

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE: : Case No. 1:18-bk-00213-RNO
ARCON HOMES, LLC :
: Chapter 11

**AMENDED PLAN OF REORGANIZATION OF
ARCON HOMES, LLC**

Arcon Homes, LLC (the “Debtor” or “Homes”) proposes the following Plan of Reorganization (the “Plan”) with respect to its Chapter 11 case:

**ARTICLE I
DEFINITIONS**

Set forth below are various terms which shall, except where the context otherwise requires, have the respective meanings listed herein. All of the following meanings shall be applicable to the singular and plural forms of the following defined terms:

1.1.

Accounts Receivable shall mean any sums owed to the Debtor for charges on account of the Debtor providing services, rents owed to the Debtor or any other sum owed to the Debtor as part of the Debtor’s business operations.

1.2.

Administrative Claim shall mean an administrative expense from and after January 22, 2018, the date on which the Debtor’s Chapter 11 Case commenced, which is entitled to priority in accordance with Section 507(a)(2) of the Code and allowed under Section 503 of the Code.

1.3.

Administrative Professional Claim shall mean compensation and reimbursement of professionals, including attorneys, accountants, experts, consultants and realtors as allowed by the Court under Section 330 of the Code.

1.4.

Allowed Claim shall mean a Claim which is scheduled pursuant to the Code or stipulated of record in this Chapter 11 Case, other than a Claim scheduled as disputed, contingent or unliquidated; or which is identified in a Court approved Stipulation filed of record in this Chapter 11 Case; or which has been estimated under Section 502(c) of the Code; or which has been filed pursuant to Section 502(a) of the Code, and with respect to which no objection to the allowance thereof has been interposed within the time allowed by the Court or Bankruptcy Code; or as to which any objection has been overruled (and to the extent so overruled) by a Final Order. An Allowed Claim shall not include any interest accruing on a Claim except as specifically authorized by the Plan.

1.5.

Arcon Properties, LLC shall mean Arcon Properties, LLC a Debtor in this Court at Case No. 1:18-00212.

1.6

Assets shall mean all of the Debtor's Personal Property.

1.7.

Cash shall mean cash and cash equivalents.

1.8.

Causes of Action shall mean any action, proceeding, agreement, claim, cause of action, controversy, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license and franchise of any kind or character whatsoever, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law.

1.9.

Chapter 11 Case shall mean the Arcon Homes, LLC proceeding commenced by a voluntary petition under Chapter 11 of the Code at Case No. 1-18-00213 in the United States Bankruptcy Court for the Middle District of Pennsylvania.

1.10.

Claim shall have the meaning as provided by Section 101(4) of the Code.

1.11.

Code or Bankruptcy Code shall mean the Bankruptcy Reform Act of 1978, as amended, 11 U.S.C. Sections 101, et seq., commonly referred to as the Bankruptcy Code.

1.12.

Contingent Claim shall mean any Claim for which the Debtor is not directly liable, is listed as contingent on the Schedules, and has not been determined otherwise by a Final Order.

1.13.

Court or Bankruptcy Court shall mean the United States Bankruptcy Court for the Middle District of Pennsylvania in which Court the Debtor's Chapter 11 case is pending.

1.14.

Debtor shall mean Arcon Homes, LLC the Debtor in the above Chapter 11 Case.

1.15.

Disputed Claim shall mean any Claim which is listed as disputed on the Schedules, or to which an objection to the allowance thereof has been interposed, and has not been determined otherwise by a Final Order.

1.16.

Disbursing Agent shall mean Robert E. Chernicoff of Cunningham, Chernicoff & Warshawsky, P.C., or such substitute person as such law firm shall designate.

1.17.

Effective Date shall mean the Effective Date of the Plan which date shall be the first date of the month following sixty (60) days after the Confirmation Date becomes final, and shall not have been reversed, stayed, or adversely modified or amended. The

Effective Date is as further set forth in Section 15.2 of the Plan and such date is subject to the right of the Debtor to request that the Court extend the Effective Date.

