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ATTORNEYS FOR  
TRANSCONTINENTAL REALTY INVESTORS, INC.

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

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

**FOURTH AMENDED CHAPTER 11 PLAN**

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(Dated: **August 1, 2013**)

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

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**ARTICLE I**

**DEFINITIONS**

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initially capitalized form in this Plan that is not defined herein, but that is defined in the Bankruptcy Code, shall have the meaning assigned to such term in the Bankruptcy Code. **Reference to Article or Articles refer to Articles under Debtor's Fourth Amended Chapter 11 Plan.**

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

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

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

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

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

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

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

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

**1.09 Casino Loan Documents** means that certain Land Loan Agreement dated February 2, 2004 by and between TCI and RMR; that certain Promissory Note Secured by Deed of Trust in the amount of \$6,985,000.00 dated February 2, 2004 executed by TCI; that certain Deed of Trust, Security Agreement and Fixture filing with Assignment of Leases, Rents, and Agreements dated February 2, 2004 by TCI for the benefit of RMR; Continuing Guaranty dated February 2, 2004 executed by Prime Income Asset Management, Inc., a Nevada corporation; Continuing Guaranty dated February 2, 2004 by Basic Capital Management, Inc., a Nevada corporation; as well as any applicable UCC-1 financing statements, the officer's certificates, and all other documents, instruments, guarantees, security agreements, deeds of trust, pledge agreements, certificates and agreements executed and/or delivered by any borrowing or guaranty party in favor of RMR, together with all renewals, extensions, modifications and amendments from time to time made of any such documents.

**1.10 Casino Note** means that certain Promissory Note Secured by Deed of Trust in the amount of \$6,985,000.00 dated February 2, 2004 executed by TCI in favor of RMR, together

with all renewals, extensions, modifications, amendments and/or forbearances from time to time made of any such document.

**1.11 Cause of Action** means any action, cause of action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, and Claim, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or indirectly or derivatively, in law, equity, or otherwise, including but not limited to: (a) Chapter 5 Causes of Action; (b) damages (general, exemplary, or both) relating to or based on (i) contract, fraud, negligence, gross negligence, willful misconduct, any tort actions, or any violation of a federal or state statute; (ii) violations of federal or state securities laws, (iii) violations of applicable corporate or partnership laws, (iv) breaches of fiduciary or agency duties, or (v) causes of action based upon alter ego or other liability theories; (c) damages based on any other claim of the Debtor, to the extent not specifically compromised or released pursuant to the Plan or an agreement referred to, or incorporated into, the Plan or Final Order entered after notice and opportunity for hearing; (d) any claims of the Debtor for equitable subordination under Section 510(c) of the Bankruptcy Code or under other applicable laws; (e) any claim of the Debtor to recharacterize one or more Claims as Interests; and (f) any unresolved objection to any Contested Claim.

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

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

**1.14 Claimant** means a holder of a Claim.

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

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

**1.17 Collection Lawsuit** means that lawsuit filed on June 12, 2013 by RMR against TCI and Prime Income Asset Management, Inc. on the notes and obligation described in the complaint filed in Cause No. 3:13-cv-02201-B, currently pending in the United States District Court for the Northern District of Texas, Dallas Division.

**1.18 Confirmation** means the Bankruptcy Court's confirmation of the Plan.

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

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

**1.21 Confirmation Order** means the Final Order confirming this Plan.

**1.22 Consummation** shall mean the instant upon which the first distributions of cash

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

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

**1.24 Creditor** means the holder of a Claim as of the Petition Date.

**1.25 Debtor** means T Sorrento, Inc.

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

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

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

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

**1.30 Effective Date** means the first day of the first full month following the entry of the Confirmation Order, provided that in the event the Confirmation Order is entered on or after the 20<sup>th</sup> day of a month, the Effective Date shall be the first day of the second full month following the entry of the Confirmation Order. Notice of the occurrence of the Effective Date shall be filed herein by the Debtor.

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

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

**1.33 Estimated Claim** means any Contested Claim which is estimated in accordance with §502(c) of the Code. For purposes of distribution, the estimated amount of such Contested Claim pursuant to §502(c) shall be deemed the Allowed Amount of such Claim. For the full

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

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satisfaction of its Contested Claim and its Allowed Claim, a Claimant shall have, as its sole and exclusive remedy against the Debtor, the rights to payment provided under this Plan and shall have no other rights or remedies and may not, following Consummation, assert any other right against any of the Debtor or its property, Claimant's estimated and Allowed Claim being fully satisfied by such Debtor's payment obligations described in this Plan, and any amount in excess thereof being fully released, voided and discharged by the confirmation of this Plan. The Estimation of any Claim, including any factual or legal holding therein, shall be binding only on the Claimant and the Debtor and shall be without prejudice as to any other party, including TCI.

