT Intercompany Line of Credit ("IUBT LOC"). The original IUBT LOC was dated January, 2004 and allowed borrowings up to \$2 billion. By January, 2008 the borrowing limit was reduced to \$25 million.

Further, as set forth above, the bulk of IMC's assets were sold in from 2005 to 2007. Pinnacle Financial and American Home Mortgage purchased substantially all of IMC's retail production channel. Freedom purchased substantially all of IMC's mortgage origination and sales business. New Century purchased substantially all of IMC's mortgage servicing

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operations. And, five independent acquirers purchased substantially all of IMC's conforming, conventional mortgage servicing rights.

The amount due on the IUBT LOC was reduced from a balance of \$931 million on April 26, 2006 to a balance of \$13 million by the date of the FDIC Transaction on September 18, 2009. It appears that the proceeds from the sales of IMC's assets were applied against the IUBT LOC. Further, IMC's wind down expenses were funded with borrowings from the IUBT LOC. The balances due under the IUBT LOC at various points between December, 2005 and September 18, 2009 are set forth below:

12/31/2005	\$402,411,000
4/26/2006	\$930,541,000 *high point balance
12/31/2006	\$147,791,000
12/31/2007	(\$38,435,000) * credit balance
12/31/2008	(\$665,000) * credit balance
9/18/2009	\$12,861,000

During the same period of time, the balances of the IMC Liability Account entitled "Allocated Preferred Stock" were reduced from a balance of \$59 million in March, 2006 to \$0 by the date of the FDIC Transaction in September, 2009. The balances due under the Allocated Preferred Stock liability account at various points between December, 2005 and September, 2009 are set forth below:

12/31/2005	\$52,830,000
3/01/2006	\$59,427,000 *high point balance
12/31/2006	\$31,523,000
12/31/2007	\$23,490,000
12/31/2008	\$9,311,000
9/18/2009	\$0

All reductions (payments) of the Allocated Trust Preferred Stock account were applied against the IUBT LOC balance and increased the amounts due on the IUBT LOC and will be referred to as the "Allocated Trust Preferred Stock Transfers."

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The Allocated Trust Preferred Stock liability was evidenced by the Amended and Restated Inter-Company Capital Allocation Agreement entered into as of January 1, 2004 and amended and restated the prior agreement dated January 1, 2003 between IUBT and IMC. The liability was evidenced by a Promissory Note payable to IUBT dated January 1, 2004 titled “Irwin Mortgage Corporation Hybrid Capital Note.” The salient terms of the Hybrid Capital Note are as follows:

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(1) This Note is unsecured, fully paid-up, and subordinated to general creditors of IMC;

(2) This Note is not redeemable at the option of the holder prior to maturity except with the prior approval of the Federal Reserve, and the holder of the Note may not accelerate the payment of the principal amount hereof except in the event of bankruptcy, insolvency or reorganization of IMC; provided, however, that notwithstanding anything in the foregoing to the contrary, IMC may prepay any portion of the principal amount of this Note at any time prior to maturity, at its election;

(3) The Note shall be available to participate in losses while IMC is a going concern and shall therefore be convertible into zero-coupon preferred stock of IMC if, upon a liquidation event, IMC's accumulated losses exceed the sum of the retained earnings and capital surplus of IMC (and, in such an event, IMC shall take such corporate actions as are necessary to authorize and issue such zero-coupon preferred stock); and

(4) IMC may, at its option, defer interest payments on this Note if: (a) it does not report a profit in the preceding fiscal year, and (b) it eliminates cash dividends on common and preferred stock.

Between December 31, 2007 and the FDIC Transaction, the balance was reduced from \$23 million to \$0 by virtue of the Allocated Trust Preferred Stock Transfers and the balance due on the IUBT LOC was increased by the corresponding amounts

During this same period of time, the wind down of IMC continued. IMC focused on the post-closing matters with various asset purchasers to attempt to obtain the release of holdbacks. IMC also attempted to resolve various repurchase requests and commenced recovery efforts against various third parties for losses incurred by IMC due to fraud and material misrepresentations made by mortgage brokers and correspondent lenders (and related parties). In 2008, IMC was successful in resolving repurchase claims with four significant parties with settlements in the aggregate amount of \$8.5M, which was funded via reductions of the holdback amounts or cash borrowed on the IUBT LOC.

But, during this same period of time, IUBT and its parent IFC were also experiencing financial difficulties. For example:

- The November 28, 2007 IUBT Board Minutes recognized that the liquidity rating has been downgraded by the regulators;
- On February 4, 2008 IUBT and IFC had been downgraded by their regulators. IUBT's capital rating from "fair" to "marginal" and the liquidity rating was downgraded from "fair" to the regulator's worst rating. The composite rating was downgraded to a "4", which, among other things, indicates that failure is a distinct possibility if problems and weaknesses are not satisfactorily addressed and resolved;
- On February 28, 2008 IFC suspended all dividends;

- The December 4, 2008 IUBT Board Minutes indicates approval of dissolution of IMC.

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The investigation of these events, including the transfers to IUBT reflected by the reductions in the Allocated Trust Preferred Stock Transfers account, is ongoing. IMC reserves all rights and claims relating to any avoidable transfers against any transferees and against any officers and/or directors whose acts and/or omissions authorized or allowed the transfers. Due to the Chapter 7 filing of IFC and the Receivership of IUBT, recovery of any claims may be limited to claims against the officers and directors of IMC and/or IUBT.

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C. THE FDIC TRANSACTION

As set forth above, IMC sold substantially all of its assets, including its mortgage origination business, its mortgage servicing business, and its mortgage servicing rights portfolio, to a number of third party purchasers. As a result of those sales, IMC terminated operations and began its wind down in 2006.

At the time IMC sold its assets, terminated its operations and commenced its wind down, IMC was a subsidiary of Irwin Union Bank and Trust Company ("IUBT"). IMC remained a subsidiary of IUBT until IUBT was closed by Indiana bank regulators on September 18, 2009 and the Federal Deposit Insurance Company (the "FDIC") was appointed receiver of IUBT.

First Financial Bank, National Association ("FFB") acquired certain assets of IUBT from the FDIC, including 100% of the stock of IMC, in accordance with the Purchase And Assumption Agreement dated as of September 18, 2009 between the FDIC and FFB (the "FDIC Transaction").

IMC, with the assistance of its counsel and tax consultant, has reviewed the historical affairs of IMC and IMC's relationship with FFB. Such review included, without limitation, the

existence of potential claims of IMC against FFB, FFB's likely defenses to any such claims, and FFB's claims against IMC. Such claims and defenses are addressed below.

D. MANAGEMENT BY FFB AFTER ACQUISITION OF ASSETS FROM FDIC AND THE FFB CLAIM

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After the acquisition of the assets, including the stock of IMC, FFB replaced the Board of Directors and the management of IMC. As more particularly described below, FFB loaned approximately \$2.422 million to IMC to continue the wind down which had been commenced by IUBT. The loans were used to support litigation, pay for the lease of the premises at Fisher's Indiana, pay personnel costs for the people involved in the wind down for approximately one (1) year. Additionally, FFB lent personnel to IMC without charge for a period of time.

1. The FFB Loans

From the FDIC Transaction in September, 2009 through the establishment of the FFB Secured Facility in February, 2011, FFB provided unsecured, inter-company net advances to IMC in the aggregate, approximate amount of \$2.422 (per FFB Claim) million in order to fund IMC's operations and for the other purposes asserted in the FFB Claim. In February, 2011 IMC entered into a secured lending facility with FFB (the "FFB Secured Facility") pursuant to which FFB could loan IMC up to \$3,025,000 to fund IMC's wind down. The indebtedness under the FFB Secured Facility was secured by liens and security interests on IMC's property and the pledge of IMC's stock in IRC. IMC drew a total of \$1.2 million under the FFB Secured Facility.

On June 24, 2011 FFB declared a default under the FFB Secured Facility. On June 28, 2011 a portion of a dividend from IRC to IMC in the amount of \$1,204,555.56 was wired directly to FFB as payment of the FFB Secured Facility. As of the Petition Date, there are no amounts due under the FFB Secured Facility.

The FFB Secured Facility was an arms length transaction for value. IMC does not believe that any claims exist with respect to the FFB Secured Facility. The Debtor determined that FFB had a secured position in the stock of IRC and JRC dividend, which was the source of repayment of the FFB Secured Facility.

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2. The FFB Claim,

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FFB timely filed its Proof of Claim on October 28, 2011, which was assigned claim no. 16 in the amount of \$15,282,385.16 (the “FFB Claim”). The FFB Claim was comprised of certain Pre-FDIC Transaction components and certain Post-FDIC Transaction components.

a. Pre-FDIC Transaction Components:

As part of the FDIC Transaction, FFB acquired the intercompany debt owed by IMC to IUBT. FFB claims that \$12,860,882.11² is due for the period prior to the FDIC Transaction, comprised of the following inter-company borrowings:

- \$9,649,935.85 for allocation of trust preferred securities repayment;
- \$4,201,399.45 for operating expenses;
- \$1,865,483.87 for IUBT’s advances of IMC’s portion of certain federal and state tax payments;
- \$24,176.37 for expenses incurred by the Federal Home Loan Bank of Indianapolis (“FHLBI”) in connection with IMC’s lender risk account (“LRA”) but charged against IUBT’s continuous demand account with the FHLBI;
- \$375,552.91 for interest on IMC’s borrowings.

² According to the FFB Claim, this amount is a net of other credits totaling \$3,255,666.31.

b. Post-FDIC Transaction Components:

FFB also claims that \$2,421,503.05³ is due for the period after the FDIC Transaction under inter company borrowing arrangements, comprised of the following:

- \$750,089.55 for Debtor's operating expenses funded by FFB;
- \$81,920.89 for Debtor's payroll funded by FFB;
- \$840,000.36 for funds transferred to IMC's account for the purpose of funding IMC's accounts payable;
- \$970,218.84 for escheatment payments owed by IMC and funded by FFB;
- \$423,313.46 for rent payments for leased office spaced owed by IMC and funded by FFB; \$90,434.18 for expenses incurred by the FHLBI in connection with IMC's LRA but charged against FFB's continuous demand account with the FHLBI.

IMC disputes the FFB Claim. IMC believes that the FFB Claim is in the nature of equity rather than debt and is subject to subordination. Further, the pre-FDIC Transaction component relating to the allocation of trust preferred securities may be otherwise avoidable and or actionable. Finally, portions of the FFB Claim are premised upon IUBT and FFB's ownership of the LRA. However, as discussed below, a dispute exists between FFB and IMC as to the ownership the LRA. If FFB is the owner of the LRA, then that portion of the FFB Claim fails by definition. If IMC is the owner of the LRA, then IMC will need to review the support for those portions of the FFB Claim.

On the other hand, FFB asserts that its claim is not subject to subordination or recharacterization as equity. FFB believes that it has acted fairly and equitably toward IMC and has provided significant assistance to IMC's efforts to wind down its affairs and liquidate its

³According to the FFB Claim, this amount is net of other credits totaling \$740,474.23.

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assets in a responsible manner. Moreover, FFB believes that the facts and circumstances of its and IUBT's intercompany advances would not support recharacterization of the advance as equity.

All issues relating to the FFB Claim are to be resolved by the FFB Settlement.

3. FFB Administrative Claim

FFB timely filed its Administrative Expense Request Form on January 27, 2012 (doc. 256) in the amount of \$33,110.76 (the "FFB Administrative Claim"). The FFB Administrative Claim was based upon expenses incurred by the FHLB in connection with IMC's LRA but charged against FFB's continuous demand account with the FHLB. The FFB Administrative Claim includes such expenses only through December 31, 2011. As noted by FFB in the Administrative Claim, FHLB was expected to continue to charge FFB's account after the filing of the Administrative Claim. FHLB has in fact continued to do so, and FFB has provided documentation of such charges, totaling on a net basis \$30,749.88 for 2012. Accordingly, FFB claims entitlement to an administrative expense, as of December 31, 2012 in the amount of \$ 63,860.64. Further, FFB asserts that the FHLB will continue to charge FFB's account for the indefinite future. FFB also reserved its claims for any amounts due FFB under the Services Agreement approved by order of the Court (doc. 147).

FFB's Administrative Claim is premised upon FFB's position that IMC owns the LRA. However, as discussed below, a dispute now exists between FFB and IMC as to the ownership the LRA. If FFB is the owner of the LRA, then the portion of FFB's Administrative Claim which is premised upon IMC's ownership of the LRA fails by definition. If IMC is the owner of the LRA, then IMC will need to review the support for FFB's Administrative Claim.

All issues relating to the FFB Administrative Claim are to be resolved by the FFB Settlement.

4. Corporate Identity Issues

IMC does not believe that any basis exists for it to claim that IMC's corporate veil may be pierced to hold FFB liable for debts of IMC. FFB has provided significant financial and other assistance to IMC to enable IMC to continue the wind down and liquidation to maximize the value of its assets for the benefit of its creditors.

5. Additional Matters and Settlement:

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a. Amounts due IMC under the Tax Allocation Agreement:

IMC and IRC are parties to a Tax Allocation Agreement (the "TAA") with First Financial Bancorp and FFB. IMC (and IRC) has claims against First Financial Bancorp and/or FFB under the Tax Allocation Agreement, including claims based upon the tax benefits received by First Financial Bancorp and/or FFB resulting from IMC and IRC's participation in the Tax Allocation Agreement. The tax benefits that IMC believes are due IMC (including IRC) pursuant to the Tax Allocation Agreement through December 31, 2012 are estimated to total \$2,952,692 for federal taxes and \$236,329.00 for state taxes.

FFB disputes that any amount is due to IMC for tax benefits received by FFB from IMC tax attributes since the FDIC Acquisition (including IRC). FFB asserts that, according to the terms of the TAA, IMC and IRC only have a right to recovery of benefits (i.e. a refund) if IMC and IRC would be able to achieve a refund on a separate entity basis. FFB asserts that, under the terms of the FDIC Transaction, the tax history of IMC and IRC prior to the FDIC Transaction is irrelevant. FFB further asserts that IMC can no longer generate taxable income and IRC can have no claim under the TAA after its stock is sold by IMC. Accordingly, FFB asserts that IMC and IRC have no ability to achieve a refund on a separate entity basis and no right to receive any refund or benefit under the TAA. Further, FFB argues that, even if its interpretation of the TAA

was incorrect, FFB is entitled to set off any amounts which may be due IMC and IRC under the TAA against the FFB Claim.

IMC disputes FFB's position on the TAA. IMC asserts that FFB's interpretation of the TAA is erroneous. The terms of the TAA are ambiguous and must be construed against its drafter, which is believed to be FFB and/or First Financial Bancorp. Further, FFB's interpretation of the TAA reads terms into the agreement (i.e. that IMC must be able to achieve a refund on a separate entity basis) which do not exist within the four corners of the agreement. Further, with respect to FFB's set off argument, IMC disputes that the necessary mutuality is present between the ultimate tax payer under the TAA (First Financial Bancorp) and the holder of the claim (FFB) to effect a set off and, as set forth above, the debt was in the nature of equity. Further, there may be additional post-filing tax benefits (i.e. arising from the sale of IRC) which are not subject to set off.

All issues relating to the Tax Allocation Agreement are to be resolved by the FFB Settlement.

b. The FHLB Stock and Lender Risk Account:

Certain of IMC's Pre-Acquisition books and records indicate that IMC is the owner of certain stock in the FHLB (the "FHLB Stock") and certain of IMC's Pre- and Post-Acquisition books and records indicate that IMC is the owner of the FHLB Lender Risk Account (the "LRA"). In fact, records prepared by FFB after the FDIC Transaction indicated that IMC is the owner of the LRA. The value of FHLB Stock included in Irwin's internal management reporting for IMC was \$9,324,148 at December 31, 2008. However, the FHLB Stock was never recorded on IMC's general ledger. The current value is not determinable at this time. The current account balances value of the LRA total \$3,080,855.33 (per the November 30, 2012

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statement). IMC has claims against FFB related to the FHLB Stock and the LRA, including claims to recover the FHLB Stock and /or the LRA or their value.

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FFB disputes that IMC is the owner of, or has any claim to, the FHLB Stock or the LRA. With respect to the FHLB Stock, FFB asserts that the FHLB Stock can only be owned by a member institution of the FHLB and IMC is not a member institution. FFB also asserts that IMC's books and records are inaccurate.

With respect to the LRA, FFB asserts that the LRA belonged to IUBT and that FFB acquired the LRA from IUBT in the FDIC Transaction. FFB also asserts that the IMC records are inaccurate. Moreover, FFB asserts that the present value of the LRA is highly uncertain and of potentially insignificant or of no value because the value is dependent on future losses under the mortgages sold to FHLB and because under the applicable agreements, funds cannot be released from the LRA until the years into the future.

IMC disputes FFB's position with respect to the FHLB Stock and the LRA. The LRA was consistently booked as an asset of IMC, both before the FDIC Transaction (when IMC was owned by IUBT) and after the FDIC Transaction (when IMC was owned by FFB). Moreover, even if IUBT was the participating financial institution and/or the seller of the mortgage to the FHLB, IMC otherwise repaid IUBT for the underlying transactions (i.e. the IUBT line of credit). Further, both the FFB Claim and the Administrative Claim state that the LRA belongs to IMC and FFB's associated claims against IMC are premised upon IMC's ownership of the LRA.

FFB asserts that the accounting treatment of the LRA is not determinative ; and that the Administrative Claim was asserted to preserve FFB's rights and was filed without prejudice to FFB's ongoing and further investigation of the facts and receipt of documentation from FHLB and with the express reservation of rights to amend or withdraw the claim.

All issues relating to the FHLB Stock and LRA are to be resolved by the FFB Settlement.

c. Corporate Art:

IMC was the owner of a corporate art collection (the "Art Collection"). FFB has had possession of a portion of the Art Collection (the "FFB Art") since 2009. The acquisition cost of the FFB Art was approximately \$31,600.00. FFB made an offer before the Petition Date to purchase the FFB Art for \$18,000.00.

When the remainder of IMC's corporate art collection was sold, in the aggregate it sold for a higher percentage of the acquisition cost than the current FFB offer.

All issues relating to IMC's corporate art are to be resolved by the FFB Settlement.

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d. Indemnification:

Upon information and belief, FFB may be entitled to indemnification from the FDIC on certain matters relating to IMC, including matters which IMC paid with funds advanced under the FFB Secured Facility and subsequently repaid to FFB and/or paid post petition. To the extent which FFB is entitled to indemnification, IMC requests that FFB continue to pursue indemnification on behalf of IMC. If FFB receives indemnification, then IMC asserts it is entitled to receive those funds from FFB to the extent the expenses were paid under the FFB Secured Facility or post petition.

All issues relating to FDIC indemnification are to be resolved by the FFB Settlement.

e. Continuation of Services Agreement:

FFB has agreed to continue the Services Agreement with such amendments as FFB may request. In connection therewith, FFB will continue to include IMC and IRC in consolidated tax returns for the period until IMC and IRC leave the consolidated group, with the costs thereof to be charged to IMC under the Services Agreement. FFB has also offered to extend, at FFB's

expense, IMC's insurance coverages for acts which occurred while IMC was a subsidiary of FFB.

All issues relating to the Services Agreement are to be resolved by the FFB Settlement.

f. *Records:*

FFB has requested to take possession of IMC's books and records (including the related storage costs) at the Closing Date. All issues relating to IMC's books and records are to be resolved by the FFB Settlement.

g. *FFB Settlement:*

FFB and the Debtor have agreed to settle all claims and disputes between them including, but not limited to, those set forth above. The general terms of the settlement (the "FFB Settlement") are set forth below and will be incorporated in a comprehensive settlement agreement (the "FFB Settlement Agreement") which shall be filed as Exhibit D to the Plan not later than 10 days prior to the Confirmation Hearing (and to be approved as part of the Plan):

- 1) IMC's claim for pre-petition tax benefits (including tax benefits of IRC) shall be set off against the FFB Claim;
- 2) IMC's current post petition claim for tax benefits (including tax benefits of IRC) (estimated to be \$740,000) shall be shared 50/50 resulting in a cash payment to IMC of \$370,000;
- 3) IMC and FFB shall share 50/50 future, potential post-petition tax benefits, if any, that could be realized by FFB consolidated tax filing group, i.e., any tax benefits in the form of a reduction in quarterly payments(s) and/or refund(s) by or to the consolidated group, in addition to those addressed in paragraph 2, which could be created by events that occur after January 1, 2013 and on or before the Effective Date but in no event later than May 7, 2013 concerning IMC ("Additional Post-Petition Tax Benefits"), Accordingly, FFB shall pay to IMC, in cash, 50% of the amount of the Additional Post-Petition Tax Benefits, if any, that could be received by the consolidated group. IMC acknowledges that FFB's position is that FFB believes that there can be no Additional Post-Petition Tax Benefits. IMC does not presently, and may not hereafter, concede the correctness of FFB's position. Accordingly, the Plan shall provide for the following condition precedent to the effectiveness of the Plan: There shall have been filed (a) by IMC, no later than 10 days prior to the Confirmation Hearing,

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a statement or notice to the effect that IMC agrees with, or shall not contest, FFB's position that there will be no Additional Post-Petition Tax Benefits and, therefore, FFB shall have no liability to IMC, its estate or the Liquidating Trust for any claim for or relating to Additional Post-Petition Tax Benefits, and any such claim shall be a claim that is released under the Plan or (b) by IMC and FFB, jointly, no later than 10 days prior to the Confirmation Hearing, a notice or other filing to the effect that they have otherwise resolved issues relating to any Additional Post-Petition Tax Benefits and setting forth the principal terms of such resolution or attaching an amendment to the FFB Settlement Agreement. If neither filing described in the foregoing clause (a) or (b) is filed no later than 10 days prior to the Confirmation Hearing (or any later date that the Court may approve), the Plan shall not become effective;

- 4) To the extent which IMC may incur cancellation of indebtedness income resulting from the waiver of FFB's claims or otherwise, those transactions shall be included in the consolidated return and FFB will take a simultaneous reduction for an uncollectible account receivable, such that any amounts should be offset with no tax effect on the consolidated return. FFB shall be responsible for all matters related to the Tax Allocation Agreement and/or the consolidated returns arising through the Effective Date. IMC shall be deemed to have rejected the Tax Allocation Agreement as of the Effective Date. IMC shall no longer be a part of the FFB consolidated tax filing group as of the Effective Date. IRC shall no longer be a part of the FFB consolidated tax filing group as of the earlier of the Effective Date or the closing of any sale by IMC of its stock ownership in IRC. In the event of any post-confirmation audit, FFB shall be responsible for the audit and the Debtor and Liquidating Trust shall cooperate with FFB;
- 5) FFB shall retain the FHLB Stock and LRA;
- 6) FFB shall purchase the FFB Art for \$25,000 cash;
- 7) FFB shall confirm that it had possession of IRC stock during the FFB Secured Facility. FFB shall deliver the IRC stock certificates to IMC;
- 8) FFB and the Liquidating Trust shall enter into a services agreement (or shall enter into an amendment to the existing Services Agreement), generally providing for the services that are now provided to IMC under the existing Services Agreement and the terms of compensation to FFB therefor, with such modifications as the parties agree in good faith, including payment on account of services provided by all FFB personnel. With respect to the existing Services Agreement, IMC and the Liquidating Trust shall continue to pay the charges thereunder as they come due; provided, that the outstanding charge from Crowe Horwath (approximately \$10,500) related to analysis of the IRC transaction will be shared 50/50 between IMC and FFB. Further, similar invoices from Crowe Horwath will be shared equally;

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- 9) FFB shall continue to provide post petition insurance to IMC under Services Agreement. FFB will provide, and incur the cost of, coverage of IMC for wrongful acts occurring from the time IMC became an FFB subsidiary until the time IMC is no longer a FFB subsidiary (at least 50% owned by FFB);
- 10) FFB shall take possession of IMC's books and records as soon as practicable after the Consummation Date, and FFB shall be responsible for all costs of storage/destruction from that point forward;
- 11) FFB shall pursue indemnification from the FDIC for all indemnifiable expenses incurred by IMC from February 2011 forward and turn over to IMC all proceeds of those indemnification claims received from FDIC. This service shall be provided under the amended Services Agreement. FFB shall pursue the indemnification in good faith and using reasonable best efforts. FFB will have the reasonable discretion, after consultation with IMC or the Plan Trustee to determine at what point the indemnification claim should be settled, withdrawn or otherwise resolved. FFB and IMC will agree on a list of specific claims for which indemnification will be pursued.
- 12) FFB shall waive all remaining pre-petition claims (including the FFB Claim) and post-petition claims;
- 13) FFB shall receive a release of all Causes of Action belonging to the Debtor and its estate and all Causes of Action belonging to creditors who vote in favor of the Plan. The release provisions of the FFB Settlement Agreement shall control in the event of any inconsistency with the release provisions of the Plan as they relate to FFB;
- 14) FFB shall be entitled to appoint one member of the Oversight Committee;
- 15) The FFB Settlement shall be governed by Indiana law.
- 16) The Plan shall provide that pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, distributions, releases, and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan , including, without limitation, the FFB Settlement, shall constitute a good faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan, including, without limitation, the FFB Settlement, or relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Claim or Interest, or any distribution to be made on account of such Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, including, without limitation, the FFB Settlement, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate,

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and Holders of Claims and Equity Interests and is fair, equitable, and reasonable

E. EVENTS LEADING TO THE CHAPTER 11 FILING

On or about September 18, 2009, FFB acquired the stock of IMC as part of the FDIC Transaction.