1.18.

Final Order shall mean an Order of the Bankruptcy Court which has not been reversed or stayed and to which:

- (a) The time to appeal or seek review, rehearing or certiorari has expired and no timely appeal has been filed, or
- (b) Any appeal has been finally resolved.

1.19.

Manufactured Building Carriers or Carriers shall mean certain carriers utilized for the transportation of manufactured buildings.

1.20.

Personal Property shall mean the Debtor's equipment, vehicles, Manufactured Building Carriers and accounts receivable.

1.21.

Petition Date shall mean January 22, 2018.

1.22.

Plan means this Plan, and as it may be modified or amended, as is applicable.

1.23.

Priority Claim shall mean a Claim, other than an Administrative Claim or Tax Claim, as to which priority in payment is asserted pursuant to Section 507(a) of the Code.

1.24.

Pro Rata shall mean the same proportion that a Claim in a particular class bears to the aggregate amount of all allowed Claims in such class.

1.25.

Tax Claim shall mean a Claim, other than an administrative Claim or a secured Claim, as to which priority in payment is allowed pursuant to Section 507(a)(8) of the Code.

1.26.

Any term which is used in this Plan which is not defined herein, but is used in the Bankruptcy Code or found in the Bankruptcy Code, has the meaning assigned to it in the Code.

**ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS**

Certain Claims and interests in this Case are divided into unclassified groups and are named as Classes for convenience only as follows:

2.1. Class 1. Professional Administrative Costs.

2.1.1 Class 1. The expenses and Claims of administration for compensation and reimbursement of professionals as allowed by the Court under Section 330 of the Bankruptcy Code.

2.2. Class 2. Administrative Claims.

2.2.1 To the extent that they are allowed, all Administrative Claims and expenses of administration, other than those set forth in Class 1 or in any other Class, incurred during the administration of the proceeding, to the extent that same exist.

2.3. Class 3. Priority Tax Claims.

2.3.1 Class 3. All Claims to the extent that such are allowed pursuant to Section 507(a)(8) of the Code, and as such Claims exist on the date of the filing of the Chapter 11 Petition in this Case, including, but not limited to any Priority Tax Claims of the United States of America, Internal Revenue Service, or any state or any local taxing authority, to the extent that any such Claim is not disputed, and entitled to priority status under the Code.

The classified Claims and interests in this case are divided into classes as follows:

2.4. Class 4. CBC Partners I, LLC

2.4.1. This class consists of the Claim of CBC Partners I, LLC.

2.4.2. At the time of the filing of the Petition, CBC held a security interest on the Debtor's Personal Property, except for motor vehicles.

2.5 Class 5. Colonial Funding Network, Inc.

2.5.1. This class consists of the Claim of Colonial Funding Network, Inc.

2.5.2. Colonial Funding transferred a judgment from the State of New York to Snyder County, Pennsylvania. Colonial may hold a lien by virtue of a security interest on the Debtor's Personal Property, except for motor vehicles.

2.6 Class 6. General Unsecured Claims.

2.6.1. All other Claims which are not otherwise classified herein which are Allowed Claims, including all non-priority, unsecured Claims against the Debtor which are not disputed or contingent and are liquidated, or for which an Allowed Claim has been filed shall constitute the Class 6 unsecured Claims in this case.

2.7. Class 7. Equity Holders.

2.7.1. The equity interest of Merrill D. Miller, Jr., the 100% holder of the membership interest in the Debtor.

ARTICLE III CLASSES NOT IMPAIRED OR UNCLASSIFIED UNDER THE PLAN

The following classes of Claims are not impaired or are not to be considered classified under the Plan: Classes 1, 2, 3 and 4.