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

**1.35 Filed** means filed with the Bankruptcy Court.

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

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

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

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

**1.40 Interest** means an equity ownership interest in the Debtor.

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

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

pursuant to, the Bankruptcy Code.

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

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

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

**1.46 Petition Date** means April 2, 2012.

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

**1.48 Plan Proponents** mean the Debtor and TCI.

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

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

**1.51 Reserve** means the \$89,360.15 escrowed with RMR for payment of property taxes pursuant to prior Forbearance Agreements.

**1.52 RMR** means RMR Investments, Inc.

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

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

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

**1.56 Stanley Loan Documents** means that certain Loan Agreement between RMR and TCI in the amount of \$2,420,000.00; that certain Promissory Note in the amount of \$2,420,000.00 executed by TCI in favor of RMR; and that certain Deed of Trust by TCI for the benefit of RMR dated December 5, 2005; Guaranty Agreement executed December \_\_, 2005 by Prime Income Asset Management, Inc., a Nevada corporation; as well as any applicable UCC-1 financing statements, the officer's certificates, and all other documents, instruments, guarantees, security agreements, deeds of trust, pledge agreements, certificates and agreements executed and/or delivered by any borrowing party to RMR, together with all renewals, extensions,

modifications and amendments from time to time made of any such documents.

**1.57 Stanley Note** means that certain Promissory Note dated December \_\_, 2005, executed by TCI in favor of RMR, together with all renewals, extensions, modifications, amendments and/or forbearances from time to time made of any such document.

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

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

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

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

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

## **ARTICLE II**

### **TREATMENT OF NON-CLASSIFIED CLAIMS**

#### **2.01 Administrative Claims:**

- (a) **Fee Claims.** Each professional person whose retention with respect to the Debtor's case has been approved by the Bankruptcy Court or who holds, or asserts, an Administrative Claim that is a Fee Claim shall be required to file with the Bankruptcy Court a final fee application within thirty (30) days after the Effective Date and to serve notice thereof on all parties entitled to such notice. The failure to file timely any such application as required under this Section 2.01(a) of this Plan shall result in the Fee Claim being forever barred and discharged. A Fee Claim, with respect to which a Fee Application has been properly Filed pursuant to this Section 2.01(a) of this Plan, shall become an Administrative Claim only to the extent allowed by Final Order. Except as provided herein, Fee Claims shall be paid either: (i) with respect to Fee Claims which are Allowed Claims on the Effective Date, the amount of such holder's Allowed Claim in one cash payment, within 10 days after the Effective Date; or (ii) with respect to Fee Claims which become Allowed Claims after the Effective Date, the amount of such holder's Allowed Claim, in one cash payment from the Debtor within 10 days after such claim becomes an Allowed Fee Claim. Following Bankruptcy Court Approval, the Debtor's general counsel, Quilling, Selander, Lownds, Winslett & Moser, P.C. shall be entitled to offset any retainer funds and shall be paid 50% of all outstanding amounts through the Effective Date within 10 days after the

allowance of such amounts, with the remainder paid in equal monthly payments beginning on the first day of the month following the initial 50% payment over a period of six (6) months, or on such other terms as mutually agreed to by the firm and the Debtor.

- (b) **2013 Ad Valorem Property Taxes.** All property taxing authorities with Liens on the Debtor’s property shall retain all statutory liens that secure prepetition and postpetition ad valorem property taxes and their statutory priority until all amounts owed are paid in full. Ad valorem property taxes for the tax year 2013 are a secured administrative expense claim of the estate. The 2013 taxes shall retain the liens securing such taxes until paid pursuant to non-bankruptcy state law governing payment of property taxes. The Tax Authorities shall not be required to file an administrative expense claim and request for payment as a condition of allowance of such postpetition taxes. If not timely paid, postpetition taxes shall incur full penalties and interest under state law which are collectible. The Tax Authorities’ administrative expense claim is not discharged.
- (c) **U.S. Trustee Fees.** All fees payable under 28 U.S.C. § 1930 shall be paid in cash in full upon receipt of invoice. Quarterly fees shall continue to accrue until the bankruptcy case is closed.