A decision was made by the Board of Directors in the Summer of 2010 to seek outside consultants to advise the Board. Bailey Cavalieri LLC and other law firms were interviewed by the Board. Bailey Cavalieri was engaged to consult with the Board concerning a wind down plan.

After the FDIC Transaction, IMC continued to defend numerous lawsuits and claims against it. IMC gradually wound down its staff trying to reduce the losses which it was incurring and FFB was funding on a regular basis. IMC was incurring substantial costs defending claims that had been made against it on the disposition of loans it had originated, sale of the servicing business, and tort claims from homeowners which were occasioned by the collapse in the real estate market in 2008.

Thereafter, the Board of Directors of IMC, after consulting with Bailey Cavalieri LLC, decided to hire outside management and two (2) new Outside Board Members. IMC conducted a search for new management and the two (2) new Outside Board Members. It initially requested proposals from five (5) turn-around and crisis management firms for the position of President, Chief Restructuring Officer and Chairman of the Board and a new Outside Director. After its initial screening, it conducted interviews of three (3) crisis management firms. It decided to hire Development Specialist, Inc. to provide management assistance and specifically engaged Mr. Fred C. Caruso as a Director, President and Chief Restructuring Officer, Mr. George Shoup as Assistant Chief Restructuring Officer and engaged Ms. Margaret Good of The Meridian Group

as an Outside Director. Mr. Tony Stollings remained as the remaining Inside Director. The officers who served in a dual capacity for FFB and IMC resigned their positions with IMC. Any services provided after October of 2011 were provided pursuant to a Services Agreement approved by the Court and the actual cost of the services are charged to IMC. IMC engaged DSI effective August 24, 2010, to assist with the completion of the wind down. Thereafter, Ms. Good, an experienced insolvency professional, was also appointed to the IMC Board.

DSI is a national turnaround and consulting firm which specializes in crisis, interim and wind down management. DSI's engagement contemplated that DSI would: (i) provide professional staff to serve as directors and/or officers of IMC; (ii) review and assess IMC's financial position in order to aid in the preparation of an orderly wind down plan that maximizes the value of IMC and addresses the resolution of pending claims against IMC; (iii) represent IMC in the course of the wind down; (iv) advise IMC with respect to claims resolutions and asset dispositions; and, if necessary, (v) assist IMC with the planning and filing of a bankruptcy case. Mr. George E. Shoup, III, another DSI professional, has served as IMC's Assistant Chief Restructuring Officer.

The IMC Board reviewed various alternatives available to the Board with respect to the completion of IMC's wind down.

The Board decided that the best manner to proceed was to:

1. Cause its subsidiary Irwin Reinsurance Corporation, in consultation with its reinsurance advisor and its Vermont counsel, to examine whether it could liquidate its interests in its reinsurance trusts;
2. Based upon a favorable response, it requested its Vermont counsel to discuss the liquidation of its interests with the Vermont Commissioner of Banking, Insurance,

Securities, Healthcare Administration concerning whether a portion of the assets could be upstreamed by way of dividend to IMC;

3. Upon receiving favorable responses to the foregoing inquiries, it adopted a plan to request its subsidiary to liquidate its interests in the insurance trusts and upstream funds to IMC for operations and for the benefit of creditors;
4. It entered into a secured lending transaction with FFB, as referenced above, to fund operations during the liquidation;
5. It examined the numerous lawsuits in which it had been involved, either as Plaintiff or Defendant, and determined whether its costs could be reduced, including determining whether the lawsuits could be brought to a conclusion outside a chapter 11 proceeding.
6. It decided that (a) it should attempt to realize an arms-length sale of its interests in IRC, if possible, back to the reinsurer before filing a chapter 11 and to prepare for a chapter 11 filing thereafter.

F. PRE-PETITION EQUITY AND CAPITAL STRUCTURES

As discussed above, FFB acquired, and currently owns, 100% of IMC's stock as a result of the FDIC Transaction in September, 2009. IMC owns 100% of the stock of IRC.

From the FDIC Transaction in September, 2009 through the establishment of the FFB Secured Facility in February, 2011, FFB provided unsecured, inter-company net advances to IMC in the aggregate, approximate amount of \$2.4 million in order to fund IMC's operations.

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In February, 2011 IMC entered into a secured lending facility with FFB (the "FFB Secured Facility") pursuant to which FFB could loan IMC up to \$3,025,000 to fund IMC's wind down. The indebtedness under the FFB Secured Facility was secured by liens and security interests on IMC's property and the pledge of IMC's stock in IRC.

IMC drew a total of \$1.2 million under the FFB Secured Facility.

During the Summer of 2010, IMC obtained outside consulting services to advise IMC and FFB as to the most efficient manner to wind down IMC. After the Summer of 2010 and the engagement of outside directors and management by IMC, FFB asserted no role in management or operations except on a defined basis pursuant to a Services Agreement. One member of FFB, remained as the sole Insider Director of IMC.

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G. TAX ALLOCATION AGREEMENT

After the FDIC Transaction FFB caused IMC, IRC and other subsidiaries to become a party to a Tax Allocation Agreement. Pursuant to the Tax Allocation Agreement FFB and its outside tax advisor, Crowe Horwath, had caused a tax receivable to be booked for the benefit of IMC of approximately \$2.4 million.

H. IRWIN REINSURANCE CORPORATION (“IRC”).

As a part of the FDIC Transaction, IMC retained its ownership of IRC, a regulated, captive reinsurance subsidiary organized under the laws of the State of Vermont. As a captive reinsurance company, IRC is regulated by the Vermont Commissioner of Banking, Insurance, Securities and Health Care Administration (“BISHCA”). IRC is not a debtor. On June 2, 2011, BISHCA approved a dividend by IRC in the amount of \$3.8 million (i.e, the First IRC Dividend as defined below) as well additional dividend(s) in the amount(s) equal to the future increases in IRC’s unrestricted cash (i.e. the Second IRC Dividend as defined below).

The IRC Board of Directors approved a dividend to IMC in the amount of \$3.8 million (the “First IRC Dividend”) by Directors’ Unanimous Consent, as of June 3, 2011. On June 28, 2011 IRC issued the First IRC Dividend by wire transfers. A portion of the First IRC Dividend in the amount of \$1,204,555.56 was wired directly to FFB as payment of the FFB Secured

Facility (as defined below). The balance of the First IRC Dividend in the amount of \$2,595,444.44 was wired to IMC.

The IRC Board of Directors approved an additional dividend to IMC in the amount of \$3,010,000.00 (the "Second IRC Dividend") by Directors' Unanimous Written Consent, as of June 29, 2011. On June 30, 2011 IRC issued a wire transfer to IMC in the amount of the Second IRC Dividend.

I. DEFAULT AND REPAYMENT OF THE SECURED FFB LOAN

On June 24, 2011 FFB declared a default under the FFB Secured Facility. As noted above, on June 28, 2011 a portion of the First IRC Dividend was paid directly to FFB, in payment of the FFB Secured Facility.

As of the Petition Date, there are no amounts due under the FFB Secured Facility.

J. THE CHAPTER 11 FILING

On June 30, 2011 the IMC Board resolved that an orderly liquidation of IMC should be implemented through a Chapter 11 bankruptcy filing. A Chapter 11 filing (a) afforded national jurisdiction to effectively and efficiently manage the numerous claims against IMC, many of which are pending in state and federal courts around the country; and (b) allowed IMC to proceed as a debtor in possession with experienced and knowledgeable management to assist with the liquidation and the claims administration.

The Debtor had engaged BC with respect to, among other things, advice regarding wind down matters in general and preparation for potential filing of the Chapter 11 Case for the Chapter 11 filing. BC had performed extensive legal work for the Debtor in connection with its ongoing wind down efforts. As a result of representing the Debtor on such matters, BC had acquired extensive knowledge of the Debtor and its assets and liabilities and is familiar with

the Debtor's capital structure, corporate structure, financing documents and other material agreements. Accordingly, BC was engaged to file the Chapter 11.

K. PROCEDURAL HISTORY OF THE CASE

As set forth above, Debtor commenced this case on July 8, 2011, by filing a Voluntary Petition under Chapter 11 of the Bankruptcy Code, at which time it also filed the Application of Irwin Mortgage Corporation for an Order Authorizing the Employment of Bailey Cavaliere LLC as Counsel for Debtor and Debtor-in-Possession pursuant to Section 327(a) of the Bankruptcy Code. The Procedural History of the Case includes the following events appearing in the Docket.

On the Petition Date, the Debtor filed various "first day" pleadings. The first day pleadings were heard on August 3, 2011. In connection with those first day pleadings, the Court approved, among other things: Case Management Procedures;⁴ the employment of Bailey Cavaliere, LLC as counsel for the Debtor;⁵ the continued use of Development Specialists, Inc. to provide wind down management services to the Debtor;⁶ the employment and compensation of ordinary course professionals;⁷ and, procedures for interim compensation and reimbursement of expenses of the professionals.⁸

On July 18, 2011 the Court entered an order resolving the administrative claim of the lessor and rejecting the Fishers Leases effective June 30, 2011.⁹

The Debtor timely filed its Schedules and Statement of Financial Affairs on August 4, 2011.¹⁰ The United States Trustee conducted the 341 Meeting on August 8, 2011.

⁴ Doc. 36; also see docs. 187 and 444

⁵ Doc. 47

⁶ Doc. 46

⁷ Doc. 45

⁸ Doc. 48

⁹ Doc. 33

¹⁰ Docs. 39 and 40.

On September 9, 2011 the Court entered an order authorizing the Debtor to engage an auctioneer and to sell the majority of the Debtor's corporate art collection.¹¹ The auctions were completed and the Debtor filed its final report of sale on May 24, 2012. The net proceeds of the auction totaled \$98,059.50.¹²

On September 22, 2011 the Court entered an order establishing a claims bar dates of: October 31, 2011 for the filing of proofs of claim and January 13, 2012 for the filing of proofs of claim by governmental units.¹³ Two-hundred twenty-two (222) claims have been filed, totaling approximately \$190,000,000. This total includes administrative claims in the approximate aggregate amount of \$2,000,000. Governmental proofs of claim in the aggregate amount of approximately \$300,000 were filed on or before January 13, 2012.

On October 14, 2011 the Court entered an order approving the employment of Parente Beard as the Debtor's tax professionals.¹⁴ On that same date, the Court also entered an order approving the Services Agreement with First Financial Bank, N.A.¹⁵ Finally, the Court entered the order approving the employment of Barnes & Thornburg as special litigation counsel to prosecute the Debtor's pending mortgage fraud claims on a 60% contingency fee basis.¹⁶ Thereafter, the Court approved settlements the following settlements negotiated by Barnes & Thornburg in accordance with Bankruptcy Rule 9019: Martin;¹⁷ Conestoga;¹⁸ Western Surety;¹⁹ Residential;²⁰ and Attorney Malone and Newman²¹

¹¹ Doc. 87 and 88. Also see doc. 177

¹² Doc. 402

¹³ Doc. 115

¹⁴ Doc. 149

¹⁵ Doc. 147

¹⁶ Doc. 151

¹⁷ Doc. 193

¹⁸ Doc. 223

¹⁹ Doc. 426

²⁰ Doc. 427

²¹ Doc. 428

On December 13, 2011 the Court entered an order establishing a claims bar date of January 30, 2012 for administrative expenses (except for certain excluded professionals).²² Administrative expenses in the aggregate amount of approximately \$2,000,000 were filed on or before January 30, 2012.

On March 31, 2012 the Court entered an order establishing claims procedures, including procedures relating to the filing and service of objections; the content of objections; omnibus filings; responses and status conferences.²³

On May 10, 2012 the Court entered an agreed scheduling and protective order with respect to the claims of MidFirst Bank.²⁴

On June 20, 2012 the Court entered an order disallowing the Wike claims based upon non-compliance with Bankruptcy Rule 2019.²⁵ The Wike claims represented 190 individual proofs of claim in the aggregate amount of approximately \$50 million. On November 8, 2012 Wike filed a motion to set aside the order disallowing the Wike claims.²⁶ The Debtor opposed that motion, the matter was heard on December 13, 2012, and the Court took the matter under advisement.

The Court has entered several extensions of the time for the Debtor to remove actions to federal court. The current extension runs through January 31, 2013.²⁷

The Debtor has timely filed its Monthly Operating Reports since the commencement of the case.²⁸

²² Doc. 195

²³ Doc. 337

²⁴ Doc. 380

²⁵ Doc. 439

²⁶ Doc. 554

²⁷ Doc. 541

²⁸ Docs. 72, 105, 157, 176, 201, 204, 249, 286, 333, 362, 394, 431, 451, 491, 521, 543, 561, 591.

The Court scheduled Regular Monthly Hearings in accordance with its case management orders, the most recent of which occurred on December 13, 2012. If there were no contested matters pending at any Regular Monthly Hearing, the Court often cancelled the hearing.

The Court has entered periodic orders approving applications for interim compensation of Bailey Cavalieri,²⁹ DSI,³⁰ and Parente Beard.³¹

Various creditors filed motions for relief from stay to pursue individual state court foreclosure proceedings. The Debtor determined whether it had any continuing interest in the subject property and, if there was no current interest, the Debtor did not contest the individual motion.³²

Finally, the Court has approved several extensions of the Debtor's exclusive filing and solicitation periods with respect to the Debtor's plan and disclosure statement. Most recently, on October 19, 2012 the Court entered an order extending the exclusive filing period through January 8, 2013 and the exclusive solicitation period through March 8, 2013.³³ On December 21, 2012 the Debtor filed its motion to establish certain scheduling deadlines and hearing with respect to the consideration of the Debtor's plan and disclosure statement, including a confirmation hearing on or about March 7, 2012.³⁴ On January 4, 2013, Debtor filed its Plan of Reorganization for Irwin Mortgage Corporation as well as the proposed Disclosure Statement.

On January 4, 2013, the Court entered a scheduling order setting February 4 for the hearing on adequacy of disclosure and March 7 for the hearing on confirmation.

L. SUMMARY OF CLAIMS

²⁹ Docs. 225, 384, 510 and 586

³⁰ Docs. 226, 386, 512 and 587

³¹ Docs. 385, 511 and 589

³² See, for example, orders at docs. 142 and 198.

³³ Doc. 540

³⁴ Doc. 597

Two-hundred twenty-two (222) claims have been filed, totaling approximately \$190,000,000. This total includes administrative claims in the approximate aggregate amount of \$2,000,000.³⁵ One hundred ninety (190) of the claims, totaling approximately \$51,000,000, arise from the Copper Sands Litigation (defined below). Four claims, totaling approximately \$93,000,000, (including an administrative claim of approximately \$1.9 million) arise from contracts relating to the servicing of mortgages. One claim, for approximately \$29,000,000, arises from the sale of the Debtor's assets to Freedom Mortgage Corporation. Governmental taxing authorities have filed 13 claims, totaling approximately \$300,000. The Debtor's parent, First Financial Bank, has filed two claims totaling more than \$15 million for numerous costs advanced by IUBT and FFB on behalf of the Debtor, including post-petition costs in excess of \$30,000. The remaining claimants are primarily trade creditors.

M. CLAIMS ARISING FROM MORTGAGE SERVICING

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Four claims³⁶ arise from disputes primarily related to mortgage servicing rights. These claims total approximately \$93,000,000 and include an administrative claim of approximately \$1.9 million.

MidFirst Bank: MidFirst and the Debtor entered into a series of transactions whereby MidFirst purchased from the Debtor the mortgage servicing rights for thousands of residential real estate mortgages. The purchase contracts included a number of representations and warranties and, under some circumstances, required the Debtor's repurchase of mortgages which did not satisfy the Debtor's reps and warranties. MidFirst has filed a prepetition claim alleging approximately \$64,673,895.82 in unfulfilled repurchase and other obligations. Further, MidFirst has retained a holdback of

³⁵ The amount does not include professional fees and expenses.

³⁶ MidFirst filed two of the four claims.

a portion of the purchase monies under the contracts, and it is asserting a setoff against the amount of the holdback. MidFirst states that the amount of the holdback is \$7,998,285.69. The Debtor believes that the amount of the holdback may be \$12,998,000 or more. Finally, MidFirst also filed an administrative claim in the amount of \$1,878,199.58, representing the damages which MidFirst claims have arisen since the Petition Date. The Debtor disputes MidFirst's claims and the Debtor reserves all rights against MidFirst relating to the purchase transactions, including claims for improper servicing of the mortgages and improper retention of the holdback (including amounts improperly charged against the holdback before or after the Petition Date). MidFirst disputes the Debtor's claims for improper servicing of the mortgages and improper retention of the holdback. In addition, pursuant to the Court's Agreed Scheduling and Protective Order entered on May 10, 2012, MidFirst and the Debtor have been exchanging significant documentation with respect to MidFirst's Claims in this case and MidFirst continues to produce documents in response to Debtor's requests.

EverBank: EverBank's claim, in the amount of \$15,905,474.99, arises from two contracts whereby EverBank purchased from the Debtor the mortgage servicing rights for residential real estate mortgages. EverBank may also assert a setoff against a holdback account to the extent that the holdback was not depleted prior to the Petition Date. The Debtor disputes EverBank's claims and asserts a claim against the holdback, which the Debtor estimates to amount to at least \$2,580,000. The parties have engaged in negotiations to settle the EverBank claim as well as the Debtor's claims against EverBank for improper servicing of the mortgages and improper retention of any holdback. Everbank and the debtor have agreed to settle the Everbank Claim. A

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definitive settlement agreement and a 9019 motion will be filed with the court for approval. In summary, the economic effect of the tentative settlement will be to allow Everbank to keep the holdback and for Everbank to release all other claims against the Debtor. In the event that the settlement between the parties is not approved, the Debtor reserves all rights against EverBank related to the purchase transactions, including claims against EverBank with respect to improper servicing and improper retention of holdback, and Everbank reserves all rights with respect to its Claims.

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Fannie Mae: Fannie Mae’s claim arises from loan repurchase obligations and is in the amount of \$11,051,808.00. Fannie Mae has not asserted that its claim is secured nor has it asserted a setoff right. The Debtor is investigating the basis of the claim and the underlying transactions, and the Debtor reserves all rights against Fannie Mae relating to the servicing agreements including the claims arising from repurchased loans described in the Debtor’s schedules.

N. CLAIM OF FREEDOM MORTGAGE

As more fully set forth above, IMC and IFC entered into an Asset Purchase Agreement with Freedom Mortgage Corporation (“Freedom” and the “Freedom APA”) to sell substantially all of IMC’s operating assets of its business of originating and selling mortgage loans through its retail, wholesale, direct lending and correspondent divisions (the “Freedom Sale”). The Freedom Sale was completed in September, 2006.

Disputes subsequently arose with Freedom. Another IUBT subsidiary, Irwin Home Equity (“IHE”) and IUBT made a repurchase demand to Freedom under an agreement (as amended) acquired by Freedom in the Freedom Sale. Freedom rejected the repurchase demand and IHE and IUBT filed suit against Freedom in January, 2008 in the United States District Court for the Northern District of California, Oakland Division, Case No. C08-00472 (the

“Oakland Division Case”). In response, Freedom demanded contractual arbitration, which was assigned National Arbitration Forum, Case No. MX0803002058323 (the “Arbitration”).

The Debtor was not a party to either the Oakland Division Case or the Arbitration. However, Freedom also filed suit against IMC and IFC in March, 2008 in United States District Court in Delaware alleging that IFC and IMC breached various representations and warranties in the Freedom APA and also seeking indemnification from IMC and IFC based upon the claims asserted in the Oakland Division Case. The case was subsequently transferred from Delaware to the United States District Court for the Northern District of California, San Francisco Division, Case No. 09-01399 in March, 2009 (the “San Francisco Division Case”). The Debtor was granted extensions through July 22, 2011 to plead. The San Francisco Division Case was stayed as a result of the Debtor’s Chapter 11 filing.

IMC’s counterclaims against Freedom include amounts due under the Freedom APA and related agreements including the Transition Services Agreement. The Debtor’s counterclaims include the following amounts:

Rents due on Fishers building (2008 – 2010)	\$226,979.00;
Operating expenses on Fishers building (2008-2010)	\$499,872.00;
Furniture useage at Fishers building (2008-2011)	\$227,378.00

Additionally, the Debtor is due an annual earn out payment under the Freedom APA in the amount of \$250,000 per year.

Freedom filed a proof of claim on October 28, 2011, designated as claim no. 17, which was subsequently amended on October 31, 2011. The amount of Freedom’s proof of claim is at least \$28,789,287.75, which is comprised of the following:

Damages for breach of Freedom APA	\$16,281,014.89
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Indemnification claims	\$11,435,299.41
Lease Rejection claims	\$ 223,443.99
Damages for breach of Transition Serv.	\$ 107,851.00

Freedom also alleges that it may be secured and entitled to a set off.

The Debtor reserves all rights against Freedom with respect to the events described in Freedom's claim, including the Debtor's right to any property which Freedom alleges may be subject to setoff as well as the right to recover amounts due to the Debtor under the Freedom APA and related agreements including the transition services agreement.

O. CLAIMS OF FFB

The claims of FFB are previously described in Article V, Section C.

P. CLAIMS OF GOVERNMENTAL AGENCIES

Governmental agencies have filed thirteen claims for tax obligations. The approximate aggregate amount of the claims is \$300,000. Approximately \$200,000 of this amount is claimed to have priority status.

Q. TRADE CREDITOR CLAIMS

Trade creditors (not including the Debtor's lessor and sublessees) make up approximately five claims. Gao Yong Hong and General Electric Capital Corporation ("GECC") each filed claims meriting further disclosure herein, even though the claims are disputed by the Debtor. Gao Yong Hong filed a priority claim for \$22,161.22 alleging that the basis of the claim is "goods sold." GECC filed a claim for \$71,910.05, arising from prepetition personal property lease obligations; however, GECC also claims that \$15,544.30 of the amount due is entitled to administrative priority.

R. LANDLORD LEASE REJECTION CLAIM

IMC was a lessee and sub-lessor with respect to a multi-story, 125,290 square foot commercial building located at 10500 Kincaid Dr., Fishers, Indiana (“Fishers Building”).

IMC was the lessee of the Fishers Building pursuant to a lease with Lantern Partners, LLC (“Lantern”) (the “Fishers Prime Lease”). In connection with the termination of IMC’s operations, IMC entered into subleases for much of the Fishers Building with the following sublessees: New Century Mortgage Corporation (was subsequently assigned to Carrington Mortgage Services, LLC); Freedom Mortgage Corporation; C.H. Robinson Worldwide, Inc.; Nelnet, Inc.; and DECA Financial Services, LLC (collectively, the “Fishers Subleases” and, together with the “Fishers Prime Lease,” the “Fishers Leases”).