ARTICLE IV TREATMENT OF UNIMPAIRED CLASSES OR UNCLASSIFIED CLAIMS

The Claims of each of the classes listed as unimpaired or not classified in Article III, shall be paid and satisfied as follows:

4.1 Class 1. Professional Administrative Claims.

All Class 1 Claims, as allowed by the Court, shall be paid in cash on or before the Effective Date of this Plan or as otherwise agreed in writing by the claimant and the Debtor. The funds otherwise owed to professionals which the Court has not yet approved and are required by the Code to be approved by the Court shall be escrowed until

necessary approvals have been obtained. The provisions of this Section 4.1 are also subject to the terms of Article XIV of this Plan.

4.2 Class 2. Administrative Claims.

4.2.1. All Class 2 Claims, as allowed by the Court shall be paid as they become due in the ordinary course of business, on or before the Effective Date of this Plan, or as soon as is reasonably possible thereafter, or as otherwise agreed by the claimant and the Debtor, whichever of these dates shall occur later.

4.3. Class 3 Priority Tax Claims

4.3.1. To the extent that any priority tax claims exist, all priority tax Claims in Class 3, of all taxing authorities, shall include only pre-petition taxes and interest accrued to the Petition Date only, and shall not include any tax penalties (tax penalties do not include any trust fund penalties under Section 6672 of the Internal Revenue Code). All such Claims shall have credited any post-Petition payments against such Claim.

4.3.2. All priority tax claims will be paid in full on or before five (5) years after the Petition Date, together with interest at the rate of three percent (3%) per annum, which interest shall begin as of the Effective Date of the Plan. Such payment shall occur as set forth in the Arcon Properties, LLC Plan upon a sale, refinance or Cash Infusion.

ARTICLE V TREATMENT OF IMPAIRED CLASSES

5.1. Class 4. CBC Partners I, LLC

5.1.1. CBC holds a security interest on the Debtor's Personal Property.

5.1.2. CBC's allowed secured Claim will be paid in such amount as is available from the Cash Infusion (as defined below) or a refinance of the Debtor's existing debt or upon such being obtained in the Arcon Properties case. CBC's allowed secured Claim will also be paid the net proceeds after payment of the costs of sale in the event that a sale of the Debtor's Assets occur. The Debtor is seeking the Cash Infusion and a refinance of both the debts in this Case and those debts which exist in the Arcon Properties case. Certain of the debts, including that of CBC and Colonial Funding are the same debts.

5.1.3. CBC will retain such security interest and lien as it has in the Debtor's Assets, subject to the priorities as exist pre-Petition, until such time as payment is made as set forth in this Plan.

5.2 Class 5. Colonial Funding Network, Inc.

5.2.1. Colonial Funding is believed to have a security interest on the Debtor's Assets, except for motor vehicles, which security interest is junior in priority to any lien of CBC.

5.2.2. Colonial Funding shall receive payment of its allowed secured Claim, no greater than the amount of Colonial's secured Claim, from the Cash Infusion (as defined below) upon a refinancing by the Debtor, or upon a sale of the Debtor's Real Property, based upon the available funds, after payment of costs of the sale, and of all ~~P~~prior ~~L~~iens. Prior liens include, but are not limited to, all applicable real estate taxes which are owed, all Municipal Claims, and the amount owed to CBC Partners as to its allowed secured Claim, and any lien amount owed to the IRS (the "Prior Claims"). Such payment to

Colonial Funding may be as further set forth in an appropriate Motion being filed with the Court.

5.2.3. Until such time as Colonial Network is paid as set forth in Section 5.2.2 above, Colonial shall retain its judgment lien in the Debtor's Real Property.

5.3. Class 6. General Unsecured Creditors.

5.3.1. Class 6 includes all other Claim holders of the Debtor who are not otherwise classified under the Plan, including all general unsecured creditors, and any Claims of other parties, regardless of the entry of judgments in favor of any such creditors.

5.3.2. Class 6 general unsecured creditors shall be paid ten percent (10%) of their allowed Claims on or before two (2) years after the Effective Date. In the event of a sale, unsecured creditors will, however, only be paid the amount of the net proceeds up to ten percent (10%) of allowed Claims, after payment of Class 1 and 2 administrative Claims.