**ARTICLE III**

**DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS**

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

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

**3.02 Class 2: Allowed Secured Claim of RMR – Casino.** This Class consists of the Allowed Secured Claim of RMR under the Casino Loan Documents originally secured by a Lien on the Debtor’s interest in Casino and Stanley.

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**3.03 Class 3: Allowed Secured Claim of RMR - Stanley.** This Class consists of the Allowed Claim of RMR under the Stanley Loan Documents secured by a Lien on the Debtor’s interest in Stanley.

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**3.04 Class 4: Secured Claim of RMR – Galleria.** This Class consists of the Contested Secured Claim of RMR under the Galleria Loan Documents allegedly originally secured by a Lien on the Debtor’s interest in Stanley.

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**3.05 Class 5: Allowed Secured Claim of West Orient - Casino.** This Class consists of the Allowed Claim of West Orient under the Casino Loan Documents originally secured by a Lien on the Debtor’s interest in Casino and Stanley.

**3.06 Class 6: Allowed Secured Claim of West Orient - Stanley.** This Class consists of the Allowed Claim of West Orient under the Stanley Loan Documents secured by a Lien on

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the Debtor's interest in Stanley.

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

**3.08 Class 8: Interests in the Debtor.** This class consists of all Interests in the Debtor.

**ARTICLE IV**

**PROVISION FOR SATISFACTION OF CLAIMS AND INTERESTS**

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

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

**4.02 Class 2: Allowed Secured Claim of RMR – Casino.** The Debtor, TCI, and RMR agree that the amount of the Allowed Class 2 Claim is \$4,244,495.51 as of September 1, 2013, comprised of principal of \$3,345,000.00, interest of \$559,089.71, exit fees, appraisal fees and post maturity fees of \$225,405.80, and attorney's fees of \$115,000.00. RMR shall retain its Lien on Casino to secure the payment obligations on the Allowed Class 2 Claim, and as discussed more fully herein, RMR's Lien on Casino shall be RMR's sole recourse for satisfaction of its Allowed Class 2 Claim in the event of a default.

The Allowed Class 2 Claim shall accrue interest after the Effective Date at the annual rate of 7% in year one, 7.5% in year two, and 8% in year three, in each case using simple interest. Beginning on the Effective Date, the Debtor shall pay interest on the first day of each month at the annual rate of 5% using simple interest, plus an additional \$12,500.00 to be applied to the principal balance. The unpaid balance of the Allowed Class 2 Claim, together with all accrued and unpaid interest and any other fees assessed to the Allowed Class 2 Claim, shall be due and owing on the last day of the thirty-sixth (36<sup>th</sup>) month following the Effective Date.

With respect to any partial sale of less than all of the Casino property, RMR and West Orient shall provide a release of Lien on the parcel of Casino to be sold so long as: (a) RMR receives funds at closing in an amount equal to twice the pro-rata proportion of the outstanding amounts due on the Allowed Class 2 Claim and Allowed Class 5 Claim based upon the acreage sold (i.e. a sale of 25% of the remaining Casino acreage would require satisfaction of 50% of the outstanding Allowed Class 2 Claim and Allowed Class 5 Claim); and (b) RMR and West Orient still maintain, at least a 50% loan to value ratio based on the value of the remaining unsold portion of Casino compared to the remaining debt against Casino, including the outstanding

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**Deleted:** RMR agrees to release its Lien on an approximate 10 acre tract of Casino comprised of the eastern 5.1 acres of Lot 2, Block A, as shown on the Dominion survey attached as Exhibit "C" hereto (the site is subdivided as shown on the second page of the Dominion Plans attachment (the phase I site)) and Lot 1, Block B, as shown on the Hollywood Casino survey attached as Exhibit "D" hereto, so long as RMR receives no less than \$2,500,000.00 at closing, which represents substantially all of the net proceeds of this contemplated potential sale transaction. With respect to any partial sale of less than all of the Casino property, RMR

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amounts due on the Allowed Class 2 Claim, the Allowed Class 5 Claim, and the Galleria Note – Casino; and (c) the proposed sale is not to TCI or one of its insiders or affiliates as those terms are defined in the Bankruptcy Code (collectively referred to as a “Qualified Partial Sale”). The Debtor shall be entitled to retain any proceeds available after satisfaction of the Qualified Partial Sale requirements. RMR may, at its option, consent to any proposed sale that does not qualify as a Qualified Partial Sale, and such consent shall be deemed effective for RMR and West Orient. The Debtor shall commission an appraisal from Mr. Charles Dannis in advance of a proposed partial sale of less than all the Casino property at its cost for the benefit of RMR.