The Fishers Leases plus real estate taxes generated a net negative monthly cash flow of approximately \$60,000 per month. The Fishers Leases were not necessary to IMC’s business operations or the success of the Chapter 11 case. Further, there was no potential value in the Fishers Leases to be realized through a possible sale, assumption and assignment of one or more of the Fishers Leases. IMC formally surrendered the Fishers Building to Lantern on June 30, 2011.

IMC filed a motion to reject the Fishers Leases, effective June 30, 2011. Lantern opposed IMC’s motion. On July 18, 2012 the Bankruptcy Court entered an Agreed Order Granting The Debtor’s Motion For An Order Rejecting The Fishers Leases, Effective June 30, 2011 And Resolving The Lantern Objection (the “Lease Rejection Order”). The Lease Rejection Order, among other things: rejected the Fishers Leases effective June 30, 2011; granted Lantern an agreed, allowed administrative claim in the amount of \$2,500 for the month of July, 2012; reserved Lantern’s right to assert pre-petition claims; and authorized the delivery of certain rent payments from certain sublessees to Lantern.

Lantern filed a pre-petition claim in the amounts of \$39,000 secured and \$254,000 unsecured.

S. COPPER SANDS CLAIMS SUMMARY

IMC was one of dozens of defendants in pre-petition, mega-construction litigation pending in federal district court in Nevada, captioned Copper Sands Homeowners, Inc. et al., vs. Copper Sands Realty, LLC, et al. (the “Copper Sands Litigation”). Copper Sands Homeowners Association and 16 individual unit owners (the “Copper Sands Plaintiffs”) asserted claims against IMC based upon negligence, negligent misrepresentation, breach of contract, breach of implied warranties, fraud, consumer fraud and deceptive trade practices and RICO.

IMC disputed the claims and moved to dismiss the claims of the Copper Sands Plaintiffs. The Copper Sands Litigation was stayed as a result of IMC’s Chapter 11 filing.

In March, 2012 the district court dismissed the Copper Sands Plaintiffs’ claims against IMC for negligence, negligent misrepresentation, breach of contract, breach of implied warranties. As a result of that decision, the only remaining claims against IMC in the Nevada Litigation are based upon alleged fraud, consumer fraud and deceptive trade practices and RICO violations.

The Copper Sands Homeowners Association and 189 individual unit owners (the “Copper Sands Claimants”) filed proofs of claim in this Chapter 11 asserting claims in the aggregate amount of \$50,745,000.00.

The Law Offices of Terry L. Wike (“Wike”) claims to represent the Copper Sands Plaintiffs and the Copper Sands Claimants. Wike has also filed pleadings on behalf of Copper Sands Homeowners Association and its individual members 1-360. Due to the continuing confusion about who Wike represents, the various plaintiffs, claimants and others will be generally referred to as “Wike.”

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Wike filed 3 motions for relief from the automatic stay in the spring of 2012, which were all denied on procedural grounds.

In May, 2012 IMC moved to disallow the claims of the Copper Sands Claimants in accordance with Bankruptcy Rule 2019 (the "Motion To Disallow"). Bankruptcy Rule 2019 sets forth certain disclosure requirements for counsel representing multiple creditors and Wike did not make the necessary disclosures. Wike argued that Rule 2019 did not apply to his representation of multiple creditors.

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The Bankruptcy Court disagreed and entered its Order Granting Debtor's Motion To Disallow The Wike Claims Based Upon Non-Compliance With Rule 2019 (doc. 439) (the Order Disallowing Claims) on June 20, 2012. The result of the Order Disallowing Claims was the disallowance of 190 proofs of claim filed by the Copper Sands Claimants in the aggregate amount of \$51,745,000.00.

Wike did not timely appeal the Order Disallowing Claims. Instead, Wike filed a Motion for Leave of Court to File Rule 2019 Statements, which was granted; however, the Court's order granting the motion did not allow the claims. Wike thereafter filed statements which Wike asserts are in compliance with Rule 2019. It is the Debtor's position that the mere filing of the Rule 2019 statements does not reinstate the disallowed claims. Finally, Wike filed a motion to set aside the Order Disallowing Claims pursuant to Bankruptcy Rule 9024 (the Motion To Set Aside) (doc. 554), seeking to reinstate the previously disallowed claims. IMC opposed Wike's motion. The Court heard oral argument on December 13, 2012 and took the matter under advisement. On January 29, 2013, the Court entered an order which stated that "the Court will only grant the . . . Motion after Mr. Wike files a statement that he has paid the Debtor's legal fees and expenses associated with litigating the Copper Sands claims to date. . . . If Mr. Wike fails to

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comply within 30 days from the entry of this Order, the . . . Motion will be denied with prejudice.”

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Wike has requested permission to review all of the Debtor’s insurance policies (which are actually FFB’s parent policies) to determine if any policy proceeds might be applicable to the Copper Sands Litigation. The Debtor has not shared its policies with Wike because (1) the Debtor is not in possession of all policies; (2) the Debtor believes that public policy prevents the application of insurance to intentional torts such as fraud, consumer fraud, and civil RICO claims which are the only surviving claims in the Copper Sands Litigation applicable to the Debtor; (3) the policies are confidential; and (4) until the fees of Bailey Cavalieri are paid, the claims are not reinstated. Wike disagrees the Debtor’s conclusions. In addition, insurance coverage of the Debtor is provided under FFB’s parent policies, and FFB (a public company) has advised the Debtor that FFB considers insurance coverage information to be highly confidential.

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T. PURPORTED SECURED INTEREST OF KRONOS

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Kronos filed a UCC-1 financing statement purporting to describe an “International Commercial Claim in Admiralty Administrative Remedy” and asserting a security interest against substantially all of the Debtor’s assets to secure the principal amount of \$20,696,000.00, with interest accruing at 9.5% per annum from July 11, 2005. There appears to be no basis for the secured claim and the Debtor has filed a complaint to determine that such purported security interest is void.

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VI. FINANCIAL DATA & ASSETS

As discussed above, the Debtor began winding down its operations in 2006 and has continued to do so since that time. There have been no operations in the Chapter 11. Since the filing of the bankruptcy petition, the Debtor has filed monthly reports in the bankruptcy case detailing receipts and expenditures. The reports are a matter of public record.

The Debtor’s assets are described in the Liquidation Analysis. The primary assets include cash, the Debtor’s interest in IRC, and any interest in retention or holdback accounts.

Further, the Debtor has several causes of action described in Article VII.G of this Disclosure Statement; the value of such actions is speculative. The Debtor intends to ~~sell the IRC stock or its interest in IRC pursuant to 11 U.S.C. § 363.~~

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Deleted: confirmation. If the IRC sale does not occur prior to that time, the Debtor intends amend the Plan if necessary to provide for the disposition of the sale proceeds post-confirmation

VII. DESCRIPTION OF THE PLAN

A. INTRODUCTION

A summary of the principal provisions of the Plan is set forth below.

THE AMOUNT OF CLAIMS IN THE VARIOUS CLASSES AND THE NUMBER OF HOLDERS IN SUCH CLASSES CANNOT NOW BE EXACTLY DETERMINED DUE TO VARIOUS CIRCUMSTANCES, INCLUDING THE FACT THAT THE DEBTOR MAY DEEM CERTAIN FILED CLAIMS OBJECTIONABLE. THEREFORE, THE AMOUNTS OF CLAIMS IN THE VARIOUS CLASSES SET FORTH HEREIN ARE ESTIMATES. HOWEVER, DEBTOR BELIEVES THAT THE ESTIMATES UTILIZED HEREIN ARE REASONABLE.

B. DEFINITIONS

A number of capitalized terms are defined for use in the Plan. Capitalized terms used herein and not defined herein have their respective meanings assigned to them in the Plan.

C. DESCRIPTION OF CLAIMS AND INTERESTS AND TREATMENT THEREOF

Section 1123 of the Code provides that a plan of reorganization shall classify the claims of a debtor’s creditors. No payments will be made except as set forth in the Plan. The Plan divides claims and interests into classes and sets forth the treatment afforded to each class.

Creditors should note that only Allowed Claims in each class will be paid in accordance with the provisions under the Plan. Claims that are not Allowed Claims will not be paid.

In accordance with § 1123(a)(1) of the Code, Allowed Claims having priority under §§ 507(a)(2) and 507(a)(8) have not been classified and are excluded from the foregoing Classes.

1. Administrative Expense Claims

Under Article III of the Plan, all Allowed Claims arising from actual, necessary costs or expenses of preserving the Debtor's estate—such Claim being entitled to priority under sections 503(b) and 507(a)(2) of the Bankruptcy Code, including a Claim for fees and expenses pursuant to sections 330 and 331 of the Bankruptcy Code and fees, if any, due to the United States Trustee ("UST") under 28 U.S.C. §1930(a)(6)—will be paid by Debtor in full upon the later of allowance by the Court, the Effective Date, or such later date and on such terms as may be agreed upon by Debtor and the claimant. These Allowed Claims include the fees and expenses of Debtor's professionals employed in connection with the Case. Services of the professionals in the Case are ongoing.

Class 1 Claims are not impaired; and the Company shall pay each holder of a Class 1 Allowed Claim one hundred percent (100%) of the amount of such Allowed Claim as follows:

- (a) Allowed Claims pursuant to sections 105, 330, 331, 363 or 503(b)(2) through (6), inclusive, of the Bankruptcy Code shall be paid in Cash on the later of the Effective Date or on such other dates determined by the Final Orders allowing and authorizing payment of such Claims; and
- (b) Claims pursuant to section 503(b)(1) of the Bankruptcy Code representing expenses, debts or liabilities incurred by the Debtor or the Company in the ordinary course of business from and after the Filing Date may be paid by the Company: (i) in the ordinary course of business, (ii) in accordance with the terms and provisions of the particular transactions and agreements, or (iii) pursuant to orders of the Bankruptcy Court relating thereto.

2. Treatment of Classes of Claims and Interests

a. Class 2(a): Allowed Secured Claims Or Claims Subject To Setoff Of Everbank

Under Article III of the Plan, the Allowed Secured Claims Or Claims Subject To Setoff Of Everbank are unimpaired and: (a) shall be paid one hundred percent (100%) of the Allowed Secured Claim with the lesser of (i) the amount of the Allowed Claim, or (ii) the value of the Debtor's interest in the property securing the Allowed Claim; or (b) the property securing such Claim shall be abandoned. If the value of the property securing the Claim is less than the amount of the Allowed Claim, the holder shall have an unsecured Class 6 Claim in the amount of the deficiency, except the claimant may, in consideration of receiving early distribution of its Allowed Secured Claim, waive all rights to receive a deficiency claim. Holders of Class 2(a) Claims will retain the liens securing their Claims, if any.

b. Class 2(b): Allowed Secured Claims Or Claims Subject To Setoff Of Freedom

Under Article III of the Plan, the Allowed Secured Claims Or Claims Subject To Setoff Of Freedom are unimpaired and: (a) shall be paid one hundred percent (100%) of the Allowed Secured Claim with the lesser of (i) the amount of the Allowed Claim, or (ii) the value of the Debtor's interest in the property securing the Allowed Claim; or (b) the property securing such Claim shall be abandoned. If the value of the property securing the Claim is less than the amount of the Allowed Claim, the holder shall have an unsecured Class 6 Claim in the amount of the deficiency, except the claimant may, in consideration of receiving early distribution of its Allowed Secured Claim, waive all rights to receive a deficiency claim. Holders of Class 2(b) Claims will retain the liens securing their Claims, if any.

c. Class 2(c): Allowed Secured Claims Or Claims Subject To Setoff Of Midfirst

Under Article III of the Plan, the Allowed Secured Claims Or Claims Subject To Setoff Of Midfirst are unimpaired and: (a) shall be paid one hundred percent (100%) of the Allowed Secured Claim with the lesser of (i) the amount of the Allowed Claim, or (ii) the value of the Debtor’s interest in the property securing the Allowed Claim; or (b) the property securing such Claim shall be abandoned. If the value of the property securing the Claim is less than the amount of the Allowed Claim, the holder shall have an unsecured Class 6 Claim in the amount of the deficiency, except the claimant may, in consideration of receiving early distribution of its Allowed Secured Claim, waive all rights to receive a deficiency claim. Holders of Class 2(c) Claims will retain the liens securing their Claims, if any.

d. Class 2(d): Allowed Secured Claims Or Claims Subject To Setoff Of Zeus E’ Kronos Trust

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Under Article III of the Plan, the Allowed Secured Claims Or Claims Subject To Setoff Of Zeus E’ Kronos Trust are unimpaired and: (a) shall be paid one hundred percent (100%) of the Allowed Secured Claim with the lesser of (i) the amount of the Allowed Claim, or (ii) the value of the Debtor’s interest in the property securing the Allowed Claim; or (b) the property securing such Claim shall be abandoned. Holders of Class 2(d) Claims will retain the liens securing their Claims, if any.

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e. Class 2(e): Allowed Secured Claims Or Claims Subject To Setoff Of GECC

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Under Article III of the Plan, the Allowed Secured Claims Or Claims Subject To Setoff Of GECC are unimpaired and: (a) shall be paid one hundred percent (100%) of the Allowed Secured Claim with the lesser of (i) the amount of the Allowed Claim, or (ii) the value of the Debtor’s interest in the property securing the Allowed Claim; or (b) the property securing such Claim shall be abandoned. If the value of the property securing the Claim is less than the amount of the Allowed Claim, the holder shall have an unsecured Class 5 Claim in the amount of

the deficiency, except the claimant may, in consideration of receiving early distribution of its Allowed Secured Claim, waive all rights to receive a deficiency claim. Holders of Class 2(e) Claims will retain the liens securing their Claims, if any.

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f. Class 2(f): Allowed Secured Claims Of Professionals Holding A Pre-filing Retainer As Security

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Under Article III of the Plan, the Allowed Secured Claims of Professionals holding a pre-filing retainer as security are unimpaired and shall be paid in full from the security in accordance with Order Granting Debtor's Motion for Order Authorizing Employment and Compensation of Ordinary Course Professionals (Doc. 9) or any order of the Court retaining such professional. Any deficiency will be a Class 5 Claim.

g. Class 3: Allowed Claims Of FFB

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Under Article III of the Plan, the Allowed Claims of FFB are impaired. The Allowed Claims of FFB shall be treated in accordance with the FFB Settlement, the terms of which are set forth in detail in Article V.d.5.g. and Exhibit D to the Plan.

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h. Class 4: Allowed Priority Claims

Under Article III of the Plan, Allowed Priority Claims are unimpaired. In full satisfaction and release of all Allowed Priority Claims, the Plan Trustee shall, except to the extent the Claimant agrees to a different treatment, provide for the payment of the Class 4 Claims pursuant to the provisions of 11 U.S.C. § 1129(a).

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i. Class 5: All Allowed Unsecured Claims That Are Not Separately Classified Under The Plan

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Under Article III of the Plan, all Allowed Unsecured Claims that are not separately classified under the Plan are impaired. These claims generally include trade creditors, equipment vendors, service creditors, and other creditors who are not subject to servicing agreements with the Debtor. In full satisfaction and release of all such claims, the Plan Trustee shall distribute

(after making payments required by the Plan to the holders of Allowed Claims in Classes 1,

2(a), 2(b), 2(c), 2(d), 2(e), 2(f), and 4) all Cash in the Distribution Fund Pro Rata to holders of Class 5 Allowed Claims, Class 6 Allowed Claims, and Class 7 Allowed Claims.

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j. Class 6: All Allowed Unsecured Claims Of Everbank, Freedom, Midfirst, And Fannie Mae

Under Article III of the Plan, all Allowed Unsecured Claims of Everbank, Freedom, and Midfirst are impaired. In full satisfaction and release of all such claims, the Plan Trustee shall distribute (after making payments required by the Plan to the holders of Allowed Claims in

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Classes 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), and 4) all Cash in the Distribution Fund Pro Rata to holders of Class 5 Allowed Claims, Class 6 Allowed Claims, and Class 7 Allowed Claims.

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k. Class 7: All Allowed Unsecured Claims Of Copper Sands Claimants

Under Article III of the Plan, any Unsecured Claims of Copper Sands Litigation claimants that become Allowed Claims are impaired. In full satisfaction and release of all such Claims, the Plan Trustee shall distribute (after making payments required by the Plan to the holders of Allowed Claims in Classes 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), and 4) all Cash in the Distribution Fund Pro Rata to holders of Class 5 Allowed Claims, Class 6 Allowed Claims, and Class 7 Allowed Claims.

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l. Class 8: Interests

Under Article III of the Plan, Interests are impaired. Holders of Class 8 Interests shall not receive or retain any property on account of such Interests. Class 8 allowed Interests, and all certificates representing such Interests, shall be canceled on the Effective Date.

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D. IDENTIFICATION OF IMPAIRED AND UNIMPAIRED CLASSES; ACCEPTANCE OR REJECTION

Under the Plan, Classes 2(a), 3, 5, 6, and 7 are impaired, and are entitled to vote to accept or reject the Plan.

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E. MEANS OF EXECUTION

1. General Provisions

The Plan provides that all payments and other distributions of consideration described in the Plan will be made as set forth in the Plan unless an objection to a particular claim has been filed, in which case the payments (or other distributions) set forth in the Plan as to that particular claimant will be made or commenced on the later of the tenth day of the calendar month following the date provided for in the Plan, at which time such payment or other distribution will be made by Debtor to such claimant so as to provide such claimant with an amount equal to the aggregate percentage of payments and distributions made to date to all other holders of Allowed Claims in the same class whose particular claims were not subject to an objection.

The Plan further provides that, upon the Effective Date, all right, title and interest in and to Debtor's assets which constitute property of the estate will vest in the Liquidating Trust free and clear of all claims, liens and interest of creditors and interest holders except those liens or interests retained or expressly provided pursuant to the Plan.

The Plan further provides that all payments or other distributions provided for by the Plan will be made from existing funds of Debtor as of the Effective Date, funds realized through the sale by the Plan Trustee of any of the Disposition Assets, and funds realized through the prosecution and enforcement of claims, demands and causes of action retained by Debtor pursuant to Article XIV of the Plan, less any costs associated with recovering such funds. The Plan Trustee may abandon or otherwise not pursue a claim or asset if, in its discretion, the Plan

Trustee determines that the liquidation of such claim or asset is not beneficial to the Litigation Trust.

2. Objections to Claims

Under the Plan, the Plan Trustee will have the exclusive right to review and, if appropriate, pursue all objections to claims asserted against Debtor's estate in accordance with the Code. The Plan Trustee, should it choose to file such an objection, is obligated under the Plan to diligently prosecute such objection. Any and all objections to such claims must be filed within one hundred twenty (120) days after the Effective Date as may be extended by the Court for cause, or be forever barred.

3. Post Confirmation Fees and Reports

The Plan provides that, subsequent to Confirmation, through the closing of the Bankruptcy Case under § 350 of the Code and entry of a final decree pursuant to Rule 3022 of the Federal Rules of Bankruptcy Procedure, Debtor will pay all fees payable under 28 U.S.C. § 1930(a)(6), and will timely file with the Court and serve, as required by Rule 3020-2 of the Local Bankruptcy Rules of the Court, a report, or reports, of the actions taken, the progress made toward the consummation of the Plan, and the time frame anticipated until a final report and motion for the entry of a final decree can be filed with the Court.

4. Tax Treatment

Under the Plan for federal tax purposes, the Debtor intends to treat these as satisfying its debt to the particular creditor for an amount equal to the fair market value of the property deemed transferred to the creditor. With respect to the Debtor, this transaction may create income from the cancellation of indebtedness (COD) pursuant to Internal Revenue Code (IRC) Section 108 or gain or loss from the sale or exchange of property. The tax characterization of the transaction will depend on the fair market of the property transferred, the Debtor's adjusted tax

basis in the property, and whether the creditor's claim was a recourse or non-recourse liability. The creditor's adjusted basis in the property deemed transferred should be equal to the fair market value of the property on the date of the deemed transfer.

With respect to the Debtor, there is an exclusion for gross income from cancellation of debt if the discharge occurs in a title 11 case pursuant to IRC Section 108(a)(1)(A). However, pursuant to IRC Sec. 108(b)(1), the Debtor is required to reduce its tax attributes (i.e., net operating losses, credits, etc.) in the specified order outlined in IRC Sec. 108(b)(2) by the amount of gross income excluded by the title 11 exception outlined in IRC Sec. 108(a)(1)(A).

Pursuant to Revenue Procedure 94-45, the beneficiary-creditors are treated as transferring to the liquidating trust the property deemed received from the Debtor's estate. This should be treated as a nontaxable transaction. Consequently, the adjusted tax basis of such property to the liquidating trust should be equal to the adjusted tax basis of such property in the hands of the beneficiary-creditor (i.e., the fair market value of the property on the date of the deemed transfer).

EACH CLAIMANT SHOULD CONSULT WITH THEIR TAX ADVISOR AS TO THE EFFECT, IF ANY, THAT THIS PLAN WILL HAVE ON CLAIMANT'S TAXES. THE DEBTOR CANNOT SPECULATE TO EACH CLAIMANT'S TAX HISTORY TO RENDER ANY OPINION AS TO THE TAX EFFECT ON EACH CLAIMANT.³⁷

F. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

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Any and all prepetition leases and executory contracts of the Debtor not expressly assumed by the Debtor pursuant to Final Order of the Bankruptcy Court on or prior to the Effective Date, or that are the subject of pending motions by the Debtor to assume pursuant to section 365 of the Code as of the Effective Date, shall be deemed rejected and disaffirmed upon

³⁷ Also see, Section XII, infra. Tax Treatment by the Debtor is set forth in Article VIII of the Plan.

the Effective Date.

Pursuant to the FFB Settlement, IMC shall be deemed to have rejected the Tax Allocation Agreement as of the Effective Date.

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Claims for damages arising by reason of the rejection of any executory contract shall constitute Class 5 Claims if, but only if, a proof of claim therefor shall be (or shall have been) timely filed with the Clerk of the Court in accordance with the order so rejecting that executory contract, but in no event later than the thirtieth (30th) day following the mailing of the Notice of Confirmation. The Plan Trustee or any other parties may object to such claim.

G. RETENTION OF RETAINED ACTIONS

Article XIV of the Plan provides that, upon the Effective Date, Plan Trustee shall retain the Retained Actions, and may, in its sole discretion, determine to prosecute or release any such Retained Actions and if prosecuted, compromise and settle such Retained Actions, or abandon such Retained Actions, on such terms as it deems reasonable with no further notice to holders of Allowed Claims or of Allowed Interests being necessary. In its sole discretion, and in such amounts as it may solely determine, Plan Trustee may apply any consideration received as a result of a settlement of any of the Retained Actions or from the enforcement of any judgment obtained with respect to any of the Retained Actions to satisfy its obligations under the Plan.