5.4. Class 7 Equity Holder

5.4.1. The Equity Holder shall retain his equity in the Debtor. At the option of the Equity Holder, such equity may be canceled and new equity may be issued to the Equity Holder in the same amount and percentage as exists pre-Petition. If all Assets of the Debtor are sold and liquidated, the equity shall be canceled subsequent to liquidation of all such Assets and payment of the net proceeds to creditors under the Plan.

ARTICLE VI
MEANS FOR EXECUTION OF THE PLAN

6.1 Capital Infusion

The Debtor is seeking a capital infusion (“Cash Infusion”) by obtaining funds by utilization of issuing new membership interest in the Debtor with the use of the assets of affiliates. In the event that the Cash Infusion is obtained, such funds will be utilized to fund the Plan.

6.2 Financing

The Debtor is also seeking new financing which will be utilized as a refinance of the Debtor’s existing debt. The funds from the refinancing would be utilized to fund the payments required under the Plan.

6.3 Sale

In the event that the Debtor does not obtain the Cash Infusion or new financing within approximately thirty (30) days after the confirmation of the Plan, if the Real Property of Arcon Properties, LLC located at 195 Airport Road, Selinsgrove, Pennsylvania is not already listed for sale, the Real Property will be listed with a real estate broker or business broker. The Debtor will also list its Personal Property for sale. The net proceeds from the sale of the Real Property and Personal Property will be utilized to fund the Plan.

6.4 Rents

The Debtor intends to collect rent from the Real Property. The Debtor is seeking additional tenants for the Real Property

ARTICLE VII EXECUTORY CONTRACTS

7.1. Lease of Equipment. The Debtor leases its equipment and Personal Property, including its vehicles, to Arcon Hybrid, LLC. Such lease is to be assumed upon the Effective Date of the Plan.

7.2 Insurance

Any of the Debtor's insurance contracts as to liability, casualty and property are assumed upon Confirmation of the Plan and shall remain in full force and effect until such time as terminated by the Debtor or upon any particular asset which is the subject of the insurance policy has been liquidated. Any of the Debtor's insurance contracts for health insurance shall be deemed assumed to the extent that any exist and shall continue until the Debtor terminates same.

7.3 Miscellaneous

Any agreements for licenses, web hosting, energy demand, provision of utilities or cellular telephones shall be assumed as of the Effective Date of the Plan, to the extent that any such exist.

7.4. Arrearages

Any lessor, to the Debtor, or contract party which believes it may have a claim for arrearages for any lease or contract assumed hereunder must provide the amount of such arrearages to the Debtor within **twenty (20) days** after Confirmation of the Plan.

7.5. Rejection Claim

Any Claim based upon a rejected contract or lease shall be required to be filed on or before **twenty (20) days** subsequent to the Effective Date of the Plan or such Claim shall be deemed barred. Such as otherwise set forth in this Plan, all such Claims shall be under and pursuant to and subject to the provisions of Section 365 of the Code.

ARTICLE VIII PROCEDURE FOR RESOLVING DISPUTED CLAIMS

8.1. Objections to Claims.

The Debtor reserves the right to object to any Claims as filed with the Court. The time period for the Objections to Claims may be set by the Court at the Confirmation Hearing or at such other date. Any Objections shall be served upon the holder of the Claim to which an Objection is made.

8.2. Prosecution of Pending Objections to Claims.

Objections to Claims that are pending as of the Confirmation Date, or were made after the Confirmation Date, shall be prosecuted after the Confirmation Date. The objecting party shall have the discretion to litigate to judgment, settle or withdraw Objections to disputed Claims.

8.3. Payment of Disputed Claims.

Except as may be otherwise agreed with respect to any disputed Claim, no payments shall be paid with respect to all or any portion of a disputed Claim unless and until all Objections to such disputed Claim have been determined by a final Order. Payments and distributions to each holder of a disputed Claim, to the extent that it

ultimately becomes an allowed Claim shall be made in accordance with the provisions of this Plan. Upon resolution of the disputed Claim, final distribution to such Claim holder, pro rata, shall occur. The Debtor reserves the right to propose a payment schedule as to any such disputed Claim which differs from that of other unsecured Claim holders.