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RMR and West Orient agree to release their Liens on an approximate 10 acre tract of Casino comprised of the eastern 5.1 acres of Lot 2, Block A, as shown on the Dominion survey attached as Exhibit “C” hereto (the site is subdivided as shown on the second page of the Dominion Plans attachment (the phase I site)) and Lot 1, Block B, as shown on the Hollywood Casino survey attached as Exhibit “D” hereto, so long as RMR receives no less than \$2,500,000.00 at closing and all of the net proceeds (after payment of reasonable and customary closing costs) of this contemplated potential sale transaction. This specific consent does not waive or otherwise alter the Debtor’s ability to sell the subject parcel pursuant to the Qualified Partial Sale provision.

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Moved down [2]: from all personal liability under the Casino Loan Documents, and as a result, the *in rem* liability of the Debtor on Casino will be the sole remedy in the event of a default on the Allowed Class 2 Claim.¶

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The Casino Note is hereby reinstated and modified consistent with the terms of this Plan. The Debtor is hereby added as an additional borrower on the Casino Note on a non-recourse basis. The Casino Loan Documents shall continue to govern except to the extent inconsistent with this Plan. It is the intent of Debtor, TCI, RMR and West Orient that the Casino Note be non-recourse. Notwithstanding terms of the Casino Note to the contrary, the Casino Note may be prepaid, in whole or in part, with no penalty whatsoever.

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As set forth more fully in Article 9.03, RMR and West Orient release, the Debtor, TCI, Basic Capital Management, Inc., and Prime Income Asset Management, Inc. from all personal liability under the Casino Loan Documents, and as a result, the *in rem* liability of the Debtor on Casino will be the sole remedy in the event of a default on the Allowed Class 2 Claim.

Deleted: For the avoidance of any doubt, all cross default provisions in the Casino Loan Documents are eliminated, the Debtor shall not be in default under the Casino Loan Documents unless the Debtor has failed to timely cure a default of an obligation under this Article 4.02 or satisfaction of property tax liability secured by Casino prior to the delinquency date under state law, and no fees shall be assessed to the Allowed Class 2 Claim other than as provided in this Plan.

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For the avoidance of any doubt regarding the modifications of the Casino Loan Documents pursuant to this Plan, the Debtor shall not be in default under the Casino Loan Documents or this Article 4.02 unless if the Debtor: (a) fails to pay its obligations under either this Article 4.02, Article 4.05, or the Galleria Note – Casino; (b) fails to timely satisfy property tax liability secured by Casino prior to the delinquency date under state law; or (c) transfers an interest in Casino without the prior written consent of RMR or authorization under this Plan. All other cross-default provisions not specifically referenced herein are eliminated. No fees shall be assessed to the Allowed Class 2 Claim other than as provided in this Plan.

Deleted: In the event the Debtor has failed to timely cure a default of an obligation under this Article 4.02 or

In the event the Debtor has failed to timely cure a default under this Article 4.02, RMR shall be entitled to: (a) assess reasonable and necessary attorney’s fees and costs of collection to its Allowed Class 2 Claim; and (b) pursue its remedies related to its Lien on Casino securing the Allowed Class 2 Claim in a manner otherwise consistent with applicable non-bankruptcy law, such as foreclosure. RMR’s sole remedy for default on its Allowed Class 2 Claim shall be pursuit of its Lien rights on Casino.

**4.03 Class 3: Secured Claim of RMR – Stanley.** The Debtor, TCI, and RMR agree that the amount of the Allowed Class 3 Claim is \$1,732,589.00 as of September 1, 2013,

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comprised of principal of \$1,323,959.84, interest of \$256,867.16, exit fees, post maturity fees and appraisal fees of \$36,762.00, and attorney’s fees of \$115,000.00. The Allowed Class 3 Claim shall accrue interest at the annual rate of 7% between September 1, 2013 and the Effective Date, using simple interest, and no further interest, fees, or other expenses. RMR shall retain its Lien on Stanley to secure the payment obligations on the Allowed Class 3 Claim, and as discussed more fully herein, RMR’s Lien on Stanley shall be RMR’s sole recourse for satisfaction of its Allowed Class 3 Claim in the event of a default.