A description of the Retained Actions is set forth below and is also included in an Exhibit B to the Plan. These Retained Actions include all claims, rights of action, Causes of Action, suits or proceedings by the Debtor or Estate, whether in law or in equity, whether known or unknown, that the Debtor or Estate may hold against any person, except as specifically released in the Plan, including all Litigation Claims and Avoidance Actions but excluding all claims, rights of action, suits or proceedings that are affirmatively released by the Debtor pursuant to the

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Plan are Retained Actions. The Retained Actions include claims against Insiders and non-Insiders of the Debtor and the Non-debtor Affiliates, including, but not limited to, the following parties, but excluding any Person who is an officer, director or employee of FFB as of the Effective Date and any Person who served as an officer, director, or employee of IMC and/or IRC at any time after thirty (30) days after the Acquisition Date but such exclusion shall not exclude any Person expressly identified by name below:

- All officers, directors, Management Committee members, Financial Asset Valuation Committee members, Asset-Liability Management Committee members, and persons in control of IMC from 2005 through the FDIC Transaction including, but not limited to, Robert Griffith, Greg Ehlinger, Will Miller, Matt Souza, Tom Washburn, Kelly Bley, Dan Holt, Dave Meyercord, Steve Schultz, Brett Vanderkolk, Eric Knapp, Ian Russell, Tim Murphy, Kevin Murphy, John Macke, Renee Jensen, Mike Tuttle, Chris Byrde, Jody Littrell, Karey Fung, Leon Ravenna, Rebecca Towne, Paul Brown, Paul Dolan, Paul Freudenthaler, Mark Chevalier and Todd Hargreaves;
- All officers, directors, Irwin Mortgage Tail Management Committee members and persons in control of IUBT from 2005 through the FDIC Transaction, including, but not limited to, Greg Ehlinger, Matt Souza, Will Mille, Sally Dean, David Hoover, Bill Kling, Brenda Lauderback, John McGinty, Dayton Molendorp, Lance Odden, Marita Zuraitis, David Goodrich, Brad Kime, Jo LaLeggia, John McGinty, Jose Gonzalez, Jody Littrell, Jocelyn Martin-Leano, John Rinaldi, Steve Schultz, Rebecca Towne, and Brett Vanderkolk;
- All officers and directors of IFC from 2005 through the filing of the IFC Chapter 7 bankruptcy, including, but not limited to, Sally Dean, David Goodrich, David Hoover, Bill Kling, Brenda Lauderback, John McGinty, Will Miller, Dayton Molendorp, Lance Odden, Greg Ehlinger, Matt Souza, Jose Gonazlez, Jody Littrell, Steve Schultz, Rebecca Towne, Brett Vanderkolk, and Dave Meyercord;
- All public accounting firms representing IMC and/or IUBT through the FDIC Transaction and/or IFC through the IFC Chapter 7 Bankruptcy, including Ernst & Young;
- All law firms representing IMC and/or IUBT through the FDIC Transaction and/or IFC through the IFC Chapter 7 Bankruptcy;

Such claims, Causes of Action and Retained Actions include, but are not limited to, the following:

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Deleted: but excluding any Person who is an officer, director or employee of FFB as of the Effective Date and any Person who served as an officer, director or employee of FFB at any time after September 18, 2009

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- IMC's pending plaintiff claims prosecuted by Special Litigation counsel on a contingency basis, including the First Pacific Litigation;
- Counterclaims against Freedom;
- Actions to recover transfers from IMC to IUBT, including the Allocated Trust Preferred Stock Transfers and/or claims against officers and directors of IMC and/or IUBT related to or arising from the Allocated Trust Preferred Stock Transfers, including claims for breach of fiduciary duty;
- Actions to avoid, recharacterize or subordinate claims;
- Actions to establish a constructive or resulting trust;
- Actions for violations of ERISA;
- Aiding and abetting;
- Avoidance and recovery of preferential transfers;
- Breach of contract;
- Breach of duty of good faith and fair dealing;
- Breach of fiduciary duty;
- Causes of action arising under chapter 5 of the Bankruptcy Code;
- Civil conspiracy;
- Conversion;
- Fraud and/or misrepresentation under state or federal law;
- Fraudulent transfer;
- Fraudulent conveyance;
- Gross negligence;
- Indemnification (other than with respect to indemnification claims and rights of FFB in connection with the Acquisition);
- Insurance policy recoveries;

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- Oppression by controlling shareholder(s);
- Price fixing;
- Recklessness;
- Rescission;
- Tax refunds or tax benefits;
- Tortious interference;
- Trust fund doctrine;
- Turnover of property of the Debtor's estate;
- Unlawful distribution or waste of corporate assets; and
- Violations of the Racketeer Influenced and Corrupt Organizations Act

The potential Causes of Action and defendants listed above are not exhaustive, but are reflective of current knowledge. To the extent not specifically released under the Plan, the Plan Trustee reserves all rights to bring any claims, rights of action, suits or proceedings against any defendant, in each case not specifically referenced above, but that may be identified following the Effective Date through formal or informal discovery or in litigation.

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The Retained Actions also include any and all claims arising under any contracts or any other form of indebtedness due Debtor that is not otherwise identified herein or the Plan, including, but not limited to, (i) the actions identified in response to Question 4 of the Statement of Financial Affairs filed by Debtor in the Case; (ii) actions against Midfirst for improper servicing of mortgages relating to the agreements referenced in Midfirst's Claims and for improper retention of holdback in an amount of at least \$12,998,000; (iii) actions against Everbank for improper servicing of mortgages relating to the agreements referenced in Everbank's Claim and for improper retention of holdback in an amount of at least \$2,580,000;

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(iv) unknown amounts due from Fannie Mae related to repurchased loans; (v) an unknown amount due from Freedom under a transition services agreement dated on or about September

18, 2006; (vi) a balance due from from Residential Financial Services, Inc. and Carlos Mendez;

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and (vii) all claims or rights to participate in refunds or tax benefits from any taxing authority including the IRS claimed by the trustee of Irwin Financial Corporation and the FDIC arising from the overpayment of taxes by a consolidated tax group of which the Debtor was a member.

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The Retained Actions also include any other potential claim described in herein or in the Plan, including preference, fraudulent transfer or avoidance claims, claims under chapter 5 of the Bankruptcy Code or similar state law, including, without limitation, claims relating to payments made within 90 days and identified in the Statement of Financial Affairs filed by Debtor in the Case and any claims relating to the avoidance of the purported security interest filed by Kronos.

Deleted: (including but not limited to transfers to Post Acquisition Parties)

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The Retained Actions also include any and all claims or causes of action that Debtor might have for refunds of taxes or other charges against any federal, state or local Governmental Unit. Counsel for Plan Trustee and the Plan Trustee are continuing to evaluate the Retained Actions, and will continue to do so after the Effective Date. *However, due to inherent litigation risks, there can be no assurances that the Retained Actions will generate any recovery, including any recovery for holders of Allowed Claims.*

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H. GENERAL PROVISIONS

Articles IV, V, and VI of the Plan provide that the assets of the Estate will be transferred to a Liquidating Trust. A Plan Trustee will be appointed to administer the assets of the Estate, will make distributions in accordance with the Plan, and will have all of the powers of a debtor-in-possession or Chapter 7 trustee as set forth in article V of the Plan. The Liquidating Trust Agreement is attached to the Plan as Exhibit A.

I. RETENTION OF JURISDICTION

Pursuant to Article XV of the Plan, the Court will retain jurisdiction of these proceedings for various purposes, including the determination of the classification, validity and amount of Claims; the allowance or disallowance of any and all Claims herein to which any proper party to these proceedings objects, including Plan Trustee; the determination of damages suffered by any party to an executory contract rejection; conducting hearings on valuation, as necessary; fixing compensation allowances and reimbursement of expenses for administrative claimants for services rendered through the Effective Date; and hearing and determining any and all motions, applications, adversary proceedings, and contested or litigated matters arising in or in any way related to the claims, demands, and causes of action retained by Plan Trustee pursuant to Article XIV of the Plan.

J. MODIFICATION OF THE PLAN

Article XVI of the Plan provides that the Plan may be altered, amended or modified by the Debtor before confirmation as provided in section 1127 of the Bankruptcy Code. Additionally, the Plan may be altered, amended or modified by the Plan Trustee after confirmation as provided in section 1127 of the Bankruptcy Code.

K. DISCHARGE AND RELEASE; INJUNCTION

Article XII of the Plan provides that the payments, distributions and other treatments provided for under the Plan with respect to each class of Allowed Claims will be deemed to constitute the full and complete satisfaction, discharge, and release of all such Allowed Claims and will constitute a new obligation owing by Debtor to or for the benefit of the holders thereof.

Article XII of the Plan also provides that, as of the Effective Date, provided that Debtor is not in default of its obligations under the Plan, all entities that have held, currently hold or may hold a Claim or other debt or liability against Debtor will be

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permanently enjoined from taking any of the following actions against Debtor, or its property, on account of, or in any way relating to, any such Claim, debts or liabilities: (a) commencing or continuing in any manner any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff or right of subrogation of any kind against any debt, liability or obligation due to Debtor; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

Article XII of the Plan also provides that, as of the Effective Date, except as expressly provided in the Plan, all entities shall be precluded from asserting against the Liquidating Trust and the Plan Trustee, its successors or its property any and all Claims, debts, rights, Causes of Action or liabilities based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date. As of the Effective Date, the Debtor, its estate, and the Liquidating Trust will be deemed to forever release, waive, and discharge any and all Causes of Action, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, in any way relating to the Debtor, the operations, business or affairs of the Debtor, the Debtor's bankruptcy case, the Plan, or the Disclosure Statement, that could have been asserted at any time, past, present, or future, by, through or on behalf of the Debtor, or its estate, against the Post Acquisition Parties, or their respective present and former employees,

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agents, officers, directors, principals, and Affiliates. As of the Effective Date, each holder of a Claim that votes in favor of the Plan (or is deemed to accept the Plan) will be deemed to release the Post Acquisition Parties, and their respective present and former employees, agents, officers, directors, principals, and Affiliates, from any and all Causes of Action belonging to such holder and not to the Debtor, its estate, the Liquidating Trust or the Plan Trustee in any way relating to the Debtor, the operations, business or affairs of the Debtor, the Debtor's bankruptcy case, the Plan, or the Disclosure Statement. In the event that any release provision of the FFB Settlement Agreement is inconsistent with the release provisions of this Plan, the release provision of the FFB Settlement Agreement shall control. The Confirmation Order will enjoin any prosecution of any such Claims, debts, rights, Causes of Action or liabilities, obligations, suits, judgments, arbitrations, damages, rights, or liabilities which were or could have been asserted against the Debtor, the Liquidating Trust, the Plan Trustee or the Post Acquisition Parties on or after the Effective Date. The provisions of the Plan shall not operate as a release of any of the Debtor's, the Liquidating Trust's, or the Post Acquisition Parties' obligations under the Plan and the rights of the Debtor to enforce the Plan and the contracts, instruments, indentures and other agreements or documents delivered or assumed hereunder. Notwithstanding anything in this section or the Plan to the contrary, the Avoidance Actions and the Retained Actions set forth in Exhibit B are not released or settled.

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VIII. DISCLOSURE OF INFORMATION

DEBTOR URGES YOU TO READ CAREFULLY THE PLAN, THIS DISCLOSURE STATEMENT AND ITS EXHIBITS. THE PLAN, THIS DISCLOSURE STATEMENT AND ITS EXHIBITS ARE INTENDED TO PROVIDE YOU WITH AS MUCH INFORMATION AS IS REASONABLY POSSIBLE, GIVEN THE LIMITATIONS OF SPACE AND TIME, WITH

WHICH TO DECIDE WHETHER TO ACCEPT OR REJECT THE PLAN DESCRIBED HEREIN.

The information in this Disclosure Statement and the Exhibits regarding Debtor, the value of its assets or the value of any benefits offered pursuant to the Plan is expressly confined to the context of this Disclosure Statement. Debtor specifically reject the use of any such information outside of consideration of this Disclosure Statement.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT HIS, HER OR ITS OWN LEGAL COUNSEL AND ACCOUNTANT AS TO THE LEGAL, TAX AND OTHER MATTERS CONCERNING HIS, HER OR ITS CLAIM OR EQUITY INTEREST.

IX. COMPARISON OF PLAN TO ALTERNATIVES

Debtor believes that the Plan affords creditors and interest holders the potential for the greatest recovery from Debtor's assets and, therefore, is in the best interests of the creditors and interest holders. Debtor has considered alternatives to the Plan such as liquidation and a sale of its assets in the context of a Chapter 7 case. In the opinion of Debtor, such alternative would not afford creditors as great a recovery potential as does the Plan. If the Plan is not confirmed, the alternatives include (a) liquidation under Chapter 7; (b) a sale of the remainder of Debtor's assets under § 363 of the Code.

A. LIQUIDATION UNDER CHAPTER 7

Debtor has undertaken a Liquidation Analysis, attached as Exhibit C. The analysis provided is believed to be reasonable and conservative, and in accordance with 11 U.S.C. §

Deleted: under Chapter 7 of the Code.

1129. The Debtor is firmly convinced that the distribution to holders of unsecured Allowed

Deleted: The result of such a liquidation would be a distribution of a lesser amount to the holders of unsecured Allowed Claims. Accordingly,

Claims proposed in the Plan is the same or greater than the distribution those creditors would receive if Debtor's assets were liquidated in a Chapter 7 proceeding.

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Liquidation under Chapter 7 of the Code entails the appointment of a Trustee having no experience or knowledge of Debtor's Business, its records or assets. A substantial waiting period would be required in order for any Chapter 7 Trustee to effectively wind up the Case. Also, the value of Debtor's assets will be reduced in a liquidation. The cost of monitoring IRC through its runout would cost substantially more than the currently contemplated sale.

1. Administrative Expenses Under Chapter 7

The administrative costs of the estate must be satisfied from the proceeds of a Chapter 7 liquidation. The administrative costs would include the fees of the Chapter 7 Trustee, the cost of counsel for the Trustee and possibly the cost of accountants for the Trustee.

2. Liquidation Analysis of the Estate

Debtor believes that liquidation under Chapter 7 would result in a substantial diminution of the value of its estate. Given the nature of these debt obligations, Debtor is certain that unsecured creditors would realize less value from the Debtor's assets in a Chapter 7. Additionally, there will be additional administrative expenses involved in the appointment of a Chapter 7 Trustee and retention of attorneys and other professionals to assist the Trustee, as well as unpaid, current expenses accruing to trade creditors, and taxing authorities.

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IRC may also be liquidated pursuant to a sale under § 363 of the Code, which provides, in part, that, after notice and a hearing, a trustee (or debtor in possession) may sell property of the estate other than in the ordinary course of business. In light of these provisions, and the due diligence and sales effort which a Chapter 7 Trustee must perform, the Debtor believes that a sale of IRC by a Chapter 7 Trustee under § 363 of the Code would provide a lesser recovery to Claimants.

Deleted: Debtor has considered liquidation in the context of a Chapter 7 case, and its liquidation analysis is found on Exhibit "C". In the analysis, Debtor has taken into account the nature, status, and underlying value of its assets and the extent to which such assets are subject to liens and security interests. Based on this analysis, Debtor believes that the gross proceeds from liquidation of all of its assets would yield no distribution to the holders of unsecured Allowed Claims.¶

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B. DISMISSAL OF THE CASE

The Debtor submits that a dismissal is unlikely given the cash on hand and substantial claims being asserted.

X. DESCRIPTION OF DEBTOR AFTER CONFIRMATION

The Plan provides that on the Effective Date, except to the extent (if any) necessary to dissolve the Debtor under applicable non-bankruptcy laws and to file any tax returns of the Debtor, the authority, power and incumbency of the Persons then acting as directors and officers of the Debtors shall be terminated and such directors and officers shall be deemed to have resigned. On the Effective Date, all of the Interests in the Debtor (including all instruments evidencing such Interests) shall be canceled and extinguished without further action under any applicable agreement, law, regulation or rule. Further, as of the Effective Date, or as soon as practicable thereafter, and without the need for any further order of the Bankruptcy Court, action or formality which might otherwise be required under applicable non-bankruptcy laws, the Debtor may be dissolved without the need for any filings with the Secretary of State or other governmental official in the Debtor's state of incorporation, and, to the extent (if any) necessary to effectuate the provisions of this Plan, any conflicting provisions of the Articles of Incorporation or Code of Regulations of the Debtor shall be deemed modified or of no force and effect.

Deleted: On a post-Confirmation basis, Debtor will be dissolved and the charter cancelled within sixty (60) days of the effective date. The Board and management will resign and transfer the Disposition Assets of the Trust. ¶

XI. PAYMENT OF FEES; FILING OF POST CONFIRMATION REPORTS

Debtor intends to pay on or before the Effective Date all fees payable under 28 U.S.C. § 1930(a)(6) and 11 U.S.C. § 1129(a)(12). The Plan provides, in Article VIII thereof, that after Confirmation, through the closing of the Bankruptcy Case under § 350 of the Code and entry of a final decree pursuant to Rule 3022 of the Federal Rules of Bankruptcy Procedure, Debtor will pay all fees payable under 28 U.S.C. § 1930(a)(6), and will timely file with the Court and serve,

as required by Rule 3020-2 of the Local Bankruptcy Rules of the Court, a report, or reports, of the actions taken, the progress made toward the consummation of the Plan, and the time frame anticipated until a final report and motion for the entry of a final decree can be filed with the Court.

XII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Article VII.E.4 provides an explanation of how the Debtor intends to treat the transactions contemplated under the Plan. Notwithstanding, the Plan and its tax consequences are complex. The tax consequence of the Plan will depend on factual determinations with respect to each creditor and the interest holder. No ruling has been or will be requested from the Internal Revenue Service prior to the Effective Date regarding the tax consequences of the Plan.

BECAUSE THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND MAY VARY BASED UPON INDIVIDUAL CIRCUMSTANCES, THIS DISCLOSURE STATEMENT RENDERS NO ADVICE ON THE TAX CONSEQUENCES ON THE IMPLEMENTATION OF THE PLAN TO ANY PARTICULAR CREDITOR, TO DEBTOR, OR TO AN INTEREST HOLDER. EACH SUCH PARTY IS URGED TO CONSULT HIS OR HER TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN UNDER APPLICABLE FEDERAL, STATE AND LOCAL TAX LAWS.

XIII. CONCLUSION

The Debtor urges all parties in interest to vote to ACCEPT the Plan and to evidence such acceptance by returning their ballots on or before March 5, 2013.

Irwin Mortgage Corporation

By: /s/ Fred C. Caruso

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Its: President & Chief Restructuring Officer

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Nick V. Cavalieri (0013097)
Matthew T. Schaeffer (0066750)
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, Ohio 43215
(614) 221-3155 / Fax (614) 221-0479
E-Mail: nick.cavalieri@baileycavalieri.com
matthew.schaeffer@baileycavalieri.com

- and -

Robert B. Berner (0020055)
Bailey Cavalieri LLC
Kettering Tower, Suite 1250
40 North Main Street
Dayton, Ohio 45423-0001
(937) 223.4701 / Fax (937).223.0170
E-Mail: robert.berner@baileycavalieri.com

ATTORNEYS FOR DEBTOR
AND DEBTOR-IN-POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO EASTERN
DIVISION

IN RE:

IRWIN MORTGAGE CORPORATION,

Debtor and
Debtor-in-Possession.

§
§
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CASE NO. 11-57191

Chapter 11

Chief Judge Caldwell

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- § ¶
IRWIN MORTGAGE CORPORATION, - §
Chapter 11 ¶
§¶
§ - Chief Judge Caldwell¶

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FIRST AMENDED PLAN OF LIQUIDATION
PROPOSED BY IRWIN MORTGAGE CORPORATION

Nick V. Cavalieri (0013097)
Matthew T. Schaeffer (0066750)
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, Ohio 43215
(614) 221-3155 / Fax (614) 221-0479
E-Mail: nick.cavalieri@baileycavalieri.com
matthew.schaeffer@baileycavalieri.com

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DATED JANUARY 4, 2013¶
_____¶

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- and -

Robert B. Berner (0020055)
Bailey Cavalieri LLC
Kettering Tower, Suite 1250
40 North Main Street
Dayton, Ohio 45423-0001
(937) 223.4701 / Fax (937).223.0170
E-Mail: robert.berner@baileycavalieri.com

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ATTORNEYS FOR DEBTOR
AND DEBTOR-IN-POSSESSION

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[Exhibit A – Liquidating Trust Agreement](#)

[Exhibit B – Retained Actions](#)

[Exhibit C – Litigation Claims](#)

[Exhibit D – FFB Settlement Agreement \(to be filed within ten days prior to the hearing on confirmation\)](#)

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Irwin Mortgage Corporation (“IMC” or “Debtor”) hereby proposes the following [First Amended](#) Plan of Liquidation (the “Plan”):

ARTICLE I [DEFINITIONS](#)

[As used in the Plan, the following terms shall have the respective meanings](#) specified below. All capitalized terms used herein and not otherwise defined have the meanings assigned to them in Title 11 of the United States Code and in the Federal Rules of Bankruptcy Procedure.

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1.1 [“Acquisition/Acquisition Date” shall mean the acquisition dated September 18, 2009, the date of the acquisition of certain assets of Irwin Union Bank and Trust pursuant to that certain Purchase and Assumption Agreement between the Federal Deposit Insurance Corporation and First Financial Bank, National Association, dated as of September 18, 2009.](#)

1.2 [“Administrative Claim” shall mean an actual, necessary cost or expense of preserving the Debtor’s estate, which Claim is entitled to priority under sections 503\(b\) and 507\(a\)\(2\) of the Bankruptcy Code, including a Claim for fees and expenses pursuant to sections 105, 330, 331 and 363 of the Bankruptcy Code and fees, if any, due to the United States Trustee \(“UST”\) under 28 U.S.C. §1930\(a\)\(6\).](#)

1.3 [“Allowed Claim” shall mean any Claim against the Debtor:](#)

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(a) all or a portion of which has been allowed by a Final Order of the Bankruptcy Court (in which case only the amount so allowed by the Court shall constitute an Allowed Claim); or

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(b) that is listed in the Schedules as liquidated in amount and not disputed or contingent, and that has not been objected to by any party in interest; or

(c) that appears on any "Schedule of Allowed Claims" filed by the Debtor with the Bankruptcy Court on or before the Effective Date, and that has not been objected to by any party in interest.

The "Schedule of Allowed Claims" shall include all Unsecured Claims known to the Debtor which (i) were filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claim with respect to the Debtor or which have been deemed to have been timely filed by Final Order of the Bankruptcy Court, and (ii) as to which the Debtor does not intend to object. Unless otherwise specified in the Plan, an "Allowed Claim" shall not include interest on the amount of such Claim from and after the Filing Date.

1.4 "Available Cash" at any particular date shall mean all Cash remaining in the Distribution Fund on that date after payment of Allowed Claims in the following priority: Class 1, Classes 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), and Class 4.

Deleted: . 1.3 - "Acquisition/Acquisition Date" shall mean the acquisition dated September 18, 2009, the date of the acquisition of certain assets of Irwin Union Bank and Trust pursuant to that certain Purchase and Assumption Agreement between the Federal Deposit Insurance Corporation and FFB. ¶

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1.5 "Avoidance Actions" shall mean all actions that have been, or may be, brought by the Debtor, the Company, or the Plan Trustee for recovery of transfers pursuant to the Bankruptcy Code.

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1.6 "Bankruptcy Code" or "Code" shall mean the Bankruptcy Reform Act of 1978, as amended, Title 11, United States Code.

1.7 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division, conferred with authority over the Debtor's Chapter 11 case or such other court as may be administering the case or any part thereof.

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1.8 “Cash” shall mean cash, cash equivalents, and other readily marketable securities or instruments.

Deleted: - 1.8 - “Beneficial Holder” means the holder of a Claim in any of Classes 1, Classes 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 2(g), 3 or 4, inclusive, until such holder receives payment in full of the amount of its Allowed Claim.¶
- 1.9

1.9 “Causes of Action” means any and all claims, causes of action and enforceable rights of any entity against third parties (including, without limitation Post Acquisition Parties), or assertable by a person or on behalf of its creditors, its estate, or itself, whether brought in the Bankruptcy Court or any other forum, for recovery or avoidance, that has not been settled or resolved as of the Effective Date, of, among other things or remedies: (a) obligations, transfers of property or interests in property, offsets, debt forgiveness, cash, and other types or kinds of property or interests in property or the value thereof, recoverable or avoidable pursuant to Chapter 5 of the Bankruptcy Code or other sections of the Bankruptcy Code or any applicable law; (b) damages, whether general or statutory or punitive, or other relief, in any action or proceeding relating to or based upon – (i) indebtedness owing to a person, (ii) fraud, negligence, gross negligence, willful injury or misconduct, acts or malice, or any other tort actions, (iii) breaches of contract, (iv) violations of federal or state securities laws, (v) violations of applicable corporate, limited liability company or partnership laws, (vi) breaches of fiduciary or agency duties, including, but not limited to, the duties of care and/or loyalty, (vii) recharacterization, (viii) illegal dividends, (ix) misrepresentations, (x) causes of action based on disregard of the corporate form or piercing the corporate veil, alter ego, or similar liability theories, (xi) corporate waste, (xii) corporate opportunity, (xiii) any theory of recovery against a lending institution not otherwise released by the Plan, including any action or any action causing harm to a person, (xiv) equitable or legal subordination, (xv) indemnity rights, or (xvi) any other action listed in Bankruptcy Rule 7001, and (c) damages or other relief based upon any other claim of a person to the extent not specifically compromised or released pursuant to the Plan.