8.4. Payments to Unsecured Creditors.

Payments to unsecured creditors shall occur either through the Debtor or through the Disbursing Agent. In the event that the Disbursing Agent pays Claims, then the Disbursing Agent shall be permitted to impose a reasonable charge upon the distribution to unsecured creditors for such services.

ARTICLE IX RETENTION AND ENFORCEMENT OF CLAIMS BELONGING TO THE ESTATE

9.1.

All preference Claims pursuant to Section 547 of the Code, all fraudulent transfer Claims pursuant to Section 548 of the Code, all Claims relating to post-Petition transactions under Section 549 of the Code, all Claims recoverable under Section 550 of the Code, all Claims against a third party on account of an indebtedness, and any other Claims and/or Causes of Action owed to or in favor of the Debtor, are hereby preserved and retained for enforcement subsequent to the Effective Date of the, whether initiated prior to the Effective Date or not.

ARTICLE X CONFIRMATION REQUEST

10.1. Impaired Classes to Vote.

Only Classes of creditors and interest holders that are impaired shall be entitled to vote as a Class to accept or reject the Plan. Those Classes of creditors which are not impaired or are not classified, that is Classes 1, 2, and 3, shall not be permitted to vote on the Plan.

10.2. Acceptance by a Class of Creditors.

A Class of creditors shall have voted to accept the Plan if the Plan is accepted by creditors of such Class that holds at least two-thirds ($2/3$) of the aggregate dollar amount, and more than one-half ($1/2$) in number of the allowed Claims of creditors of such Class that vote to accept or reject the Plan.

10.3. Confirmation Request.

If one or more impaired Classes of Claims or interests fails to accept the Plan under Section 1126 of the Code and all of the applicable requirements of Section 1129(a) of the Code have been satisfied other than Section 1129(a)(8) of the Code, the Debtor requests that the Court confirm the Plan pursuant to the provisions of Section 1129(b) of the Code as it applies to Claims and Interests. Further, in the event that the Class 6, Unsecured Creditors, has not accepted the Plan in the requisite numbers which are necessary and required under Section 1126 of the Code, then as part of the confirmation process and in a motion to request confirmation, the Debtor may make available to other parties the right to bid for the equity of the Debtor in its assets, provided that any such bid

is on certain terms and conditions. Included in such terms and conditions may be the requirement that any guarantee by the current equity holders of the Debtor's obligations to its various secured creditors be removed or replaced by new obligors. Any such acquisition of the equity will also have the requirement that any payment by such acquiring party indemnify the Debtor as to secured debt. These requests will be part of the procedure under the Confirmation process in the event that the requisite number of votes under Section 1129 of the Code in favor of the Plan does not occur.

ARTICLE XI DISCHARGE

11.1.

Pursuant to Section 1141 of the Bankruptcy Code, all debts and Claims, shall be discharged as of the Effective Date. If the Debtor liquidates all of its Assets, and the Debtor does not continue operations, pursuant to Section 1141 of the Bankruptcy Code, no discharge is to be granted.

All creditors are limited, pursuant to Section 1141 of the Code, and pursuant to this Plan, to the remedies provided by this Plan and the Code for all Claim holders and equity holders, including contingent and disputed Claims which are not otherwise allowed Claims, and including any lease or executory contract rejection Claims. Nothing contained in this Plan shall discharge the debt or obligation of any other entity, including any guarantor of any Debtor obligation of the Debtor, except to the extent any party agrees otherwise.

ARTICLE XII INJUNCTION

12.1.