The Allowed Class 3 Claim shall accrue interest after the Effective Date at the annual rate of 7% in year one, 7.5% in year two, and 8% in year three, in each case using simple interest. Beginning on the Effective Date, the Debtor shall pay interest on the first day of each month at the annual rate of 5% using simple interest, plus an additional \$5,000.00 to be applied to the principal balance. The unpaid balance of the Allowed Class 3 Claim, together with all accrued and unpaid interest and any other fees assessed to the Allowed Class 3 Claim, shall be due and owing on the last day of the thirty-sixth (36<sup>th</sup>) month following the Effective Date.

The Stanley Note is hereby reinstated and modified consistent with the terms of this Plan. The Debtor is hereby added as an additional borrower on the Stanley Note on a non-recourse basis. The Stanley Loan Documents shall continue to govern except to the extent inconsistent with this Plan. Notwithstanding the terms of the Stanley Note to the contrary, the Stanley Note may be prepaid, in whole or in part, with no prepayment penalty whatsoever. It is the intent of Debtor, TCI, RMR, and West Orient that the Stanley Note be non-recourse.

As set forth more fully in Article 9.03, RMR and West Orient release the Debtor, TCI, and Prime Income Asset Management, Inc. from all personal liability under the Stanley Loan Documents, and as a result, the *in rem* liability of the Debtor on Stanley will be the sole remedy in the event of a default on the Allowed Class 3 Claim.

For the avoidance of any doubt regarding the modifications of the Stanley Loan Documents pursuant to this Plan, the Debtor shall not be in default under the Stanley Loan Documents or this Article 4.03 unless if the Debtor: (a) fails to pay its obligations under either this Article 4.03, Article 4.06, or the Galleria Note – Stanley; (b) fails to, timely satisfy property tax liability secured by Stanley prior to the delinquency date under state law; or (c) transfers an interest in Stanley without the prior written consent of RMR or authorization under this Plan. All other cross-default provisions not specifically referenced herein are eliminated. No fees shall be assessed to the Allowed Class 3 Claim other than as provided in this Plan.

In the event the Debtor has failed to timely cure a default of an obligation under this Article 4.03, RMR shall be entitled to: (a) assess reasonable and necessary attorney’s fees and costs of collection to its Allowed Class 3 Claim; and (b) pursue its remedies related to its Lien on Stanley securing the Allowed Class 3 Claim in a manner otherwise consistent with applicable non-bankruptcy law, such as foreclosure. RMR’s sole remedy for default on its Allowed Class 3 Claim shall be pursuit of its Lien rights on Stanley.

**4.04 Class 4: Claim of RMR - Galleria.** The Debtor, TCI, and RMR agree that the Class 4 Claim will be Allowed as two separate Notes to be executed by the Debtor, the first Note being in the principal amount of \$1,100,000.00 and referred to as the “Galleria Note – Casino”, and the second Note being in the principal amount of \$900,000.00 and referred to as the “Galleria Note – Stanley” (both referred to as the “Notes”). The Notes shall be executed by the

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**Deleted:** It is the intent of Debtor, TCI and RMR that the Stanley Note be non-recourse. For the avoidance of any doubt, all cross-default provisions in the Stanley Loan Documents are eliminated, the Debtor shall not be in default under the Stanley Loan Documents unless the Debtor has failed to timely cure a default of an obligation under this Article 4.03 or satisfaction of property tax liability secured by Stanley prior to the delinquency date under state law, and no fees shall be assessed to the Allowed Class 3 Claim other than as provided in this Plan.

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Debtor following Confirmation of this Plan. In the event of any conflict between the terms of the Notes and this Plan, the Plan shall control.

The Notes shall be non-recourse and accrue interest after the Effective Date at the annual rate of 7% in year one, 7.5% in year two, and 8% in year three, in each case using simple interest. Beginning on the Effective Date, the Debtor shall pay interest on the first day of each month at the annual rate of 5% using simple interest. The Debtor shall make additional payments of \$50,000.00 each on the Effective Date and the first day of the five months following the Effective Date (6 payments for a total of \$300,000.00) and each payment shall be applied to the principal balances as follows: \$27,500.00 to Galleria Note – Casino and \$22,500.00 to Galleria Note – Stanley. The unpaid balance of the Notes, together with all accrued and unpaid interest and any other fees assessed to the Notes, shall be due and owing on the last day of the thirty-sixth (36<sup>th</sup>) month following the Effective Date.