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1.10 "Claim" shall mean any claim against the Debtor within the meaning of section 101(5) of the Bankruptcy Code that has not been disallowed by a Final Order.

1.11 "Company" shall mean Irwin Mortgage Corporation, an Indiana corporation, as it shall be constituted after the Confirmation Date.

1.12 "Confirmation Date" shall mean the date on which the Confirmation Order becomes a Final Order.

1.13 "Confirmation Hearing" shall mean the hearing to be held by the Bankruptcy Court to consider confirmation of the Plan.

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1.14 "Confirmation Order" shall mean the order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

1.15 "Consummation Date" shall mean the later of (i) the first business day after the final report of distribution is approved by the Court and all final tax and fiduciary returns are filed by the Company, or (ii) the sixtieth (60th) business day after the date that the Final Distribution is made.

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1.16 "Copper Sands Claimants" shall mean the Copper Sands Homeowners Association and 189 individual unit owners who filed proofs of claim in this case.

1.17 "Court" shall mean the Bankruptcy Court and, with respect to any particular proceeding within the Debtor's Chapter 11 case, any other court that may be exercising jurisdiction over such proceeding.

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1.18 "Debtor" shall mean Irwin Mortgage Corporation.

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1.19 "Disclosure Statement" shall mean the Disclosure Statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as approved by the Court.

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1.20 “Disposition” shall mean the sale, conveyance, transfer, assignment, liquidation, collection, or abandonment of Disposition Assets (other than Cash) by the Company.

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1.21 “Disposition Assets” or “Distributable Assets” shall mean all assets of any kind of the Debtor on the Confirmation Date, including, but not limited to, all accounts receivable, contract rights, intangible property, securities, instruments, Cash, leases, inventory, goods, equipment, real property, partnership interests, causes of action, claims, rights and benefits of any kind, together with the Proceeds thereof.

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1.22 “Disputed Claim” means a Claim against the Debtor that has not been determined to constitute an Allowed Claim by Final Order of the Bankruptcy Court and that meets any of the following tests:

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- (a) an objection has been filed as to the Claim by any party in interest; or
- (b) the Claim appears on a “Schedule of Disputed Claims” filed by the Debtor with the Bankruptcy Court on or before the Effective Date; or
- (c) the Claim does not otherwise constitute an Allowed Claim.

1.23 “Disputed Administrative Claim” shall mean an Administrative Claim against the Debtor that has not been determined to constitute an Administrative Claim by Final Order of the Bankruptcy Court and that meets any of the following tests:

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- (a) an objection has been filed as to the Administrative Claim by any party in interest; or
- (b) the Administrative Claim appears on a “Schedule of Disputed Claims” filed by the Debtor with the Bankruptcy Court on or before the Effective Date; or
- (c) the Administrative Claim does not otherwise constitute an Allowed Claim.

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1.24 “Disputed Administrative Claims Account” means that Account described in [section 6.3](#) of this Plan.

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1.25 “Disputed Priority Tax Claims” means the Claims described in [section 6.4](#) of this Plan.

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1.26 “Disputed Priority Tax Claims Account” means that Account described in [section 6.4](#) of this Plan.

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1.27 “Distribution Date” shall mean the dates, subsequent to the Effective Date, on which distributions of Available Cash are made.

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1.28 “Distribution Fund” is the fund to be established pursuant to [sections 6.2](#) and [6.5](#) of this Plan and from which the Company shall make distributions to [Holders](#) of Allowed Claims in accordance with the provisions of this Plan.

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1.29 “DSI” shall mean Development Specialists, Inc.

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1.30 “Effective Date” shall mean the later of (i) the [sixtieth \(60th\)](#) day after the Confirmation Date or (ii) first business day after the date when all conditions set forth in [section 10.1](#) hereof have been satisfied.

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1.31 “Everbank” shall mean Everbank Federal Savings Bank of Jacksonville, Florida.

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1.32 “Everbank Secured Claim” shall mean the [secured portion](#) of [the Claim filed by](#) Everbank.

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1.33 “FFB” shall mean “FFB” shall mean (a) First Financial Bank, National Association, and/or (b) First Financial Bancorp , and/or (c) any of the other parties to the Tax Allocation Agreement, and/or (d) any Affiliate of any of the foregoing; *provided* that FFB shall not include Irwin Mortgage Corporation or Irwin Reinsurance Corporation.

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1.34 "FFB Claim" shall mean all of the Claims of FFB.

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1.35 "FFB Settlement" shall mean the agreement between FFB and the Debtor providing for, among other matters, the settlement and treatment of the FFB Claims, the principal terms of which are set forth in the Disclosure Statement, and which shall be the subject of a definitive settlement agreement (the "FFB Settlement Agreement") filed as Exhibit D to the Plan not later than 10 days prior to the Confirmation Hearing.

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1.36 "FHLB" shall mean Federal Home Loan Bank of Indianapolis.

1.37 "Filing Date" means July 8, 2011, the date on which IMC filed a voluntary petition for relief under the Bankruptcy Code.

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1.38 "Final Distribution Date" shall mean the date on which there are no remaining Disputed Claims and all, or substantially all, Disposition Assets have been converted to Cash.

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1.39 "Final Order" shall mean a judgment, order, ruling or other decree issued and entered by the Bankruptcy Court or by any state or other federal court or other tribunal, which judgment order, ruling or other decree has not been reversed, stayed, modified or amended and as to which (i) the time to appeal, or petition for review, rehearing, or certiorari has expired and as to which no appeal, or petition for review, rehearing, or certiorari is pending or (ii) any appeal, or petition for review, rehearing, or certiorari has been finally decided and no further appeal, or petition for review, rehearing, or certiorari can be taken or granted.

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1.40 "Freedom" shall mean Freedom Mortgage Corporation.

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1.41 "Freedom Secured Claim" shall mean the secured portion of the Claim filed by Freedom.

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1.42 "GECC" shall mean GE Capital Corporation.

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1.43 "GECC Secured Claim" shall mean the secured claim of GECC which has been satisfied by the Pre-filing termination of the lease between the Debtor and GECC and the abandonment of the collateral.

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1.44 "Holder" means the holder of a Claim in any of Classes 1, Classes 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), 3, 4, 5, 6, or 7, inclusive, until such holder receives payment in full of the amount of its Allowed Claim.

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1.45 "Interests" shall mean any rights of holders of issued and outstanding shares of preferred or common stock of the Debtor in respect thereof.

1.46 "IMC" shall mean Irwin Mortgage Corporation, the Debtor.

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1.47 "Liquidating Trust" shall mean that trust established pursuant to the Liquidating Trust Agreement.

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1.48 "Liquidating Trust Agreement" shall mean that Agreement attached as Exhibit A and described in section 4.1.

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1.49 "Member" shall mean the member(s) of the Oversight Committee.

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1.50 "Member Firms" shall mean the firms with which the Members are affiliated or associated (which are currently Development Specialists, Inc., The Meridian Group and Phoenix Management Services).

1.51 "Midfirst" shall mean Midfirst Bank.

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1.52 "Midfirst Administrative Claim" shall mean the Administrative Claim filed by Midfirst.

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1.53 "Midfirst Secured Claim" shall mean the secured portion of Claim #15 filed by Midfirst.

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1.54 "Notice of Confirmation" shall mean the notice of entry of the Confirmation Order mailed pursuant to Rules 2002(f) and 3020(c) of the Federal Rules of Bankruptcy Procedure.

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1.55 "Oversight Committee" shall mean the three (3) member committee of the Liquidating Trust, formed upon the Effective Date, which shall provide advice and consent to the Plan Trustee pursuant to the terms of the Liquidating Trust Agreement and this Plan.

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1.56 "Plan" shall mean the Plan of Liquidation dated January 4, 2013, as amended by this First Amended Plan, and as it may be amended or modified by the Debtor from time to time pursuant to the Plan, the Bankruptcy Code, or the Federal Rules of Bankruptcy Procedure.

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1.57 "Plan Trustee" shall be as described in Article 5 and the Liquidating Trust Agreement.

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1.58 "Post Acquisition Parties" shall mean FFB and those officers, directors, employees, professionals, lawyers, accountants, appraisers, business and turnaround consultants that represented, were employed by, or consulted with the Debtor or FFB after the Acquisition.

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1.59 "Pre-filing" shall mean before the filing of this Chapter 11 case on July 8, 2011.

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1.60 "Proceeds" shall mean all of the proceeds from the disposition of any of the Disposition Assets, net of customary closing costs, fees and commissions.

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1.61 "Priority Claim" shall mean any Claim, other than an Administrative Claim, entitled to priority under section 507(a) of the Bankruptcy Code.

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1.62 "Pro Rata" shall mean, with respect to an amount of Cash to be distributed to the Holder of an Allowed Claim of a particular class on a particular date, the same proportion that such Allowed Claim bears to the aggregate of all Allowed Claims of that particular class on that particular date.

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1.63 "Removed Actions" shall mean those actions identified in a filing submitted to the

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Court at least ten days prior to the Confirmation Hearing.

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1.64 "Reserve Fund" shall mean the fund established pursuant to sections 6.2, 6.3, 6.5 and 8.4 of the Plan.

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1.65 "Retained Actions" and/or "Preserved Causes of Action" are mutually inclusive and shall mean any and all claims, demands, Avoidance Actions and Causes of Action, accruing prior to the Effective Date to the Debtor against any person or entity as disclosed in the Disclosure Statement and/or herein.

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1.66 "Retained Cash Fund" shall mean the fund established pursuant to sections .2 and 6.5 of the Plan to fund the operations of the Company.

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1.67 "Schedules" shall mean the schedules filed by the Debtor with the Clerk of the Bankruptcy Court pursuant to Federal Rule of Bankruptcy Procedure 1007, as they have been or may be amended from time to time.

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1.68 "Secured Claim" means any Claim that is secured by a lien on property in which the Debtor has an interest or property of the Debtor held by the Claimant subject to a perfected right to setoff or recoupment, to the extent of the value of the secured creditor's interest in the Debtor's interest in such property, as provided in section 506 of the Bankruptcy Code.

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1.69 "Tax Allocation Agreement" means the Tax Allocation Agreement executed by the Debtor, FFB and others providing for, among other things, the allocation of tax losses of the Debtor.

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1.70 "Unclaimed Distributions" shall mean all Cash deemed to be "Unclaimed Distributions" pursuant to sections 9.1 and 9.2 of the Plan.

1.71 "Unpaid Claim" shall mean any Allowed Claim that has not been paid in full pursuant to the provisions of this Plan.

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1.72 "Unsecured Claim" means any Claim that is neither secured by any property of the Debtor nor entitled to priority under section 507 of the Bankruptcy Code.

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1.73 "Zeus E' Kronos Trust" or "Kronos" shall mean the Zeus E' Kronos Trust and the Edward E. Brown Trust.

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1.74 "Zeus E' Kronos Trust Claim" shall mean the Claim of the Zeus E' Kronos Trust and/or the Edward E. Brown Trust.

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ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

2.1 For the purposes of the Plan, Claims and Interests are classified as follows:

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(a) Class 1 shall consist of all Administrative Claims;

(b) (1) Class 2(a) shall consist of all Secured Claims or Claims subject to setoff of Everbank;

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(2) Class 2(b) shall consist of all Secured Claims or Claims subject to setoff of Freedom;

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(3) Class 2(c) shall consist of all Secured Claims or Claims subject to setoff of Midfirst;

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(4) Class 2(d) shall consist of all Secured Claims or Claims subject to setoff of Zeus E' Kronos Trust;

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(5) Class 2(e) shall consist of all Secured Claims or Claims subject to setoff of

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GECC:

(6) Class 2(f) shall consist of all Secured Claims of Professionals Holding a Pre-filing Retainer as Security.

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(c) Class 3 shall consist of all Claims of FFB.

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(d) Class 4 shall consist of all Priority Claims;

(e) Class 5 shall consist of all Unsecured Claims that are not separately classified herein, including, without limitation, trade creditors, equipment vendors, service creditors, and other creditors who are not subject to servicing agreements with the Debtor;

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(f) Class 6 shall consist of the Unsecured Claims of Everbank, Freedom, Midfirst, and Fannie Mae;

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(g) Class 7 shall consist of the Allowed Unsecured Claims Of Copper Sands Claimants

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(g) Class 8 shall consist of all Interests.

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2.2. Disputes regarding the validity of Claims or the classification of Claims shall be resolved pursuant to the procedures established by the Court, this Plan, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and any other applicable law. Resolution of such disputes shall not be a condition precedent to confirmation or the effectiveness of this Plan.

ARTICLE III

TREATMENT OF CLAIMS AND INTERESTS

3.1 No Claim shall receive a distribution until it becomes an Allowed Claim. Cash allocable to Claims that are not Allowed Claims shall be held in the Reserve Fund and distributed

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from the Reserve Fund pursuant to Article VI hereof. No Allowed Claim shall receive payment (a) in excess of the amount of the Allowed Claim or (b) for interest accrued from and after the Filing Date, except that an Allowed Secured Claim may receive payment for interest on the conditions set forth in [section 3.3](#) hereof.

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3.2 Class 1 Claims are not impaired; and the Company shall pay each holder of a Class 1 Allowed Claim one hundred percent (100%) of the amount of such Allowed Claim as follows:

- (a) Allowed Claims pursuant to sections 105, 330, 331, 363 or 503(b)(2) through (6), inclusive, of the Bankruptcy Code shall be paid in Cash on the later of the Effective Date or on such other dates determined by the Final Orders allowing and authorizing payment of such Claims; and
- (b) Claims pursuant to section 503(b)(1) of the Bankruptcy Code representing expenses, debts or liabilities incurred by the Debtor or the Company in the ordinary course of business from and after the Filing Date may be paid by the Company: (i) in the ordinary course of business, (ii) in accordance with the terms and provisions of the particular transactions and agreements, or (iii) pursuant to orders of the Bankruptcy Court relating thereto.

[3.3 Class 2\(a\) is impaired. The Class 2\(a\) Claim shall be settled with confirmation of the Plan and pursuant to Bankruptcy Rule 9019. Pursuant to the settlement, the claims of Everbank \[i.e., the Class 2\(a\) claimant which also has a Class 5 Claim\] shall be satisfied by the Debtor's release of all claims to the holdback retained by the Class 2\(a\) claimant. In the event that the settlement is not approved, then in full satisfaction and release of any Class 2\(a\) Allowed Claims, which is not impaired, the Debtor shall: \(a\) pay the holder of Class 2\(a\) one hundred percent \(100%\) Allowed Secured Claim, the lesser of \(i\) the amount of the Allowed Claim, or \(ii\)](#)

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the value of the Debtor's interest in the property securing the Allowed Claim; or (b) abandon the property securing the Claim. If the value of the property securing the Claim is less than the amount of the Allowed Claim in Class 2(a), the holder shall have an unsecured Class 6 Claim in the amount of the deficiency, except, however, such claimant may, in consideration of receiving early distribution of its Allowed Secured Claim, waive all rights to receive a deficiency claim.

3.4 Class 2(b), 2(c), 2(d), 2(e) and 2(f) Claims are not impaired; and in full satisfaction and release of all Class 2 Allowed Claims, the Debtor shall: (a) pay each holder of a Class 2 one hundred percent (100%) Allowed Secured Claim, the lesser of (i) the amount of the Allowed Claim, or (ii) the value of the Debtor's interest in the property securing the Allowed Claim; or (b) abandon the property securing the Claim. If the value of the property securing the Claim is less than the amount of the Allowed Claim in Class 2(a), 2(b), 2(c), the holder shall have an unsecured Class 6 Claim in the amount of the deficiency, except, however, such claimants may, in consideration of receiving early distribution of their Allowed Secured Claim, waive all rights to receive a deficiency claim. If the value of the property securing the Claim is less than the amount of the Allowed Claim in Class 2(e) and 2(f), the holder shall have an unsecured Class 5 Claim in the amount of the deficiency, except, however, such claimants may, in consideration of receiving early distribution of their Allowed Secured Claim, waive all rights to receive a deficiency claim. Holders of Class 2(a), 2(b), 2(c), 2(d), 2(e) and 2(f) Claims will retain the liens securing their Claims, if any.

3.5 Class 3 Claims are impaired. The Class 3 Claims shall be treated in accordance with the FFB Settlement.

3.6 Class 4 Claims are not impaired; and, in full satisfaction and release of all Class 4 Allowed Claims, the Plan Trustee shall, except to the extent the Class 4 claimant agrees to a

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different treatment, provide for the payment of the Class 4 Allowed Claims pursuant to the provisions of 11U.S.C. section 1129(a).

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3.7 Class 5 Claims are impaired; and, in full satisfaction and release of all Class 5 Allowed Claims, the Plan Trustee shall distribute (after making payments required by the Plan to the holders of Allowed Claims in Classes 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f) and 4) all Cash in the Distribution Fund Pro Rata to holders of Class 5 Allowed Claims, Class 6 Allowed Claims, and Class 7 Allowed Claims.

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3.8 Class 6 Claims are impaired; and, in full satisfaction and release of all Class 6 Allowed Claims, the Plan Trustee shall distribute (after making payments required by the Plan to the holders of Allowed Claims in Classes 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f) and 4) all Cash in the Distribution Fund Pro Rata to holders of Class 5 Allowed Claims, Class 6 Allowed Claims, and Class 7 Allowed Claims.

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3.9 Class 7 Claims are impaired; and, in full satisfaction and release of all Class 7 Allowed Claims, the Plan Trustee shall distribute (after making payments required by the Plan to the holders of Allowed Claims in Classes 1, 2(a), 2(b), 2(c), 2(d), 2(e), 2(f), and 4) all Cash in the Distribution Fund Pro Rata to holders of Class 5 Allowed Claims, Class 6 Allowed Claims, and Class 7 Allowed Claims.

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3.10 Class 8 Interests are impaired. Holders of Class 8 Interests shall not receive or retain any property on account of such Interests. All Class 8 Interests, and all certificates representing such Interests, shall be cancelled on the Effective Date pursuant to this Plan.

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3.11 All fees payable under section 1930 of Title 28, as determined by the Court at the hearing on confirmation of the Plan, have been paid or will be paid on the Effective Date.

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ARTICLE IV
EFFECT OF CONFIRMATION

4.1 Transfer, Liquidation of Assets

A. Transfer

As of the Effective Date, the property of the Debtor shall be transferred to the Liquidating Trust administered in accordance with Article V. The Liquidating Trust Agreement is attached hereto as Exhibit A.

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B. Liquidation

From and after the Effective Date, the Plan Trustee may dispose of property in accordance with the provisions of the Plan.

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4.2 Retained Jurisdiction

From and after the Effective Date, the Court shall retain jurisdiction as provided in Article XI.

4.3 Binding Effect

Except as otherwise provided in Section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Interest in, the Debtor and its successors and assigns, whether or not the Claim or Interest of such holder is Impaired under the Plan and whether or not such holder has accepted the Plan.

4.4 Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 case pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence

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on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 case.

4.5 Causes of Action

Except as provided in, and unless expressly waived, relinquished, exculpated, released, compromised or settled in, the Plan, Confirmation Order, any Final Order or any contract, instrument, document, release or other agreement entered into or delivered in connection with the Plan, the Debtor will exclusively retain and assign to the Plan Trustee, and the Debtor expressly reserves and preserves for these purposes, in accordance with Sections 1123(a)(5)(B) and 1123(b)(3) of the Bankruptcy Code, any Claims, demands, rights and Causes of Action that Debtor or Estate may hold against any Person or entity, including without limitation the Causes of Action (including without limitation the Litigation Claims, Avoidance Actions and Retained Actions/Preserved Causes of Action) set forth in Exhibits B and C and therefore no preclusion doctrine, including without limitation the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to them by virtue of or in connection with confirmation, consummation or effectiveness of the Plan. The Plan Trustee or its successors exclusively may pursue such retained Claims, demands, rights or Causes of Action, including without limitation the Causes of Action set forth in Exhibits B and C, as appropriate.

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4.6 Final Satisfaction of Claims: Settlement

The rights afforded by this Plan and the treatment provided herein of Claims against and Interests in Debtor shall be in exchange for, and in satisfaction and release of, all Claims against or Interests in Debtor of any nature whatsoever, including any interest accrued or expenses incurred against (i) Debtor, in respect thereof from and after the Petition Date of Debtor and (ii) its

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Estate, property and interest in property. Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, distributions, releases, and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan, including, without limitation, the FFB Settlement, shall constitute a good faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan, or relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Claim or Interest, or any distribution to be made on account of such Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, including, without limitation, the FFB Settlement, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its estate, and holders of Claims and Interests and is fair, equitable, and reasonable.

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4.7 Injunction

On and after the Confirmation Date, all Persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of or respecting any Cause of Action of Debtor, which the Plan Trustee shall retain the exclusive authority to pursue in accordance with the Plan.

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ARTICLE V

THE PLAN TRUSTEE AND OVERSIGHT COMMITTEE

5.1 Appointment

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From and after the Confirmation Date, the Plan Trustee will, without further action by the Board of Directors or shareholders of the Debtor, take possession and control of the Estate with

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the full and complete power to act in accordance with the provisions of this Plan, subject to the advice and consent of the Oversight Committee as set forth below. The Plan Trustee will serve in such capacity until the earliest of (i) the date the Chapter 11 case is closed, (ii) the appointment of a successor Plan Trustee in accordance with the provisions hereof, or (iii) the conversion of the Case to a case under chapter 7 and the appointment of a chapter 7 trustee. The Plan Trustee may designate a successor to serve as Plan Trustee, on such terms, conditions and compensation as may be approved by the Court,

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The Oversight Committee shall be created as of the Effective Date to provide advice and consent to the Plan Trustee as provided in this Plan. The Oversight Committee shall consist of Fred C. Caruso, Margaret Good and Richard Szekelyi. In the event of resignation of a Member, the remaining Members shall designate a successor. Until such vacancy is filled, the Oversight Committee shall function with such reduced number. The Oversight Committee will serve in such capacity until the earliest of (i) the date the Chapter 11 case is closed or (ii) the conversion of the Case to a case under chapter 7 and the appointment of a chapter 7 trustee.

5.2 Compensation

The Plan Trustee will be paid for services performed in connection with the administration of the Plan at the hourly rate or rates set forth in the Motion of Debtor for Order Authorizing Continued Use of Development Specialists, Inc. to Provide Wind Down Management Services Nunc Pro Tunc (doc. 10), subject to any adjustments thereto set by DSI from time to time in the ordinary course of business. In addition, the Plan Trustee will be entitled to reimbursement of any necessary expenses incurred by the Plan Trustee in connection with the administration of the Plan. The Plan Trustee will not be required to submit an application to be employed or subsequent

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applications to be compensated but, rather, the Confirmation Order will contain a provision expressly approving and authorizing the appointment and compensation of DSI as Plan Trustee.

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The Members will be paid for services performed in connection with their service on the Oversight Committee at their standard hourly rates, subject to any adjustments thereto set by the Member(s) from time to time in the ordinary course of business. In addition, the Members will be entitled to reimbursement of any necessary expenses incurred by the Members in connection with their service on the Oversight Committee. The Members will not be required to submit an application to be employed or subsequent applications to be compensated but, rather, the Confirmation Order will contain a provision expressly approving and authorizing the employment and compensation of the Members.