All creditors of the Debtor are limited, pursuant to Section 1141 of the Code, to the treatment provided by this Plan and the Code for all Claim holders and equity holders, including contingent and disputed Claims which are not otherwise Allowed Claims. Further, as of the Effective Date, this Plan shall act as an injunction against and shall enjoin all holders of a debt held by a Claim holder, whether or not (i) a proof of Claim based on such debt is filed or deemed filed under Section 501 of the Code; (ii) such Claim is allowed under Section 502 of the Code; or (iii) the holder of such Claim has accepted the Plan; from seeking payment of such Claim from the Debtor, other than as set forth in this Plan. The remedy for the breach of a provision of this Plan shall be an action in this Bankruptcy Court. The stay shall remain in effect as to any action against the Debtor through the Effective Date, when it is replaced by the injunction in this Section and Sections 524(a) and 1141 of the Code; and Claim holders are limited to the remedies set forth herein, under the Code and under applicable law. In the event that any Claim holder believes that a debt has not been paid as required under the Plan, such Claim holder is limited to remedies as provided under the Bankruptcy Code and applicable law.

Further, in the event of non-payment under this Plan, no default may occur until after the expiration of twenty (20) days after receipt of notice of such non-payment has been received by the Debtor and its counsel, Cunningham, Chernicoff

& Warshawsky, P.C., Debtor's counsel, without cure of the non-payment. Such notice is to be forwarded to Debtor's counsel at the address set forth at the end of this Plan.

ARTICLE XIII REVESTING

13.1.

On the date Effective Date, the Debtor shall be revested with all of its property then existing, free and clear of all Claims, liens and encumbrances arising prior to the date of the entry of the Confirmation Order, except as limited by Article V of the Plan. Under Article V of the Plan CBC and Colonial are to retain their liens in the Debtor's Real Property until paid in set forth in such Article V.

ARTICLE XIV PROFESSIONALS

14.1.

The Class 1 professional administrative Claim holder is believed to be Cunningham, Chernicoff & Warshawsky, P.C., counsel to the Debtor. Final fee applications of all professionals must be filed within forty-five (45) days after the Effective Date or fee claims may be deemed barred.

14.2.

All allowed costs of administration for professionals shall be paid as set forth in Section 4.1 of the Plan. All professionals employed by the Debtor may be employed and be entitled to compensation for their services after the Effective Date pursuant to the terms of this Plan. To the extent that any services have been performed by professionals

subsequent to the Effective Date of this Plan or the Debtor employ new professionals Post-Effective Date, such services and payments will not be subject to the review and approval of the Court. All reasonable fees for professionals for services rendered post-Effective Date shall be paid in the ordinary course.

ARTICLE XV MISCELLANEOUS

15.1.

The Debtor has filed a Motion to fix a Bar Date as to Claims. Notice of such Bar Date has been provided to creditors. The Bar Date is July 6, 2018.

15.2.

The "Effective Date of the Plan" will be the first day of the calendar month following sixty (60) days after the Confirmation Order becomes final, and shall not have been reversed, stayed, or adversely modified or amended. Such date shall be subject to the right of the Debtor to request that the Court extend the Effective Date. The Debtor will provide notice of the Effective Date on the docket as well as notice as to when the Effective Date has been extended, if such extension occurs. The Debtor shall provide notice of the Effective Date on the Court's docket within five (5) days after the occurrence of the Effective Date.

15.3.

Upon the occurrence of the Effective Date, the Debtor, its creditors and Claim holders, and equity interest holders shall be legally bound by the Plan, whether or not they have accepted the Plan.

15.4.

The transfer of any assets including any real estate, if any, after Confirmation of the Plan, shall constitute a transfer under this Plan within the purview of Code Section 1146(a) and shall not be subject to transfer, stamp or similar taxes under any law.

15.5.

Notwithstanding anything else set forth in the Plan, all quarterly fees due and owing to the United States Trustee under 28 U.S.C. §1930 for the period of time up to Confirmation shall be paid in full by the Effective Date. All quarterly fees payable to the U.S. Trustee for the period after Confirmation of the Plan shall be paid when due until the case is converted, dismissed or closed, whichever first occurs.