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The Debtor shall be entitled to a \$425,000.00 discount of the amounts due under the Notes in the event the Debtor satisfies the unpaid balance of the Notes, together with all accrued and unpaid interest and any other fees assessed to the Notes, on or before the last day of the sixth (6<sup>th</sup>) month after the Effective Date. The Debtor shall be entitled to a \$50,000.00 discount of the amounts due under the Notes in the event the Debtor satisfies the unpaid balance of the Notes, together with all accrued and unpaid interest and any other fees assessed to the Notes, on or before the last day of the twelfth (12<sup>th</sup>) month after the Effective Date. After the last date of the twelfth month after the Effective Date, no prepayment discount shall apply.

The Galleria Note – Casino shall be secured by a Lien on Casino in favor of RMR, and for purposes of attachment and perfection of the Lien only, the Galleria Note – Casino shall constitute an additional advance pursuant to the Deed of Trust, Security Agreement and Fixture filing with Assignment of Leases, Rents, and Agreements dated February 2, 2004 executed by TCI as grantor for the benefit of RMR. The Galleria Note – Casino and the Lien on Casino shall be subject to the partial sale provisions set forth in Article 4.02. The Galleria Note – Stanley shall continue to be secured by a Lien on Stanley, and for purposes of attachment and perfection of the Lien only, the Galleria Note – Stanley shall constitute an additional advancement pursuant to the Deed of Trust executed by TCI as grantor for the benefit of RMR dated December 5, 2005.

As set forth more fully in Article 9.03, RMR and West Orient release, the Debtor, TCI, Woodmont TCI Group IX, L.P., and Galleria Town Center GP LLC from all personal liability under the Galleria Loan Documents, and as a result, the respective *in rem* liability of Casino and Stanley will be the sole remedy in the event of a default on the Notes.

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For the avoidance of any doubt regarding the events of default under the Galleria Note – Casino, the Debtor shall not be in default under the Galleria Note – Casino unless if the Debtor: (a) fails to pay its obligations under either Article 4.02, Article 4.05, or the Galleria Note – Casino; (b) fails to timely satisfy property tax liability secured by Casino prior to the delinquency date under state law; or (c) transfers an interest in Casino without the prior written consent of RMR or authorization under this Plan. The Galleria Note – Casino shall not be subject to any other cross-default provisions not specifically referenced herein. No fees shall be assessed to the Galleria Note – Casino other than as provided in this Plan.

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For the avoidance of any doubt regarding the events of default under the Galleria Note – Stanley, the Debtor shall not be in default under the Galleria Note – Stanley unless if the Debtor: (a) fails to pay its obligations under either Article 4.03, Article 4.04, or the Galleria Note – Stanley; (b) fails to timely satisfy property tax liability secured by Stanley prior to the delinquency date under state law; or (c) transfers an interest in Stanley without the prior written consent of RMR or

authorization under this Plan. The Galleria Note – Stanley shall not be subject to any other cross-default provisions not specifically referenced herein. No fees shall be assessed to the Galleria Note – Stanley other than as provided in this Plan.

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In the event the Debtor fails to timely cure a default of an obligation under the Galleria Note – Casino or timely satisfy property tax liability secured by Casino prior to the delinquency date under state law, RMR shall be entitled to: (a) assess reasonable and necessary attorney’s fees and costs of collection to the Galleria Note – Casino; and (b) pursue its remedies related to its Lien on Casino securing the Galleria Note – Casino in a manner otherwise consistent with applicable non-bankruptcy law, such as foreclosure. RMR’s sole remedy for default on the Galleria Note – Casino shall be pursuit of its Lien rights on Casino

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In the event the Debtor fails to timely cure a default of an obligation under the Galleria Note – Stanley or timely satisfy property tax liability secured by Stanley prior to the delinquency date under state law, RMR shall be entitled to: (a) assess reasonable and necessary attorney’s fees and costs of collection to the Galleria Note – Stanley; and (b) pursue its remedies related to its Lien on Stanley securing the Galleria Note – Stanley in a manner otherwise consistent with applicable non-bankruptcy law, such as foreclosure. RMR’s sole remedy for default on the Galleria Note – Stanley shall be pursuit of its Lien rights on Stanley.