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5.3 Employment Of Professionals

The Confirmation Order will constitute an order authorizing the Plan Trustee's retention of Bailey Cavaleri LLC as the Plan Trustee's Counsel and Oversight Committee Counsel effective as of the Confirmation Date. From and after the Confirmation Date, the Plan Trustee and/or the Oversight Committee will be authorized to retain such other attorneys and/or professionals as the Plan Trustee and/or Oversight Committee deems appropriate to assist in the administration of the Liquidating Trust. Such professionals will be compensated under terms mutually acceptable to the Plan Trustee and/or the Oversight Committee and the professionals, consistent with the terms of employment of the professionals in this Chapter 11 case. The fees and expenses of such professionals shall be paid by the Plan Trustee from the Retained Cash Fund upon the monthly submission of bills to the Plan Trustee, without the necessity of periodic application to, or approval

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by, the Court. Special Litigation Counsel engaged by the Debtor pursuant to an order of this Court

dated October 14, 2011, shall continue as counsel to the Plan Trustee.

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5.4 Rights, Powers and Duties of the Plan Trustee, and the Oversight Committee

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The Plan Trustee shall have the rights and powers of a debtor-in-possession, and Chapter 7 trustee, the powers set forth in the Liquidating Trust Agreement, the powers set forth in the Plan, and those set forth below:

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- (a) investing the Liquidating Trust's Cash, including, but not limited to, the Cash held in the Reserve Fund in (i) direct obligations of the United States of America or obligations of any agency or instrumentality thereof that are guaranteed by the full faith and credit of the United States of America; (ii) money market deposit accounts, checking accounts, savings accounts, or certificates of deposit, or other time deposit accounts that are issued by a commercial bank or savings institution, organized under the laws of the United States of America or any state thereof; or (iii) any other investments that may be permissible under (A) section 345 of the Bankruptcy Code or (B) any order of the Court entered in this Chapter 11 case;

Deleted: duties, which shall be exercisable by the Plan Trustee pursuant to the Plan, shall include, without limitation:¶
(a) - investing the Estate's Cash, including, but not limited to, the Cash held in the Reserve Fund (i) direct obligations of the United States of America or obligations of any agency or instrumentality thereof that are guaranteed by the full faith and credit of the United States of America; (ii) money market deposit accounts, checking accounts, savings accounts, or certificates of deposit, or other time deposit accounts that are issued by a commercial bank or savings institution, organized under the laws of the United States of America or any state thereof; or (iii) any other investments that may be permissible under (A) section 345 of the Bankruptcy Code or (B) any order of the Court entered in this

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- (b) directing the disposition of the Distributable Assets and the disbursement of the proceeds realized from any assignment, sale, recovery or other transaction;
- (c) calculating and paying all distributions to be made under the Plan;
- (d) employing, supervising, and compensating professionals retained to represent the interests of the Liquidating Trust (without Court approval);

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- (e) pay all taxes, make all tax withholdings and file tax returns and tax information returns in connection with the Liquidating Trust, and make tax elections by and on behalf of the Liquidating Trust;
- (f) objecting to Claims or Interests Filed against the Estate or Liquidating Trust;
- (g) seeking estimation of contingent or unliquidated claims under section 502(c) of the Code;
- (h) seeking determination of tax liability under section 505 of the Code;
- (i) prosecuting avoidance actions under sections 544, 545, 547, 548, and 553 of the Code;
- (j) Prosecuting turnover actions under sections 542 and 543 of the Code;
- (k) prosecuting, settling, dismissing or otherwise disposing of the Litigation Claims;
- (l) exercising all powers and rights, and taking all actions, contemplated by or provided for in the Plan;
- (m) taking any and all other actions necessary or appropriate to implement or consummate this Plan;
- (n) serving as Disbursing Agent or employing or contracting with a Third-Party Disbursing Agent to assist in or make the distributions required by the Plan;
- (o) hold legal title to all assets;
- (p) receive, conserve, manage and administer the Assets;
- (q) open and maintain bank accounts on behalf of, or in the name of the Liquidating Trust;

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- (r) purchase or create and carry all insurance policies and pay all insurance premiums and costs it deems necessary or advisable to the administration of the Liquidating Trust;
- (s) pay all lawful expenses, debts, charges and liabilities of the Liquidating Trust;
- (t) establish from the Assets such reserves for taxes, assessments and other expenses of administration of the Liquidating Trust as may be necessary and appropriate for the proper operation of the Liquidating Trust;
- (u) compromise or settle any undetermined Claims or Disputed Claims, free of any restrictions other than those restrictions expressly imposed by this Plan;
- (v) exercise such rights of setoff as the Debtor, its Estate or the Liquidating Trust may have had against any creditor and/or entity against whom a Litigation Claim may be asserted; and
- (w) exercise all rights held by the Debtor prior to the Effective Date.

Further, the following actions are subject to the advice and consent of the Oversight Committee in accordance with the following procedures. The Plan Trustee shall provide written notice by e-mail of each of the following proposed actions to each Member (a "Proposed Action"):

1. any sale(s), disposition(s) or distribution(s) of any Disposition Assets or Distributable Assets in excess of \$100,000;
2. any distributions to be made under the Plan in excess of \$100,000;
3. the Plan Trustee's employment of any additional professionals;
4. any tax payments, withholdings, filings and elections;
5. any objections to and/or settlements of Claims or Interests in excess of \$100,000;

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- 6. any prosecution and/or non-prosecution and/or settlement of any adversary proceeding, contested matter or other litigation proposed or undertaken by the Plan Trustee, including but not limited to the Litigation Claims and the Retained Actions/Preserved Causes of Action in excess of \$100,000;
- 7. any proposed post confirmation modifications of the Plan;
- 8. any designation of a successor to serve as Plan Trustee;
- 9. any payment of professional compensation and expenses; and,
- 10. any extension of the term of existence for the Liquidating Trust.

Thereafter, each Member shall have seven (7) days (the "Objection Deadline") after service of the Proposed Action to review the Proposed Action. In the event that a Member has an objection to the Proposed Action, the Member shall object in writing by e-mail to the Plan Trustee so that the objection is received prior to the expiration of the Objection Deadline (an "Objection"), with a copy of the Objection sent to the remaining Members and Bailey Cavalieri.

In the event that there is no timely Objection, the Plan Trustee shall advise the Oversight Committee that no timely Objection was received and the Plan Trustee may proceed with the Proposed Action without further notice to or consultation with the Oversight Committee.

In the event that there is a timely Objection, the Plan Trustee and the objecting Member shall promptly consult with each other to attempt to resolve the Objection. In the event that an Objection relates to any professional fee invoice, the uncontested portion of that invoice shall be paid, notwithstanding the pending Objection.

If the Plan Trustee is unable to resolve the Objection, the Oversight Committee shall meet telephonically within five (5) business days and consider the Proposed Action and the Objection. At that meeting, each Member shall be entitled to one vote and any action of the Oversight

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 (h) - seeking determination of tax liability under section 505 of the Code;¶
 (i) - prosecuting avoidance actions under sections 544, 545, 547, 548, and 553 of the Code';¶
 (j) - Prosecuting turnover actions under sections 542 and 543 of the Code;¶
 (k) - prosecuting, settling, dismissing or otherwise disposing of the Litigation Claims;¶
 (l) - exercising all powers and rights, and taking all actions, contemplated by or provided for in the Plan;¶
 (m) - taking any and all other actions necessary or appropriate to implement or consummate this Plan;¶
 (n) - serving as Disbursing Agent or employing or contracting with a Third-Party Disbursing Agent to assist in or make the distributions required by the Plan;¶
 (o) - hold legal title to all Assets;¶
 (p) - receive, conserve, manage and administer the Assets;¶
 (q) - open and maintain bank accounts on behalf of, or in the name of the

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 (s) - pay all lawful expenses, debts, charges and liabilities of the Liquidating Trust;¶
 (t) - establish from the Assets such reserves for taxes, assessments and other expenses of administration of the Liquidating Trust as may be necessary and appropriate for the proper operation of the Liquidating Trust;¶
 (u) - compromise or settle and undetermined Claims or Disputed Claims, free of any restrictions other than those restrictions expressly imposed by this Plan;¶
 (v) - exercise such rights of setoff as the Debtor or its Estate may have had against any creditor and/or entity against whom a Litigation Claim may be asserted; and¶

Deleted: , in administering the Plan, or in any manner connected, incidental or related thereto, including any Third-Party Disbursing Agent, will be a charge against the Distributable Assets,

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Committee shall require a 2/3 majority vote. In the event of a deadlocked vote Bailey Cavalieri shall vote to break the deadlock. The outcome of such vote shall be binding on the Plan Trustee with respect to the Objection.

In addition to the Proposed Action procedures set forth above, the Plan Trustee shall furnish to the Oversight Committee, as soon as practical after the end of each calendar quarter, a cash reconciliation statement and a report on all Disputed Claims resolved and all Disposition Assets disposed of during the preceding calendar quarter.

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The Plan Trustee shall have the authority granted to the Debtor in its corporate capacity to enter into ordinary course transactions and execute documents in connection with the Debtor's mortgage business, including but not limited to executing lien releases and assignments on behalf of the Debtor/Company

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The Bankruptcy Court shall retain exclusive jurisdiction to resolve any disputes between the Plan Trustee and the Oversight Committee or between any Members of the Oversight Committee.

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5.5 Liability and Indemnification of the Plan Trustee and Its Professionals

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Neither the Plan Trustee, nor the Members, nor their retained professionals, nor the Member Firms, nor any duly designated agent or representative of the Plan Trustee, or the Members, or their employees, shall be liable for the act or omission of any other party, designee, agent, or representative of the Plan Trustee, nor shall any party be liable for any act or omission taken or omitted to be taken, other than acts or omissions resulting from such party's willful misconduct or gross negligence. The Plan Trustee and the Members may, in connection with the performance of their functions, and in their sole and absolute discretion, consult with their

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retained professionals and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals.

Notwithstanding such authority, the Plan Trustee and the Members shall be under no obligation to consult with their retained professionals and their determination to not do so shall not result in the imposition of liability on the Plan Trustee, the Members, or the Member Firms unless such determination is based on willful misconduct or gross negligence. The Liquidating Trust shall indemnify and hold harmless the Plan Trustee, and the Members, their retained professionals, and the Member Firms, from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, other than as a result of their willful misconduct or gross negligence, with respect to the Liquidating Trust or the implementation or administration of the Plan. To the extent the Liquidating Trust indemnifies and holds harmless the Plan Trustee, the Members, or their retained professionals, and the Member Firms, as provided above, the legal fees and related costs incurred by counsel to the Plan Trustee or the Members in monitoring and participating in the defense of such claims giving rise to the right of indemnification shall be paid out of the Distributable Assets.

ARTICLE VI

MEANS OF EXECUTION OF THE PLAN; LIQUIDATION OF REMAINING ASSETS

6.1 The Plan is a liquidation plan under the provisions of section 1123(b)(4) of the Code. All or substantially all of the Disposition Assets of the Debtor shall be sold or otherwise liquidated. All Proceeds of such dispositions and net collections from the retained actions shall be used for the performance of the obligations set forth in this Plan and shall not be subject to any Claim by any entity except as provided under the Plan.

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6.2 On the Confirmation Date or as soon thereafter as reasonably practicable, the Plan Trustee shall establish the Distribution Fund, the Reserve Fund and the Retained Cash Fund and a Disputed Administrative Claims Account.

6.3 The Plan Trustee may establish and maintain a Disputed Administrative Claims Account, into which will be deposited from the Distributable Assets an amount equal to the face amount of all Disputed Administrative Claims. Upon resolution of each Disputed Administrative Claim, the net remaining balance, if any, of such sums allocated to such resolved Disputed Administrative Claim will become part of the net Distributable Assets.

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6.4 The Plan Trustee may establish and maintain a Disputed Priority Tax Claims Account, into which will be deposited from the Distributable Assets an amount equal to the face amount of all Disputed Priority Tax Claims. Upon resolution of each Disputed Priority Tax Claim, the net remaining balance, if any, of such sums allocated to such resolved Disputed Priority Tax Claim will become part of the Net Distributable Assets.

6.5 The Reserve Fund shall be funded in accordance with the provisions of Article VIII hereof. The Retained Cash Fund shall be funded by a deposit of an amount of Cash equal to the projected disbursements by the Company for expenses associated with the Plan as estimated by the Plan Trustee, plus a contingency reserve equal to twenty percent (20%) of said projected disbursements. All remaining Cash as of the Effective Date after the funding of the Reserve Fund and the Retained Cash Fund shall be deposited in the Distribution Fund.

6.6 The Plan Trustee shall manage the Disposition Assets and the resolution of and distribution on account of all Claims pursuant to the terms of the Plan and shall make such distributions, from time to time, as are required by the Plan.

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- (a) The Plan Trustee shall furnish to the UST, as soon as practical after the end of each calendar quarter, Post-Confirmation Quarterly Reports, in accordance with the applicable UST guidelines.
- (b) Moneys constituting the Reserve Fund, the Distribution Fund and the Retained Cash Fund shall, to the extent permitted by applicable law, be invested by the Company in (i) direct obligations of, or obligations guaranteed by, the United States of America, (ii) obligations of any agency or corporation that are or may hereafter be created by or pursuant to an act of the Congress of the United States as an agency or instrumentality thereof, or (iii) such other obligations or instruments as may from time to time be permitted pursuant to section 345 of the Bankruptcy Code or as approved by any “Order Approving Investment Guidelines” that may be entered by the Bankruptcy Court in the Debtor’s Chapter 11 case. Such investments shall mature in such amount and at such times as may be necessary to provide funds when needed to make payments from the Distribution Fund, the Reserve Fund or the Retained Cash Fund.

6.7 In addition to those rights, powers, duties set forth in Article V, and subject to the retained jurisdiction of the Bankruptcy Court, the Plan Trustee shall have all of the rights, powers and duties of a trustee under the Bankruptcy Code with authority to control, manage and dispose of the Disposition Assets and to conduct such business operations as necessary to carry out the provisions of the Plan. In this connection, the Plan Trustee’s powers, except as specifically limited in this Plan or by further orders of the Bankruptcy Court, shall include, but not be limited to, the following: (i) to object and to pursue objections to Claims; (ii) to make distributions in accordance with the terms of the Plan; (iii) to sell Disposition Assets, or any part thereof or

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interest therein, upon such terms and for such consideration as it deems proper; (iv) to prosecute and defend all actions affecting the Plan Trustee, including, without limitation, claims and causes of action arising under sections 542, 543, 544, 547, 548, 550 or 553 of the Bankruptcy Code, the Avoidance Actions, the Removed Actions, [the Retained Actions/Preserved Causes of Action, the Causes of Action and the Litigation Claims](#), and to compromise or settle any suits, claims or demands, or waive or release any rights relating to the Plan Trustee; (v) to endorse the payment of notes or other obligations of any person or to make contracts with respect thereto; (vi) to appoint, engage, or employ officers, employees and other persons, firms or corporations, including consultants, accountants, technical, financial, real estate or investment advisors or managers, attorneys, agents or brokers, corporate fiduciaries, depositaries, or such other persons, firms or corporations, and to compensate them as the Plan Trustee deems appropriate, provided, however, that whenever appropriate or reasonable, the Plan Trustee in its discretion may assign to its employees [the performance](#) of all acts or duties necessary or desirable in connection with the satisfaction of the Plan Trustee's responsibilities hereunder; (vii) to deposit any monies or securities with any one or more banks, trust companies or other banking institutions upon such terms as the Plan Trustee shall determine, subject to the provisions of section 6.6(b) hereof; (viii) to engage in all acts that would constitute the ordinary course of business in performing the obligations of a Plan Trustee of this type; (ix) to do all other things necessary or appropriate to the consummation of this Plan; and (x) to engage in any additional acts approved by the Bankruptcy Court.

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6.8 Dispositions may be effected by the Plan Trustee [in accordance with section 5.4](#) [herein. Notwithstanding section 5.4, the Debtor intends to sell the stock of JRC or its interest in JRC pursuant to section 363 of the Bankruptcy Code. If such transaction is not consummated by](#)

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- (a) - Any Disposition

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the Effective Date, the Plan Trustee shall sell the stock of IRC or its interest in IRC pursuant to section 363 of the Bankruptcy Code.

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6.9 Settlements may be effected by the Plan Trustee in accordance with section 5.4

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ARTICLE VII

EXECUTORY CONTRACTS

Deleted: - (b) - Any Disposition the amount of which is not in excess of \$50,000 may be consummated by the Plan Trustee without prior notice or approval but, thereafter, shall be reported pursuant to the reporting requirements of Section 6.6(a) of this Plan.¶

7.1 Any and all prepetition leases and executory contracts of the Debtor not expressly assumed by the Debtor pursuant to Final Order of the Bankruptcy Court on or prior to the Effective Date, or that are the subject of pending motions by the Debtor to assume pursuant to section 365 of the Code as of the Effective Date, shall be deemed rejected and disaffirmed upon the Effective Date.

- For purposes of this Article, the amount of any Disposition shall be the book value of the Disposition Assets sold, conveyed, transferred, assigned, liquidated, or abandoned, or the value of the consideration paid therefor, whichever is greater.¶

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7.2 The Tax Allocation Agreement will be treated in accordance with the FFB Settlement.

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- (b) - Settlement of any Claim, when the amount of the Allowed Claim resulting from such settlement is not in excess of \$50,000 more than the amount in which such Claim was listed on the Schedules, may be consummated without prior notice or approval, but thereafter shall be reported pursuant to the reporting requirements of section 6.6(a) of this Plan.¶ (...)

7.3 Claims for damages arising by reason of the rejection of any executory contract shall constitute Class 5 Claims if, but only if, a proof of claim therefor shall be (or shall have been) timely filed with the Clerk of the Court in accordance with the order so rejecting that executory contract, but in no event later than the thirtieth (30th) day following the mailing of the order of confirmation. The Plan Trustee or any other parties in interest may object to such proof of claim or Claims.

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ARTICLE VIII

DISTRIBUTIONS

8.1 The Plan Trustee shall retain and set aside in the Reserve Fund an amount in Cash such that the aggregate balance of such fund (exclusive of any interest earned thereon) shall

be sufficient (i) to make all distributions that may be subsequently required by section 8.2 below with respect to Disputed Claims and with respect to claims arising from the rejection of executory contracts or unexpired leases pursuant to this Plan and (ii) to constitute a sufficient reserve for any Unpaid Claims in Class 1 and any unpaid professional expenses and fees incurred after confirmation. Cash deposited and held in the Reserve Fund with respect to Disputed Claims shall be equal to the amount that would have been distributed with respect to such Disputed Claims if all such Claims had been Allowed Claims on the first Distribution Date, or such lesser amount as is approved by the Bankruptcy Court. Cash held by the Plan Trustee under this Article shall be invested in accordance with the requirements contained in [section 6.6\(b\)](#) of the Plan.

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8.2 When a Claim shall become an Allowed Claim, the Plan Trustee shall as soon as practicable pay to the holder of such Allowed Claim in Cash, without interest (except as specified in [section 3.3](#)), from the Reserve Fund an amount equal to the aggregate of the Cash distributions that would have been previously distributed to such holder by the Plan Trustee if such Allowed Claim had been an Allowed Claim eligible for distribution on the Effective Date.

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8.3 Fifteen days prior to the Distribution Date, the Plan Trustee, with respect to any Claim or portion of a Claim that shall have been disallowed by Final Order of the Bankruptcy Court since the fifteenth (15th) day prior to the preceding Distribution Date or, in the case of the first Distribution Date, since the Confirmation Date, shall transfer from the Reserve Fund to the Distribution Fund or to the Retained Cash Fund, as the circumstances require, an amount in Cash equal to the amount of Cash held in the Reserve Fund with respect to such Claim.

8.4 Fifteen days prior to each Distribution Date, the Plan Trustee shall transfer all interest earned on the Reserve Fund since the fifteenth (15th) day prior to the preceding

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Distribution Date or, in the case of the first Distribution Date, since the Confirmation Date, to the Distribution Fund or the Retained Cash Fund, as the circumstances require.

8.5 If no objection is filed to a Claim or Interest held by a Person against which the Debtor or Liquidating Trust holds a claim, right, or cause of action, the Plan Trustee will, pursuant to section 553 of the Code or applicable non-bankruptcy law, set off against any Allowed Claim or Allowed Interest and the distributions to be made pursuant to the Plan on account of such Claim or Interest (before any distribution is made on account of such Claim or Interest), the claims, rights and causes of action that the Debtor or Liquidating Trust holds against the holder of such Allowed Claim or Allowed Interest, provided, however, that neither the failure to cause such a setoff nor the allowance of any Claim or Interest hereunder will constitute a waiver or release by the Plan Trustee of any such claims, rights and causes of action that the Debtor, or the Liquidating Trust may possess against such holder.

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8.6 No Distribution. Notwithstanding anything to the contrary contained herein, no distribution will be made on account of any Claim or Interest of any Person from which property is recoverable under sections 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Code, unless such Person or transferee has paid the amount, or turned over any such property, for which such entity or transferee is liable.

ARTICLE IX

UNCLAIMED AND DE MINIMIS DISTRIBUTIONS

9.1 If a holder of an Allowed Claim fails to negotiate a check issued to such holder pursuant to the provisions of the Plan within one (1) year of the date such check was issued, then the amount of Cash attributable to such check shall be deemed to be an Unclaimed

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Distribution in respect of such Claim and the payee of such check shall be deemed to have no further Claim in respect of such check and shall not participate in any further distributions under the Plan.

9.2 If a distribution of Cash made pursuant to the Plan to any holder of an Allowed Claim is returned to the Plan Trustee due to an incorrect or incomplete address for the holder of such Allowed Claim, then the Plan Trustee shall use reasonable efforts to obtain an accurate address for such holder. If, after three (3) months, such reasonable efforts have not produced an accurate address for such holder, then the Cash to be distributed to such holder shall be deemed to be an Unclaimed Distribution in respect of such Claim and such holder shall be deemed to have no further Claim in respect of such distribution.

9.3 In the event that there are Unclaimed Distributions of Available Cash, such Unclaimed Distributions shall be transferred to the registry of this Court on the Unclaimed Funds Division of the State of Ohio.

9.4 In the event that a distribution on account of an Allowed Claim is less than Ten Dollars (\$10.00), the Plan Trustee need not make such de minimis distribution.

ARTICLE X

CONDITIONS TO EFFECTIVE DATE

10.1 It shall be a condition precedent to the effectiveness of the Plan that:

- (a) The Distribution Fund, the Reserve Fund, and the Retained Cash Fund shall have been established and funded in accordance with the terms and provisions of the Plan;

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(b) The Liquidating Trust Agreement shall have been executed, delivered and approved and the appointment of the Plan Trustee shall have been approved by Final Order of the Bankruptcy Court (which may be the Confirmation Order);

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(c) There shall have been filed (a) by IMC, no later than 10 days prior to the Confirmation Hearing, a statement or notice to the effect that IMC agrees with, or shall not contest, FFB's position that there will be no Additional Post-Petition Tax Benefits and, therefore, FFB shall have no liability to IMC, its estate or the Liquidating Trust for any claim for or relating to Additional Post-Petition Tax Benefits, and any such claim shall be a claim that is released under the Plan or (b) by IMC and FFB, jointly, no later than 10 days prior to the Confirmation Hearing, a notice or other filing to the effect that they have otherwise resolved issues relating to any Additional Post-Petition Tax Benefits and setting forth the principal terms of such resolution or attaching an amendment to the FFB Settlement Agreement. If neither filing described in the foregoing clause (a) or (b) is filed no later than 10 days prior to the Confirmation Hearing (or any later date that the Court may approve), the Plan shall not become effective,

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(d) The Confirmation Order, in form and substance satisfactory to the Debtor, shall have been entered by the Bankruptcy Court, shall have become a Final Order, shall be in full force and effect and shall not be subject to a stay or an injunction which would prohibit the transactions under the Plan.