15.6.

The Debtor may seek as soon as possible, upon proper Motion, for the closing of the case in accordance with the provisions of the Bankruptcy Code and dependent upon the activity in the case and as to the Plan. Until such time as the Court, upon Motion, orders the closing of the case, the Debtor shall be subject to such provisions as are relevant as to the payment of quarterly fees to the Office of the U.S. Trustee.

15.7.

Any and all Claims which are listed in the Bankruptcy Schedules as disputed, contingent or unliquidated, and for which no proper Proof of Claim has been filed prior to a claims bar date, shall be disallowed, and shall not be entitled to vote on the Plan, including any rejection Claims on account of any leases or executory contracts. If there is an objection pending as to a Claim when voting is to occur, such Claim holder shall not

have its Claim considered for voting purposes until such Claim is allowed by the Court. Further, the Notice and Order approving the Disclosure Statement may contain therein a notice providing for a bar date for the filing of a proper Proof of Claim.

15.8.

Any Class that is unimpaired or not classified shall not vote on the Plan. The Debtor, at its option, shall not be required to send a Disclosure Statement and Plan to Claim holders in any unimpaired Class.

15.9.

Any amount set forth by a Claim holder on any ballot solicited in this case and voted by a Claim holder shall not be binding upon the Debtor, but rather, the amounts scheduled by the Debtor, if not disputed, contingent or unliquidated, or as set forth in a Proof of Claim filed by a Claim holder, as allowed by the Court, shall control the amount of a creditor's Claim for purposes of voting on the Plan, or distribution under the Plan. Further, in the event that a creditor sets forth an incorrect Class for its Claim on any ballot voted on this Plan, then the Debtor reserves the right to correct such ballot to set forth the proper Class. Except as previously resolved by a Final Order, the Debtor reserves the right to object to any and all Claims filed in this Case, including any late filed Claims, which Claims are filed after the bar date established by the Court. **Unless a Court Order provides otherwise, late filed Claims will not share in any distribution under the Plan.**

15.10.

Except to the extent that the Code is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

15.11.

In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, the provisions of the Plan shall control and take precedence, subject, however, to any Order previously entered in this Case.

15.12.

The automatic stay of 11 U.S.C. §362 shall remain in effect as under Section 12.1 of the Plan and subject to the injunction set forth in Section 12.1 of the Plan, and under the Bankruptcy Code.

15.13.

After the Confirmation Date, but before substantial consummation, the Debtor may, and so long as it does not materially and adversely affect the interests of any claimant, and does not modify the Plan such that the requirements of 11 U.S.C. §§1122 and 1123 are not met, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order Confirming the Plan, and such matters as may be necessary to carry out the purposes and effect of the Plan and without leave of the Court, except as required by the Plan or the Code.

15.14.

After the Effective Date, the Debtor may take such actions as necessary to effectuate the Plan without leave of Court, except as required by the Plan or the Code.

15.15.

Pursuant to Sections 105, 524, or 1141 of the Bankruptcy Code, upon the Effective Date, Debtor's counsel and professionals shall be deemed released and held harmless in connection with any Claims, charges or liabilities arising directly or indirectly in connection with their service during the Chapter 11 cases, or the representation of the Debtor, except to the extent such liability arose out of fraud, gross negligence, willful or reckless conduct.

15.16.

The Debtor and its employees or agents (including the professionals and any other professionals retained by such persons) shall have no liability to any holder of a Claim or equity interest for any act or omission in connection with, or arising out of the formulation of the Plan, the pursuit of approval of the Disclosure Statement for the Plan, or the solicitation of votes for or confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing contained in this Section shall be deemed to cause a release of any personal guarantee of any party, as to any of the Claims against the Debtor, to the extent that such exist. The Release contained

herein is intended to be only with respect to the Plan and Disclosure Statement process.

15.17.

For purposes of payments under the Plan to all Claim holders, the Disbursing Agent shall be the Debtor's counsel, Robert E. Chernicoff, or a substitute attorney from his law firm, with respect to unsecured creditors. Counsel may charge a reasonable fee for disbursement.