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**4.05 Class 5: Allowed Secured Claim of West Orient - Casino.** The Debtor, TCI, and West Orient, agree that the amount of the Allowed Class 5 Claim is \$156,199.97, comprised of interest of \$24,942.17, and post-maturity fee of \$131,257.80 as of September 1, 2013. On the Effective Date, West Orient shall apply the Reserve to the Allowed Class 5 Claim, and the Debtor shall satisfy any remaining amounts by 6 equal payments on the first day of the seventh (7<sup>th</sup>) through twelfth (12<sup>th</sup>) months following the Effective Date. The Allowed Class 5 Claim shall not accrue interest, fees, or any other amounts. West Orient shall retain its Lien on Casino to secure the payment obligations on the Allowed Class 5 Claim, and as discussed more fully herein. West Orient’s Lien on Casino shall be West Orient’s sole recourse for satisfaction of its Allowed Class 5 Claim in the event of a default. The Allowed Class 5 Claim shall be subject to the partial sale provisions set forth in Article 4.02.

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The Casino Note is hereby reinstated and modified consistent with the terms of this Plan. The Debtor is hereby added as an additional borrower on the Casino Note on a non-recourse basis. The Casino Loan Documents shall continue to govern except to the extent inconsistent with this Plan. It is the intent of Debtor, TCI, RMR, and West Orient that the Casino Note be non-recourse. Notwithstanding terms of the Casino Note to the contrary, the Casino Note may be prepaid, in whole or in part, with no penalty whatsoever.

As set forth more fully in Article 9.03, RMR and West Orient release the Debtor, TCI, Basic Capital Management, Inc., and Prime Income Asset Management, Inc. from all personal liability under the Casino Loan Documents, and as a result, the in rem liability of the Debtor on Casino will be the sole remedy in the event of a default on the Allowed Class 5 Claim.

For the avoidance of any doubt regarding the modifications of the Casino Loan Documents pursuant to this Plan, the Debtor shall not be in default under the Casino Loan Documents or this Article 4.05 unless if the Debtor: (a) fails to pay its obligations under either Article 4.02, this Article 4.05, or the Galleria Note – Casino; (b) fails to timely satisfy property tax liability secured by Casino prior to the delinquency date under state law; or (c) transfers an interest in Casino without the prior written consent of RMR or authorization under this Plan. All other cross-default provisions not specifically referenced herein are eliminated. No fees shall be

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assessed to the Allowed Class 5 Claim other than as provided in this Plan.

In the event the Debtor has failed to timely cure a default under this Article 4.05, West Orient shall be entitled to: (a) assess reasonable and necessary attorney's fees and costs of collection to its Allowed Class 5 Claim; and (b) pursue its remedies related to its Lien on Casino securing the Allowed Class 5 Claim in a manner otherwise consistent with applicable non-bankruptcy law, such as foreclosure. West Orient's sole remedy for default on its Allowed Class 5 Claim shall be pursuit of its Lien rights on Casino.

**4.06 Class 6: Allowed Secured Claim of West Orient - Stanley.** The Debtor, TCI, and West Orient agree that the amount of the Allowed Class 6 Claim is \$45,840.47, comprised of interest of \$5,923.08, and post-maturity fee of \$39,917.39 as of September 1, 2013. On the Effective Date, West Orient shall apply any Reserve remaining after the application to the Allowed Class 5 Claim to the Allowed Class 6 Claim, and the Debtor and Debtor shall satisfy any remaining amounts by 6 equal payments on the first day of the seventh (7<sup>th</sup>) through twelfth (12<sup>th</sup>) months following the Effective Date. The Allowed Class 6 Claim shall not accrue interest, fees, or any other amounts. West Orient shall retain its Lien on Stanley to secure the payment obligations on the Allowed Class 6 Claim, and as discussed more fully herein, West Orient's Lien on Stanley shall be West Orient's sole recourse for satisfaction of its Allowed Class 6 Claim in the event of a default.

The Stanley Note is hereby reinstated and modified consistent with the terms of this Plan. The Debtor is hereby added as an additional borrower on the Stanley Note on a non-recourse basis. The Stanley Loan Documents shall continue to govern except to the extent inconsistent with this Plan. Notwithstanding the terms of the Stanley Note to the contrary, the Stanley Note may be prepaid, in whole or in part, with no prepayment penalty whatsoever. It is the intent of Debtor, TCI, RMR, and West Orient that the Stanley Note be non-recourse.

As set forth more fully in Article 9.03, RMR and West Orient release the Debtor, TCI, and Prime Income Asset Management, Inc. from all personal liability under the Stanley Loan Documents, and as a result, the in rem liability of the Debtor on Stanley will be the sole remedy in the event of a default on the Allowed Class 6 Claim.