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ARTICLE XI

RETENTION OF JURISDICTION

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11.1 The Bankruptcy Court shall retain exclusive jurisdiction of these proceedings for the following purposes:

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- (a) to determine any and all objections to the allowance of Claims;
- (b) to determine any and all applications for allowance of compensation and reimbursement of expenses incurred before the Date of Confirmation;
- (c) to determine any and all controversies and disputes arising under or in connection with the Plan, including but not limited to all disputes arising from (1) disposition and protection of the assets of the Debtor, (2) pursuing causes of action (including Avoidance Actions and the Removed Actions), and (3) objections to post- confirmation professional fees and such other matters as may be provided for in the Confirmation Order;
- (d) to effectuate payments under and performance of the provisions of the Plan;
- (e) to determine any and all pending applications, adversary proceedings and contested matters;
- (f) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Code;
- (g) to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;
- (h) to correct any defect, cure any omission, or reconcile any inconsistency in the Plan, the exhibits to the Plan and annexes thereto, or the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan;

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- (i) to determine such other matters as may be provided for in the Confirmation Order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law;
- (j) to enforce all orders, judgments, injunctions and rulings entered in connection with the Debtor's bankruptcy proceedings;
- (k) to adjudicate any dispute that may arise between the Plan Trustee and any interested party;
- (l) to enter such orders as may be necessary or appropriate in aid of confirmation, to protect assets of the Debtor and to facilitate implementation of the Plan including but not limited to orders to limit the time to file any claims; and,
- (m) enter and enforce any order for the sale of property [\(including the IRC stock\)](#) pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code.

ARTICLE XII

SATISFACTION OF CLAIMS, INJUNCTIONS AND RELEASES

12.1 The rights afforded under the Plan and the treatment of Claims and Interests

under the Plan shall be in exchange for and in complete satisfaction and release of all Claims including any interest accrued on Claims from the Filing Date.

12.2 As of the Effective Date, except as provided in the Plan, all entities shall be precluded from asserting against the Plan Trustee, its successors or its property and against the Post Acquisition Parties, any claims, debts, rights, causes of action or liabilities based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date.

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12.3 Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all entities that have held, currently hold, or may hold, a Claim or other debt or liability that is satisfied pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against Plan Trustee, or its Assets on account of any such satisfied Claim, debt or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to Plan Trustee; and (e) commencing or continuing any action, in any manner or in any place, that does not comply with or is inconsistent with the provisions of the Plan.

12.4 As of the Effective Date, except as expressly provided in the Plan, all entities shall be precluded from asserting against the Liquidating Trust and the Plan Trustee, its successors or its property any and all Claims, debts, rights, Causes of Action or liabilities based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date. As of the Effective Date, the Debtor, its estate, and the Liquidating Trust will be deemed to forever release, waive, and discharge any and all Causes of Action, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date, in any way relating to the Debtor, the operations, business or affairs of the Debtor, the Debtor's bankruptcy case, the Plan, or

the Disclosure Statement, that could have been asserted at any time, past, present, or future, by, through or on behalf of the Debtor, or its estate, against the Post Acquisition Parties, or their respective present and former employees, agents, officers, directors, principals, and Affiliates. As of the Effective Date, each holder of a Claim that votes in favor of the Plan (or is deemed to accept the Plan) will be deemed to release the Post Acquisition Parties, and their respective present and former employees, agents, officers, directors, principals, and Affiliates, from any and all Causes of Action belonging to such holder and not to the Debtor, its estate, the Liquidating Trust or the Plan Trustee in any way relating to the Debtor, the operations, business or affairs of the Debtor, the Debtor's bankruptcy case, the Plan, or the Disclosure Statement. In the event that any release provision of the FFB Settlement Agreement is inconsistent with the release provisions of this Plan, the release provision of the FFB Settlement Agreement as it relates to FFB shall control. The Confirmation Order will enjoin any prosecution of any such Claims, debts, rights, Causes of Action or liabilities, obligations, suits, judgments, arbitrations, damages, rights, or liabilities which were or could have been asserted against the Debtor, the Liquidating Trust, the Plan Trustee or the Post Acquisition Parties on or after the Effective Date. The provisions of the Plan shall not operate as a release of any of the Debtor's, the Liquidating Trust's, or the Post Acquisition Parties' obligations under the Plan and the rights of the Debtor to enforce the Plan and the contracts, instruments, indentures and other agreements or documents delivered or assumed hereunder. Notwithstanding anything in this section or the Plan to the contrary, the Avoidance Actions and the Retained Actions set forth in Exhibit B are not released or settled.

ARTICLE XIII

POST CONFIRMATION GOVERNANCE AND WINDUP OF BUSINESS

13.1 The Plan Trustee shall continue to exist from and after the Effective Date for the sole purpose of implementing the terms and conditions of the Plan. On the Effective Date, except to the extent (if any) necessary to dissolve the Debtor under applicable non-bankruptcy laws and to file any tax returns of the Debtor, the authority, power and incumbency of the persons then acting as directors and officers of the Debtor shall be terminated and such directors and officers shall be deemed to have resigned.

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13.2 On the Effective Date, all of the Interests in the Debtor (including all instruments evidencing such Interests) shall be canceled and extinguished without further action under any applicable agreement, law, regulation or rule. As of the Effective Date, or as soon as practicable thereafter, and without the need for any further order of the Bankruptcy Court, action or formality which might otherwise be required under applicable non-bankruptcy laws, the Debtor may be dissolved without the need for any filings with the Secretary of State or other governmental official in the Debtor's state of incorporation, and, to the extent (if any) necessary to effectuate the provisions of this Plan, any conflicting provisions of the Articles of Incorporation or Code of Regulations of the Debtor shall be deemed modified or of no force and effect.

ARTICLE XIV RETENTION OF RETAINED ACTIONS

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14.1 Upon the Effective Date, the Liquidating Trust shall maintain the Retained Actions, and may, in its sole discretion, determine to prosecute, abandon or release any such

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Retained Actions and if prosecuted, compromise and settle such Actions, or abandon such Retained Actions, on such terms as it deems reasonable with no further notice to holders of Claims or Interests being necessary.

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14.2 In its sole discretion, and in such amounts as it may solely determine, the Plan Trustee may apply any consideration received as a result of a settlement of any of the Retained Actions or from the enforcement of any judgment obtained with respect to any of the Retained Actions to satisfy its obligations under the Plan.

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ARTICLE XV

LITIGATION

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All currently pending litigation brought by the Debtor shall be transferred to the Plan Trustee and may be prosecuted by the Plan Trustee to the same extent as the Debtor. The Plan Trustee shall have the standing of the Debtor or a chapter 7 trustee to prosecute or settle all litigation. The pending litigation (“Litigation Claims”) is set forth in Exhibit C.

Without limiting any other provision of the Plan, the Plan Trustee will also have the right and standing to prosecute all other claims and Causes of Action described in the Disclosure Statement as if it were a chapter 7 trustee.

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ARTICLE XVI

MISCELLANEOUS

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16.1 Whenever any payment or distribution to be made under this Plan shall be due on a day other than a business day, such payment or distribution shall instead be made, without interest, on the immediately following business day.

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16.2 Whenever payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction down to the nearest whole cent. To the extent Cash remains undistributed as a result of the rounding of such fraction to the nearest whole cent, such Cash shall be treated as Unclaimed Distributions under Article IX of this Plan.

16.3 On or before the Consummation Date, all fees required to be paid pursuant to section 1129(a)(12) of the Bankruptcy Code shall be paid.

16.4 The headings used in the Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

16.5 Should any provision in the Plan be determined to be unenforceable following the Confirmation Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Plan.

16.6 The Plan may be altered, amended or modified by the Debtor before confirmation as provided in section 1127 of the Bankruptcy Code. The Plan may be altered, amended or modified by the Plan Trustee after confirmation as provided in section 1127 of the Bankruptcy Code.

16.7 Except to the extent that the Bankruptcy Code or other federal law is applicable, [and subject to section 12.4 as it relates to release provisions in the FFB Settlement Agreement](#), the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Ohio.

16.8 The rights, duties and obligations of any entity named or referred to in this Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such entity.

16.9 The Plan Trustee may withhold from any property distributed under the Plan any property that it determines must be withheld for taxes payable by the person entitled to such property to the extent required by applicable law.

Dated: IRWIN MORTGAGE CORPORATION
By: /s/ Fred C. Caruso
Name: /s/ Fred C. Caruso
Title: President and Chief Restructuring Officer

Counsel:

Nick V. Cavalieri (0013097)
Matthew T. Schaeffer (0066750)
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, Ohio 43215
(614) 221-3155 / Fax (614) 221-0479
E-Mail: nick.cavalieri@baileycavalieri.com
matthew.schaeffer@baileycavalieri.com

- and -

Robert B. Berner (0020055)
Bailey Cavalieri LLC
Kettering Tower, Suite 1250
40 North Main Street
Dayton, Ohio 45423-0001
(937) 223.4701 / Fax (937).223.0170
E-Mail: robert.berner@baileycavalieri.com

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EXHIBIT A

LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (“Agreement”) is made effective as of _____, 2013, by and among Irwin Mortgage Corporation, (“Debtor”), debtor and debtor-in-possession in the Chapter 11 case styled as Irwin Mortgage Corporation, pending in the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division, as Case Number 11-57191, and Development Specialists, Inc. as the Plan Trustee (“Plan Trustee”) and the Oversight Committee.

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RECITALS:

This Liquidating Trust Agreement is made and entered into pursuant to the terms and provisions of the Plan of Liquidation of Irwin Mortgage Corporation, dated January 4, 2013 (as modified and amended, the “Plan”) and the order of the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division, entered in the Debtor’s case under Chapter 11 of Title 11 U.S.C. confirming the Plan, authorizing this Agreement and the appointment of the Plan Trustee. All terms defined in the Plan shall have the same meaning when used herein unless otherwise defined herein or unless the context hereof clearly requires otherwise. Terms which are defined in the Bankruptcy Code and are not otherwise defined in the Plan or herein shall have the definition ascribed to them by the Bankruptcy Code. All applicable terms and provisions of the Plan are incorporated herein by this reference and the parties to this Agreement shall be bound by such terms and provisions.

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The primary purpose of this Liquidating Trust is to hold, administer and liquidate the Disposition Assets for the benefit of the Holders in the estate (which estate continues after the Confirmation Date) in accordance with Treas. Reg. §301.7701-4(a) and (d). Among the Disposition Assets are the Retained Actions together with the Proceeds therefrom. Such Retained Actions are specifically retained pursuant to the provisions of §1123(a)(5) and §1123(b)(3)(B) of the Bankruptcy Code and such actions shall be prosecuted, administered and/or otherwise resolved for the benefit of the Holders by the Plan Trustee, with the advice and the consent of the Oversight Committee as provided in the Plan, and as the duly appointed representative of the Holders, appointed by the Bankruptcy Court in the Confirmation Order for the purpose of pursuing the Retained Actions. Certain of the Retained Actions, as identified on Exhibit A hereto, were filed as adversary proceedings pre-confirmation. Investigation of additional Retained Actions is continuing and any creditor who received a transfer of property during relevant statutory periods pre-petition should assume that they may be the subject of a future Retained Action and that the Plan Trustee shall pursue any such Retained Action it believes to be meritorious for the benefit of the Holders and for distribution of the Proceeds of such Retained Actions to such Holders pursuant to the terms of the Plan. Under no circumstances shall the Plan Trustee have any power to engage in any trade or business or any other activity except as specifically provided herein or in the Plan or such as is otherwise reasonably necessary and advisable for the orderly liquidation and distribution of the Disposition Assets.

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DECLARATION OF TRUST

NOW, THEREFORE, in order to declare the terms and conditions hereof, and in consideration of the premises, of the due acceptance of and confirmation of the Plan pursuant to §1126 of the Bankruptcy Code, of the sum of One Dollar (\$1.00) to it duly paid by the Plan Trustee at the execution hereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto have executed this Agreement and the Holders hereby vest in the Plan Trustee and its successors in trust, its successors and assigns, all right, title and interest in the Disposition Assets, including, without limitation, the right to receive, hold, pursue, liquidate and distribute all or any portion of the Disposition Assets as set forth herein and in the Plan.

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To have and to hold the Disposition Assets unto the Plan Trustee and its successors in trust and its successors and assigns forever; in trust under and subject to the terms and conditions set forth herein and in the Plan and for the benefit of the Holders, each of which shall be treated as the grantors and deemed owners of this Liquidating Trust; provided, however, upon the final liquidation of all of the assets of the Liquidating Trust in accordance with the terms and conditions of this Agreement and the Plan, this Agreement shall cease, terminate and be of no further force and effect. Further provided, however, that the Liquidating Trust shall not remain in existence more than five (5) years from the date of this Agreement. If warranted by the facts and circumstances provided for in the Plan, and subject to the approval of the Court, upon request of the Plan Trustee, with the advice and consent of the Oversight Committee, and upon a finding that the extension is necessary for the purpose of the Liquidating Trust, the term of the Liquidating Trust may be extended for a finite period based on the particular circumstances. Each extension must be approved by the Court within six (6) months prior to the beginning of the extended term.

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It is hereby further covenanted and declared that the assets of the Liquidating Trust are to be held, administered and applied by the Plan Trustee subject to the further covenants, conditions and terms hereinafter set forth and set forth in the Plan.

The foregoing grants, assignments, transfers and conveyances are in trust for the benefit of the Holders and are subject to the terms of this Agreement and the provisions of the Plan applicable to the Liquidating Trust. For tax purposes, this transfer will be treated as a deemed transfer to the Holders followed by a deemed transfer by the Holders to the Liquidating Trust, in accordance with the provisions of Revenue Procedure 94-45, 1994-2 C.B. ¶ 684. For federal tax purposes, this transaction should be treated as the Debtor satisfying its debt to the particular creditor for an amount equal to the fair market value of the property deemed transferred to the creditor. With respect to the Debtor, this transaction may create income from the cancellation of indebtedness (COD) pursuant to Internal Revenue Code (IRC) Section 108 or gain or loss from the sale or exchange of property. The tax characterization of the transaction will depend on the fair market of the property transferred, the Debtor's adjusted tax basis in the property, and whether the creditor's claim was a recourse or non-recourse liability. The

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creditor's adjusted basis in the property deemed transferred should be equal to the fair market value of the property on the date of the deemed transfer.

With respect to the Debtor, there is an exclusion for gross income from cancellation of debt if the discharge occurs in a title 11 case pursuant to IRC Section 108(a)(1)(A). However, pursuant to IRC Sec. 108(b)(1), the Debtor is required to reduce its tax attributes (i.e., net operating losses, credits, etc.) in the specified order outlined in IRC Sec. 108(b)(2) by the amount of gross income excluded by the title 11 exception outlined in IRC Sec. 108(a)(1)(A).

Pursuant to Revenue Procedure 94-45, the beneficiary-creditors are treated as transferring to the liquidating trust the property deemed received from the Debtor's estate. This should be treated as a nontaxable transaction. Consequently, the adjusted tax basis of such property to the liquidating trust should be equal to the adjusted tax basis of such property in the hands of the beneficiary- creditor (i.e., the fair market value of the property on the date of the deemed transfer).

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The Liquidating Trust created by this Agreement is intended: (i) as a trust governed and construed in all respects as a liquidating trust pursuant to Section 301.7701-4(d) of the United States Treasury Regulations and as a grantor trust in favor of the Holders pursuant to Section 1.671-4(a) thereof, and (ii) to comply with the requirements of a liquidating trust, which is a grantor trust, as set forth in Revenue Procedure 94-45, 1994-2 C.B. 684.

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ARTICLE II

TRUSTEE'S ACCEPTANCE OF ASSETS; AGREEMENT TO PERFORM OBLIGATIONS AS TRUSTEE AND OVERSIGHT COMMITTEE

2.1 Acceptance. The Plan Trustee accepts the trust imposed upon him by this Agreement, and agrees to observe and perform that Trust, upon and subject to the terms and conditions set forth herein and in the Plan.

2.2 Agreement to Perform Obligations. The Plan Trustee and the Members of the Oversight Committee hereby promise and agree to undertake and perform the obligations created hereunder and the obligations to be performed by the Plan Trustee and the Oversight Committee under the Plan.

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ARTICLE III

POWERS OF THE TRUSTEE AND OVERSIGHT COMMITTEE

3.1 Title. Legal title to all of the Disposition Assets shall be vested in the Plan Trustee, except that the Plan Trustee shall have the power to cause legal title (or evidence of title) to any of the Trust Assets to be held by any nominee or person, on such terms, in such

manner, and with such power consistent with this Agreement and the Plan as the Plan Trustee may determine.

3.2 General Powers of Plan Trustee and Oversight Committee.

Except as may be otherwise provided in this Agreement or in the Plan, and subject to the retained jurisdiction of the Bankruptcy Court, and the advice and consent of the Oversight Committee as provided in the Plan. the Plan Trustee shall have, without prior or further authorization, control and authority over the Disposition Assets, over the administration and disposition thereof, and over the supervision and conduct of the Liquidating Trust to the same extent as if the Plan Trustee were the sole owner thereof in its own right; but at all times the Disposition Assets be held for the benefit of the Holders consistent with the terms of the Plan. No person dealing with this Liquidating Trust shall be obligated to inquire as to the authority of the Plan Trustee in connection with the acquisition, administration or disposition of assets which comprise the Liquidating Trust. In connection with the administration and use of the Disposition Assets, the Plan Trustee's powers, except as otherwise expressly limited by the Plan or in this Agreement, shall include, but shall not be limited to, the following: (i) to accept the Disposition Assets; (ii) to distribute Disposition Assets and Proceeds to the Holders strictly in accordance with the terms of the Plan and this Agreement; (iii) to endorse the payment of notes or other obligations of any person or to make contracts with respect thereto; (iv) to appoint, engage, or employ such persons or firms, including accountants, attorneys or other professionals, as the Plan Trustee shall deem necessary; (v) to perform all obligations as set forth in the Plan and this Agreement; and (vi) to engage in all acts consistent with the performance of the obligations of a trustee under a trust of this type. In addition, the Plan Trustee shall have the power to engage in any additional acts not specifically enumerated or excluded herein, provided that such proposed acts are in the furtherance of the purposes for which this Liquidating Trust has been created.

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The Oversight Committee shall provide advice and consent to the Plan Trustee as set forth in the Plan. The Oversight Committee shall consist of the following Members: Fred C. Caruso, Margaret Good and Richard Szekely.

3.3 Operation of Trust. The Plan Trustee shall distribute at least annually to the Holders the Liquidating Trust's net income plus all net proceeds from the Disposition of assets, except that the Liquidating Trust may retain an amount of net proceeds or net income reasonably necessary to maintain the value of its assets or to meet claims and contingent liabilities (including disputed claims). In addition, the Plan Trustee will make continuing efforts to dispose of the Disposition Assets, make timely distributions, and not unduly prolong the duration of the Liquidating Trust. The Plan Trustee will enter into an agreement with First Financial Bank, National Association ("FFB") whereby FFB will provide certain services to the Liquidating Trust, and the Liquidating Trust will compensate FFB therefor, such agreement to be substantially in the form attached hereto as Exhibit B.

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3.4 Limitation of Trustee. Without limiting the generality of the foregoing Sections 3.2 and 3.3, the Plan Trustee shall not permit the Liquidating Trust to

hold any operating assets of a going business, a partnership interest in a partnership that holds operating assets, or 50% or more of the stock of a corporation with operating assets. In addition, the Plan Trustee shall not permit the Liquidating Trust to receive transfers of listed stocks or securities or other readily marketable assets, and the Trust is not permitted to receive or retain cash or cash equivalents in excess of a reasonable amount to meet claims and contingent liabilities (including disputed claims) or to maintain the value of the assets during liquidation. The investment powers of the Plan Trustee, other than those reasonably necessary to maintain the value of the assets and to further the liquidating purpose of the Liquidating Trust, are limited to powers to invest in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions, or other temporary, liquid investments, such as Treasury bills.

3.5 Retention of Attorney and Accountants. Without limiting the Plan Trustee's or the Oversight Committee's powers under Section 3.2(v), the Plan Trustee and the Oversight Committee may retain the firm of Bailey Cavalieri LLC or other counsel, and qualified accountants, to perform such services as are necessary or appropriate in connection with the administration of this Liquidating Trust.

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ARTICLE IV

THE TRUSTEE AND THE OVERSIGHT COMMITTEE - RESIGNATION, REMOVAL, TRUST CONTINUANCE, COMPENSATION, STANDARD OF CARE, RELIANCE BY TRUSTEE

4.1 Resignation. The Plan Trustee may resign by an instrument in writing signed by it and filed with the Bankruptcy Court provided that the Plan Trustee shall continue to serve as Plan Trustee after its resignation until the appointment of a successor Plan Trustee shall become effective in accordance with Section 4.3 or the Bankruptcy Court shall otherwise order.

A Member of the Oversight Committee may resign by an instrument in writing signed by the Member and filed with the Bankruptcy Court. In the event of a resignation, the remaining Members of the Oversight Committee shall designate a successor. Until such vacancy is filled, the Oversight Committee shall function with such reduced number.

4.2 Removal. The Bankruptcy Court may, for cause shown, remove the Plan Trustee and/or any Member of the Oversight Committee and appoint a successor.

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4.3 Appointment of Successor Trustee. In the event of the resignation of the Plan Trustee, the Plan Trustee, subject to the advice and consent of the Oversight Committee as set forth in the Plan, may designate a successor Plan Trustee. In the event of the death, resignation, incompetency, total disability or removal of the Plan Trustee, the Bankruptcy Court shall have the authority, to appoint a successor Plan Trustee. Such

appointment may specify the date on which such successor Plan Trustee appointed hereunder shall execute, acknowledge and deliver to the Bankruptcy Court and to the departing Plan Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the departing Plan Trustee shall become effective and such successor Plan Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the departing Plan Trustee.

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4.4 Trust Continuance. The resignation or removal of the Plan Trustee or any Member of the Oversight Committee shall not operate to terminate the Liquidating Trust created by this Agreement or to revoke any existing agency relationship created pursuant to the terms of this Agreement or invalidate any action theretofore taken by the Plan Trustee, such Plan Trustee shall promptly execute and deliver such documents, instruments and other writings as may be reasonably requested by the successor Plan Trustee to effect the termination of the Plan Trustee's capacity under this Agreement and the vesting of the Disposition Assets then held by the Plan Trustee to his successor; deliver to the successor Plan Trustee all documents, instruments, records and other writings related to the Liquidating Trust as may be in the possession of the Plan Trustee; and otherwise assist and cooperate in effecting the assumption of its obligations and functions by such successor Plan Trustee.

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4.5 Compensation. The Plan Trustee and the Members and any successors shall be entitled to compensation at their standard hourly rates and reimbursement of expenses from the Disposition Assets.

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4.6 Reliance by Trustee. The Plan Trustee may rely, and shall be fully protected in acting upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order or other instrument or document which it, in good faith, believes to be genuine and has been signed or presented by the proper party or parties or, in the case of cables, teletypes and telexes, to have been sent by the proper party or parties. In the absence of bad faith, willful misfeasance, gross negligence or willful disregard of its duties, the Plan Trustee may conclusively rely as to the truth of statements and correctness of the opinions expressed therein. The Plan Trustee may consult with counsel and any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or suffered by him in accordance therewith. The Plan Trustee shall have the right at any time to seek instructions concerning the administration, management or disposition of the Disposition Assets from the Bankruptcy Court.

4.7 Standard of Care. The Plan Trustee and the Members of the Oversight Committee, their respective professionals, and the firms with which the Members are associated (currently, Development Specialists, Inc., The Meridian Group and Phoenix Management Services) ("Member Firms"), shall not be personally liable to the Liquidating Trust or the Holders except for such of its own acts as shall constitute bad faith, gross negligence, willful misconduct or willful disregard of its/his duties. Except as aforesaid, the Plan Trustee, the Members of the Oversight Committee and the Member Firms, and their respective employees, professionals, agents and representatives shall be entitled to be exonerated and indemnified from time to time from the Disposition Assets against any and all losses, claims, costs, expenses and liabilities

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arising out of or in connection with the Disposition Assets or the affairs of this Liquidating Trust, including, but not limited to, liability for taxes and expenses (including legal fees) incurred due to the defense of any such claim. In addition, none of the above parties shall have any liability whatsoever for performance of their duties hereunder to any non-Holder.