15.18.

Any distribution under the Plan that is returned as undeliverable shall be retained by the Debtor sixty (60) days after returned. If a distribution is returned as undeliverable, the Debtor shall use its reasonable, best efforts to obtain updated contact information for the effected creditor.

**ARTICLE XVI
PRIOR ORDERS OF THE BANKRUPTCY COURT**

16.1.

Prior Orders of the Bankruptcy Court in the Chapter 11 case shall continue in force and remain effective, to the extent not inconsistent herewith.

**ARTICLE XVII
MODIFICATION OF THE PLAN**

17.1. Before Confirmation.

At any time prior to Confirmation, and prior to substantial confirmation, the Debtor may propose amendments or modifications of the Plan at any time, but such modification may not cause the Plan, as modified, to fail to meet the requirements of

Sections 1122 and 1123 of the Bankruptcy Code. If the Debtor files a modification or amendment with the Bankruptcy Court, the Plan as modified or amended shall become the Plan.

17.2. After Confirmation.

At any time after Confirmation, and prior to substantial consummation, the Debtor may, and so long as it does not materially or adversely affect the interests of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan. Further, the Debtor may, with approval of the Court, after notice and hearing, modify or amend the Plan to the extent it may materially or adversely affect creditors, and if the Court confirms such Plan as modified or amended, such modified or amended Plan shall become the Plan. Any modification must comply with the requirements of Section 1129 of the Code, and the modified Plan shall not be permitted to the extent that the Plan does not meet the requirements of Sections 1122 and 1123 of the Code. Further, the Debtor shall, to the extent necessary, comply with Section 1125 of the Code.

ARTICLE XVIII JURISDICTION OF THE COURT

18.1.

The United States Bankruptcy Court for the Middle District of Pennsylvania will retain jurisdiction until this Plan has been fully consummated, or as otherwise Ordered by

the Court, notwithstanding the administrative closing of the Chapter 11 Case, including, but not limited to the following purposes:

(a) The classification of the Claim of any creditor and the re-examination of Claims which have been allowed in this case, and the determination of such objections as may be filed to creditors' Claims including as to the amount of any Claim or Administrative Claim. The failure by the Debtor to object to, or to examine any Claim for the purposes of voting on any plan, shall not be deemed to be a waiver of the Debtor's right to object to, or re-examine the Claim in whole or in part.

(b) Determination of all questions and disputes regarding title to the assets of the Debtor's estate, and determination of all causes of action, controversies, disputes, conflicts, whether or not subject to action pending as of the date of confirmation, between the Debtor and any other party, including, but not limited to any right of the Debtor to recover assets, including accounts receivable, preferences and fraudulent conveyances, pursuant to the provisions of the Bankruptcy Code.

(c) The correction of any defect, the curing of any omission, or the reconciliation of any inconsistency in this Plan or the Order of confirmation as may be necessary to carry out the purposes and intent of this Plan.

(d) The modification of this Plan after confirmation pursuant to the Bankruptcy Rules and the Bankruptcy Code and pursuant to this Plan.

- (e) To enforce and interpret the terms and conditions of this Plan.
- (f) To approve, if necessary, the sale of any assets of the Debtor upon such terms and conditions to be set forth in the proposed sale.
- (g) To enter any order, including injunctions, necessary to enforce the title, rights, and powers of the Debtor and to impose such limitations, restrictions, terms, and conditions of such title, rights, and powers as this Court may deem necessary, and to enforce the terms and provisions of this Plan.
- (h) To determine any and all applications, motions, adversary proceedings and contested matters, whether pending before the Court on the Effective Date, or filed or instituted after the Effective Date, including, without limitation, proceedings to recover voidable transfers under the Code or other applicable law.

Debtor:

ARCON HOMES, LLC

By: _____
Merrill D. Miller, Jr.

Date:

Debtor's Counsel:

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