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4.8 Plan Trustee and Members of Oversight Committee Not Personally Liable Except to Trust and Holders. Any person dealing with the Plan Trustee and/or the Oversight Committee shall look only to the assets in the Liquidating Trust to satisfy any liability incurred by the Plan Trustee and/or Oversight Committee to such person in carrying out the terms of this Liquidating Trust, and the Plan Trustee and/or Oversight Committee shall have no personal or individual obligation to satisfy any such liability. Subject to the terms hereof, this provision does not diminish the liability or responsibility of the Plan Trustee and/or Oversight Committee to the Holders in connection with the performance of the Plan Trustee's and Oversight Committee's duties hereunder. No Holder shall have any right by virtue of any provision of this Agreement to institute any action or proceeding at law or in equity against any party upon or under or with respect to the trust estate.

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ARTICLE V

RETENTION OF JURISDICTION

5.1 Jurisdiction. The Bankruptcy Court shall retain jurisdiction over the Liquidating Trust, the Plan Trustee, the Oversight Committee and the Disposition Assets as provided pursuant to the Plan.

ARTICLE VI

TAX ISSUES

6.1 Required Filing. The Plan Trustee shall prepare and file with appropriate state and federal agencies and authorities, all such documents, forms, reports and returns (including, but not limited to, state and federal income tax returns) as the Plan Trustee shall, with the advice and assistance of professionals engaged by the Plan Trustee, including but not limited to legal counsel and accountants, deem necessary, required or appropriate in connection with the creation, existence, operation or termination of the Liquidating Trust. The Plan Trustee shall file returns for the Liquidating Trust as a grantor trust pursuant to Sections 1.671-4(a) and 1.671-4(b)(3)(ii) of the United States Treasury Regulations.

6.2 Federal Income Tax Information. As soon as practicable after the close of each calendar year, but in no event later than March 15th, the Plan Trustee shall mail to each Holder of record during such year, a statement showing information sufficient for each Holder to determine its share of income, deductions and credits for federal income tax purposes in accordance with §§1.671.4(a) and 1.67104(b)(3) of the United States Treasury Regulations.

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6.3 Tax Attributes and Characteristics of the Trust. The Holders of the Liquidating Trust shall be treated as its grantors and deemed owners. The Plan Trustee shall file tax returns for the Liquidating Trust as a grantor trust pursuant to §1.671-4(a), or (b) as appropriate, of the United States Treasury Regulations. Accordingly, all earnings of the Liquidating Trust, including earnings retained in reserve accounts (including, without limitation, the Reserve Fund and the Retained Cash Fund), if any, will be allocated to the Holders on an annual basis and each Holder shall be responsible to report and pay the taxes due on his/its respective proportionate share of the Liquidating Trust income whether or not amounts are actually distributed by the Plan Trustee to the Holders to pay the taxes. The value of the Disposition Assets transferred into the Liquidating Trust shall be the fair market value of such Disposition Assets at the time of such transfer. The Disposition Assets transferred to the Liquidating Trust shall be valued consistently by all parties including, but not limited to, the Debtor and the Holders, and these valuations will be used for federal income tax purposes.

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6.4 Revenue Ruling Requests. The Plan Trustee on behalf of Holders may file a ruling request (in accordance with the procedures set forth in Revenue Procedure 94-45, 1994-2 C.B. 684) with the Internal Revenue Service to have the Liquidating Trust classified as a liquidating trust as described in Treas. Reg. §301.7701-4(d).

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ARTICLE VII

MISCELLANEOUS

7.1 Notices. All notices, requests or other communications required or permitted to be made in accordance with this Agreement shall be in writing and shall be delivered personally or by certified United States mail, return receipt requested, postage prepaid:

If to the Plan Trustee, at:

Development Specialists, Inc.
Three First National Plaza, Suite 2300
70 West Madison Street
Chicago, IL 60602-4205

To Counsel for the Plan Trustee and Oversight Committee at:

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Nick V. Cavalieri, Esq.
Bailey Cavalieri LLC
10 West Broad Street, Suite 2100
Columbus, OH 43215

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and

Robert B. Berner, Esq.
Bailey Cavalieri LLC
40 North Main Street, Suite 1250

Dayton, OH 45423

To Members of the Oversight Committee:

Fred C. Caruso
Development Specialists, Inc.
70 W Madison St.
Chicago, IL 60602

Margaret Good
The Meridian Group
223 Fourth Ave, Suite 1700
Pittsburgh, PA 15222-1719

Richard Szekely
Phoenix Management Services
The Crittenden Bldg, Suite 310
1382 West Ninth Street
Cleveland, OH 44113

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Any entity may change the address at which it is to receive notices under this Agreement by furnishing written notice pursuant to the provisions of this Section 7.1 to the entity to be charged with knowledge of such change.

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7.2 Effectiveness. This Agreement shall become effective upon the Effective Date of the Plan. In the event of any conflict between the terms of this Agreement and the Plan, the terms of this Agreement shall control.

7.3 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be taken together to constitute one and the same instrument.

7.4 Governing Law. This Agreement shall be governed by, construed under and interpreted in accordance with, the laws of the State of Ohio. To the extent not inconsistent with the laws of the State of Ohio, this Agreement shall be governed by, construed under and interpreted in accordance with applicable provisions of the Internal Revenue Code and the Treasury Regulations promulgated thereunder, specifically Treas. Reg. ' 301.7701-4(d).

7.5 Headings. Sections, subheadings and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

7.6 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any

such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any such provision in any other jurisdiction.

7.7 **Amendments.** Upon the request of the Plan Trustee, with the advice and consent of the Oversight Committee in accordance with the Plan, this Agreement may be amended from time to time with the approval of the Bankruptcy Court, and, upon request, after a hearing thereon.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

Development Specialists, Inc., Plan Trustee

By: _____
Its: _____

Irwin Mortgage Corporation

By: _____
Its: _____

Oversight Committee

By: _____

By: _____

By: _____

EXHIBIT B

RETAINED ACTIONS/PRESERVED CAUSES OF ACTION

All claims, rights of action, Causes of Action, suits or proceedings by the Debtor or Estate, whether in law or in equity, whether known or unknown, that the Debtor or Estate may hold against any person except as specifically released in the Plan, including all Litigation Claims and Avoidance Actions but excluding all claims, rights of action, suits or proceedings that are affirmatively released by the Debtor pursuant to the Plan, are Retained Actions. The Retained Actions include claims against Insiders and non-Insiders of the Debtor and the non-Debtor Affiliates, including, but not limited to, the following parties, but excluding any Person who is an officer, director or employee of FFB as of the Effective Date and any Person who served as an officer, director, or employee of IMC and/or IRC at any time after thirty (30) days after the Acquisition Date but such exclusion shall not exclude any Person expressly identified by name below in this Exhibit B;

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- All officers, directors, Management Committee members, Financial Asset Valuation Committee members, Asset-Liability Management Committee members, and persons in control of IMC from 2005 through the FDIC Transaction including, but not limited to, Robert Griffith, Greg Ehlinger, Will Miller, Matt Souza, Tom Washburn, Kelly Bley, Dan Holt, Dave Meyercord, Steve Schultz, Brett Vanderkolk, Eric Knapp, Ian Russell, Tim Murphy, Kevin Murphy, John Macke, Renee Jensen, Mike Tuttle, Chris Byrde, Jody Littrell, Karey Fung, Leon Ravenna, Rebecca Towne, Paul Brown, Paul Dolan, Paul Freudenthaler, Mark Chevalier and Todd Hargreaves;
- All officers, directors, Irwin Mortgage Tail Management Committee members and persons in control of IUBT from 2005 through the FDIC Transaction, including, but not limited to, Greg Ehlinger, Matt Souza, Will Mille, Sally Dean, David Hoover, Bill Kling, Brenda Lauderback, John McGinty, Dayton Molendorp, Lance Odden, Marita Zuraitis, David Goodrich, Brad Kime, Jo LaLeggia, John McGinty, Jose Gonzalez, Jody Littrell, Jocelyn Martin-Leano, John Rinaldi, Steve Schultz, Rebecca Towne, and Brett Vanderkolk;
- All officers and directors of IFC from 2005 through the filing of the IFC Chapter

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7 bankruptcy, including, but not limited to, Sally Dean, David Goodrich, David Hoover, Bill Kling, Brenda Lauderback, John McGinty, Will Miller, Dayton Molendorp, Lance Odden, Greg Ehlinger, Matt Souza, Jose Gonazlez, Jody Littrell, Steve Schultz, Rebecca Towne, Brett Vanderkolk, and Dave Meyercord;

- All public accounting firms representing IMC and/or IUBT through the FDIC Transaction and/or IFC through the IFC Chapter 7 Bankruptcy, including Ernst & Young;
- All law firms representing IMC and/or IUBT through the FDIC Transaction and/or IFC through the IFC Chapter 7 Bankruptcy;

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Such claims, [Causes of Action and Retained Actions](#) include, but are not limited to, the following:

- IMC's pending plaintiff claims prosecuted by Special Litigation counsel on a contingency basis, including the First Pacific Litigation;
- Counterclaims against Freedom;
- Actions to recover transfers from IMC to IUBT, including the Allocated Trust Preferred Stock Transfers and/or claims against officers and directors of IMC and/or IUBT related to or arising from the Allocated Trust Preferred Stock Transfers, including claims for breach of fiduciary duty;
- Actions to avoid, recharacterize or subordinate claims;
- Actions to establish a constructive or resulting trust;
- Actions for violations of ERISA;
- Aiding and abetting;
- Avoidance and recovery of preferential transfers;
- Breach of contract;
- Breach of duty of good faith and fair dealing;
- Breach of fiduciary duty;
- Causes of action arising under chapter 5 of the Bankruptcy Code;
- Civil conspiracy;
- Conversion;

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- Fraud and/or misrepresentation under state or federal law;
- Fraudulent transfer;
- Fraudulent conveyance;
- Gross negligence;
- Indemnification (other than with respect to indemnification claims and rights of FFB in connection with the Acquisition);
- Insurance policy recoveries;
- Oppression by controlling shareholder(s);
- Price fixing;
- Recklessness;
- Rescission;
- Tax refunds or tax benefits;
- Tortious interference;
- Trust fund doctrine;
- Turnover of property of the Debtor's estate;
- Unlawful distribution or waste of corporate assets; and
- Violations of the Racketeer Influenced and Corrupt Organizations Act

The potential Causes of Action and defendants listed above are not exhaustive, but are reflective of current knowledge. To the extent not specifically released under the Plan, the Plan preserves all rights to bring any claims, rights of action, suits or proceedings against any defendant, in each case not specifically referenced above, but that may be identified following the Effective Date through formal or informal discovery or in litigation.

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The Retained Actions also include any and all claims arising under any contracts or any other form of indebtedness due Debtor that is not otherwise identified herein or the Plan, including, but not limited to, (i) the actions identified in response to Question 4 of the Statement of Financial Affairs filed by Debtor in the Case; (ii) actions against Midfirst for improper servicing of mortgages relating to the agreements referenced in Midfirst's Claims and for improper retention of holdback in an amount of at least \$12,998,000; (iii) actions against Everbank for improper servicing of mortgages relating to the agreements referenced in Everbank's Claim and for improper retention of holdback in an amount of at least \$2,580,000; (iv) unknown amounts due from Fannie Mae related to repurchased loans; (v) an unknown amount due from Freedom related to a transition services agreement dated on or about September 18, 2006, (vi) a balance due from Residential Financial Services, Inc. and Carlos Mendez; and (vii) all claims or rights to participate in refunds or tax benefits from any taxing authority including the IRS claimed by the trustee of Irwin Financial Corporation and the FDIC arising from the overpayment of taxes by a consolidated tax group of which the Debtor was a member.

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The Retained Actions also include any other potential claim described in herein or in the Disclosure Statement, including preference, fraudulent transfer or avoidance claims, claims under chapter 5 of the Bankruptcy Code or similar state law, including, without limitation, claims relating to payments made within 90 days of the Filing Date and identified in the Statement of Financial Affairs filed by Debtor in the Case, and any claims relating to the avoidance of the purported security interest filed by Kronos.

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The Retained Actions also include any and all claims or causes of action that Debtor might have for refunds of taxes or other charges against any federal, state or local Governmental Unit.

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EXHIBIT C

LITIGATION CLAIMS

Irwin Mortgage Corporation v. Oscar Malone, et al.
Case No. CT-006330-07

Division VI

Circuit Court of Shelby County, Tennessee, 13th Judicial District at Memphis

The remaining defendants are:

Larry Weissman and Weissman Ostrow & Mitchell

Aretha Coleman

Jessie Chatman

American First Mortgage Corporation (and American First's Surety Insurer Hartford Fire Insurance Company – the claims against the surety/insurer have not been commenced and may be brought in a separate action)

Irwin Mortgage Corporation v. Eric Simon and Eric Simon

P.A. Case No. 50 2008 034990

Circuit Court 15th Judicial District, Palm Beach Co., Florida

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EXHIBIT D

FFB SETTLEMENT AGREEMENT

To be filed within ten days prior to the Plan Confirmation Hearing.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re: : **Case No. 11-56414**
: **IRWIN MORTGAGE CORPORATION** : **Chapter 11**
: **Debtor.** : **Chief Judge Charles M. Caldwell**
:

BALLOT FOR ACCEPTING OR REJECTING FIRST AMENDED PLAN OF LIQUIDATION FOR IRWIN MORTGAGE CORPORATION

Irwin Mortgage Corporation, debtor and debtor in possession herein, has filed a Plan of Liquidation dated January 4, 2013, (the "Plan") in the above-referenced bankruptcy proceeding, amended January 30, 2013. The Court has approved the Disclosure Statement with respect to the Plan (the "Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from counsel for Debtor, Bailey Cavalieri LLC, 10 West Broad Street, 21st Floor, Columbus, OH 43215, Attn: Nick V. Cavalieri, Esq.; telephone (614) 229-3252; fax (614) 221-0479; email: nick.cavalieri@baileycavalieri.com. Court approval of the Disclosure Statement does not indicate Court approval of the Plan.

The deadline for voting is March 5, 2013. If you wish to vote, you must file the original of this ballot with the Court and send a copy to the Attorney for Debtor (address below) on or before 4:00 p.m., March 5, 2013. If you file and serve your ballot after March 5, 2013, your vote will not count as either an acceptance or rejection of the Plan.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. **If you hold claims in more than one class, you may copy this ballot and submit a ballot for each class in which you are entitled to vote.**

If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.

In order to be counted, the original of the completed Ballot is to be filed with the Clerk of the Bankruptcy Court, 170 North High Street, Columbus, OH 43215 **no later than March 5, 2013 at 4:00 p.m.**, and a copy is to be sent to Attorney for Debtor, Bailey Cavalieri LLC, 10 West Broad Street, Suite 2100, Columbus, OH 43215, Attn: Nick V. Cavalieri, Esq.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned, holding a claim in the unpaid principal amount of \$ _____ in the following Class,

CLASS 1: Administrative Claims. Class 1 is unimpaired and is therefore deemed to have accepted the Plan.

___ **CLASS 2(a): Claims Of Everbank.**

CLASS 2(b)-(f): Class 2(b) to (f) Secured Claims are unimpaired and are therefore deemed to have accepted the Plan.

___ **CLASS 3: Claims of FFB.**

CLASS 4: Priority Claims. Class 4 is unimpaired and is therefore deemed to have accepted the Plan.

___ **CLASS 5: Unsecured Claims that are not separately classified herein.**

___ **CLASS 6: All Allowed Unsecured Claims Of Everbank, Freedom, Midfirst, And Fannie Mae.**

___ **CLASS 7: All Allowed Unsecured Claims Of Class 7 (Copper Sands Claimants).**

CLASS 8: Interests. Class 8 is retaining no value and therefore is deemed to reject.

[Check one box only, and provide your name and address]

ACCEPTS THE PLAN

REJECTS THE PLAN

Dated: _____ CREDITOR NAME: _____
(Print or type Creditor name)

(Signature)

(Title if corporation or partnership)

COMPLETE ADDRESS:

IRWIN MORTGAGE CORPORATION

Liquidation Analysis as of December 31, 2012

As Amended for the Disclosure Statement for the First Amended Plan of Liquidation

(in 000's)

Liquidation Analysis Range:

Assets:	Note*	Balance**	Optimistic Case	Pessimistic Case
Cash & T-Bill Investment	1	\$ 3,880	\$ 3,880	\$ 3,880
Corporate Art Collection	2	21	25	25
Repurchased Loans (non-performing)	3	376	20	10
Other Receivables (Tax Sharing Benefits with Parent)	4	1,787	370	370
Other Receivables (Future Tax Sharing Benefits with Parent)	4		undetermined	undetermined
A/R : Holdbacks from Portfolio Servicing Sales:	5	14,865	undetermined	undetermined
FHLB Lender Risk Account ("LRA")	6	3,081	-	-
Equity in Irwin Reinsurance Corp. ("IRC")	7	1,344	1,344	1,244
Litigation Recoveries			undetermined	undetermined
Total Estimated Liquidation Value		\$ 25,354	\$ 5,269	\$ 5,159
LESS:				
Estimated Wind Down Budget to 18 Mos.	8		854	1,206
Administrative & Priority Claims	9	2,123	80	2,090
Amount Available for General Unsecured Claims		\$ 23,230	\$ 4,335	\$ 1,863
Third Party Unsecured Claims:				
Repurchase & Indemnification Claims (Net of Holdbacks)	10	112,422	29,000	112,422
Tax Claims	11	13	100	199
Trade Vendor Claims	11	481	472	481
Litigation & Other Claims	11	50,809	43	10,192
Total Third Party Unsecured Claims		\$ 163,724	\$ 29,615	\$ 123,293
Intercompany Claims:				
Intercompany Payable Pre-FFB Acquisition of IMC stock	12	12,861	0	0
Intercompany Payable Post-FFB Acquisition of IMC stock	12	2,422	0	0
Total Intercompany Claims		\$ 15,283	\$ -	\$ -
Total Unsecured Claims		\$ 179,007	\$ 29,615	\$ 123,293
Estimated Recovery %			14.6%	1.5%

*Note number corresponds with numbered items on Assumptions for Liquidation Analysis

** Balances reported as of most recent date as indicated or stated at value listed on Bankruptcy Schedules.

IRWIN MORTGAGE CORPORATION

Assumptions to Liquidation Analysis as of December 31, 2012

Note 1: Cash & T-Bill Investments

Reported balances as of Dec. 31, 2012, less \$350,000 for anticipated expenses to be incurred through confirmation.

Note 2: Corporate Art Collection

Stated at acquisition cost of \$130K, less proceeds received to date totaling \$109K. The remaining art work to be sold to FFB for \$25K, per the FFB Settlement which is being presented as part of the Plan and Plan Confirmation process.

Note 3: Repurchased Loans (non-performing)

Estimated collections on Repurchased Loans from Fannie Mae - Unpaid Principal Balances as of Nov. 30, 2012 \$375,584 (non-performing).

Note 4: Other Receivables (Tax Sharing Benefits with Parent)

IMC and IRC are parties to the Tax Allocation Agreement among First Financial Bancorp, FFB and each of its direct and indirect subsidiaries referenced in the agreement. Historically, IMC and IRC recorded a receivable or payable on its books as a result of the tax impact of its operational income or loss. As of June 30, 2011, IMC has recorded federal and state income taxes receivable of \$2.7 million. IMC is presently working with FFB's tax professionals to determine the collectability of these benefits. The tax benefits due IMC (including IRC) pursuant to the Tax Allocation Agreement through December 31, 2012 are estimated by FFB to total \$2,952,692 for federal taxes and \$236,329 for state taxes. FFB's tax professionals have raised potential defenses to the payment by FFB to IMC and therefore, the worst case scenario assumption of the value of this asset is zero. It is anticipated that future losses will be incurred by IMC and IRC and the prospective tax benefits are presently being evaluated. The ultimate valuation of the potential prospective tax benefits is not determinable at this time. Pursuant the FFB Settlement which is being presented as part of the Plan and Plan Confirmation process, \$370K will be paid by FFB as a settlement for any tax benefits incurred up to 12/31/2012 and future benefits (if any) will be split 50/50 between IMC and FFB (see FFB settlement for the terms of the settlement). FFB believes that there are can be no future tax benefits attributable the future losses to be incurred by IMC.

Note 5 : A/R : Holdbacks from Portfolio Servicing Sales

The MidFirst holdback was created in a series of six transactions between December, 2001 and September, 2006. The holdbacks listed in IMC's balance sheet relating to the MidFirst transactions as of June 30, 2011 were \$13.0 million. In the proof claim MidFirst filed in bankruptcy, MidFirst reported the holdback amount of \$8.0 million and included this portion of their claim as secured and asserted an unsecured claim in the amount of \$56.7 million.

The Everbank holdback was created pursuant to the Agreement for Purchase and Sale of Serving dated September 29, 2006. The holdback listed on IMC's balance sheet relating to the Everbank transaction as of April 30, 2011 was \$2.6 million. Everbank asserted an unsecured claim in the amount of \$15.9 million.

This liquidation analysis does not assume a recovery of these amounts and will be subject to the claims adjudication process with these parties and a recovery of a portion of the holdback amounts may be realized.

IRWIN MORTGAGE CORPORATION

Assumptions to Liquidation Analysis as of December 31, 2012

Note 6: FHLB Lender Risk Account ("LRA")

Lender Risk Holdback Account with the Federal Home Loan Bank of Indianapolis account was transferred by Federal Home Loan Bank of Indianapolis to the name of the First Financial Bank, NA. The asset is listed on the Debtor's financials and the ownership of this asset is presently in dispute. Using a conservative estimate for the future income and losses, the liquidation analysis assumes the LRA account may have a residual value of \$0 to \$1.2 million at the end of the holdback period in January 2016. Pursuant to the FFB Settlement which is being presented as part of the Plan and Plan Confirmation process, FFB will retain ownership of this asset.

Note 7: Equity in Irwin Reinsurance Corp. ("IRC")

IMC owns a 100% equity interest in Irwin Reinsurance Corporation. IMC is presently in negotiating a transaction to monetize its interest in IRC. The liquidation analysis values assumes this transaction closes as contemplated and will require bankruptcy court, as well as consents of applicable regulatory agencies. If this transaction does not close, the value of this asset may vary dramatically and the timing of monetizing IMC's interest may be extended.

Note 8: Estimated Wind Down Budget to 18 Mos.

The estimated wind down costs are estimates based upon the wind down is substantially completed in a 18 month timetable and the professional fees costs associated with the claim reconciliation process are resolved without protracted litigation. Pursuant to the FFB Settlement which is being presented as part of the Plan and Plan Confirmation process, FFB has agreed to pay for certain insurance coverage and the costs attendant to the continued storage and/or destruction of the corporate records and these expenses are not reflected in the 18 month wind down budget.

Note 9: Administrative & Priority Claims

The amount of potential administrative claims and priority claims are shown in the filed amounts, with the preliminary estimates on the ultimately allowed amounts shown as the pessimistic value. The values shown are for illustration purposes and may differ from the allowed amounts.

Note 10: Repurchase & Indemnification Claims (Net of Holdbacks)

There were 4 proof of claims filed by parties asserting various repurchase and indemnification claims against IMC with \$8.0 million of claims filed as secured claims and \$112.4 million as unsecured claims. IMC is presently reviewing these claims and has requested documentation of the claimants to review the basis of these claims. The estimates provided for this liquidation analysis are based upon the preliminary review of these claims and shown for illustration purposes only and may differ materially. The inclusion of these claims in this analysis is not intended to show IMC's acceptance of these claims.

Note 11: General Notes on Tax, Trade Vendor, & Litigation & Other Claims

The estimates provided for this liquidation analysis are based upon the preliminary review of these claims and the amounts of the ultimately allowed claims may differ materially. Substantial litigation claims relating to the Copper Sands litigation were filed by individual plaintiffs and the claims have been disallowed. The claimants filed to reinstate the claims and a hearing was held on 12/13/12. At this time, the court has yet to rule, for purposes of this analysis, these claims are estimated to be \$0 for the Optimistic case and \$10M for the Pessimistic case. The inclusion of these claims in this analysis is not intended to show IMC's acceptance of these claims and is shown for illustration purposes only.