For the avoidance of any doubt regarding the modifications of the Stanley Loan Documents pursuant to this Plan, the Debtor shall not be in default under the Stanley Loan Documents or this Article 4.06 unless if the Debtor: (a) fails to pay its obligations under either Article 4.03, this Article 4.06, or the Galleria Note – Stanley; (b) fails to timely satisfy property tax liability secured by Stanley prior to the delinquency date under state law; or (c) transfers an interest in Stanley without the prior written consent of RMR or authorization under this Plan. All other cross-default provisions not specifically referenced herein are eliminated. No fees shall be assessed to the Allowed Class 6 Claim other than as provided in this Plan.

In the event the Debtor has failed to timely cure a default of an obligation under this Article 4.06, West Orient shall be entitled to: (a) assess reasonable and necessary attorney's fees and costs of collection to its Allowed Class 6 Claim; and (b) pursue its remedies related to its Lien on Stanley securing the Allowed Class 6 Claim in a manner otherwise consistent with applicable non-bankruptcy law, such as foreclosure. West Orient's sole remedy for default on its Allowed Class 6 Claim shall be pursuit of its Lien rights on Stanley.

**4.07 Class 7: Allowed General Unsecured Claim.** Holders of Allowed General Unsecured Claims shall be entitled accrue interest from the Petition Date until paid in

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full at the Interest Rate. Class 5 Claimants shall receive 50% of the Claimant's Allowed Claim with interest on or before the later of: (a) thirty (30) days following the Effective Date, or (b) thirty (30) days following the entry of a Final Order Allowing such Claim. The Class 5 Claimants shall receive the remaining 50% of their Allowed Claim with interest on the first day of the sixth (6<sup>th</sup>) month following confirmation.

**4.08 Class 8: Interests in the Debtor.** Holders of Allowed Interests will retain their pre-petition interest in the Debtor and shall not receive any distributions on account of such Interests until the Debtor has performed its obligations to Classes 1 – 7.

#### **ARTICLE V**

##### **DESIGNATION OF THE CLASSES OF CLAIMS IMPAIRED UNDER THIS PLAN**

**5.01 Impairment/Voting.** Classes 2-9 are Impaired and receiving or retaining property under the Plan.

#### **ARTICLE VI**

##### **MEANS FOR IMPLEMENTATION OF PLAN**

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

**6.02 Contribution by TCI.** TCI agrees to fund the Debtor's obligations under the Plan as to Administrative Claims, Class 1, and Class 7 by either remitting payment directly to the Claimant, transferring funds to the Debtor for purposes of funding such obligation, and/or by otherwise causing such payments to be made to the Claimant. TCI may, at its option, fund any of the Debtor's obligations to RMR and West Orient, but TCI has no legal obligation to fund such payments, nor any liability to the Debtor or any third party related to Plan funding of amounts due RMR or West Orient.

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

#### **ARTICLE VII**

##### **PROVISIONS REGARDING DISTRIBUTIONS AND OBJECTIONS TO CLAIMS**

**7.01 No Distribution Pending Allowance or Estimation of Claims.** No payments or distributions shall be made with respect to all or any Contested Claim unless and until such

Claim becomes an Allowed Claim or Allowed Interest, as determined by Final Order. No holder of a Claim shall be entitled to any payment under the Plan if such holder has retained property of the Estate in violation of the Plan or applicable law.

**7.02 Substantial Consummation.** The payments and other actions contemplated in the three (3) months following the Effective Date shall be conditions precedent to substantial consummation of the Plan.

## **ARTICLE VIII**

### **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

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

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

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

**8.04 Claims for Damages.** Each person who is a party to an Executory Contract rejected pursuant to this Article shall be entitled to file, not later than 60 days after the Confirmation Date, which is the deemed date of such rejection, a proof of claim for damages alleged to arise from the rejection of the Executory Contract to which such person is a party. The Court shall determine any such objections, unless they are otherwise resolved. All Allowed Claims for rejection damages shall be treated as General Unsecured Claims.

## **ARTICLE IX**

### **PROVISIONS FOR THE DISCHARGE, SETTLEMENT, AND ADJUSTMENT OF CLAIMS**

**9.01 Reservation of Claims and Causes of Action.** Except as otherwise provided herein, any and all claims, causes of action, cross claims or counterclaims held or assertable by the Debtor, including but not limited to: (i) any claim or cause of action under a policy of liability insurance or otherwise; (ii) a Cause of Action; and (iii) to the extent not included in the term Cause of Action, any and all claims, causes of action, counterclaims, demands, controversies, against third parties on account of costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, and executions of any nature, type, or description which the Debtor has or may come to have, including, but not limited to, negligence, gross negligence, usury, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, misuse of insider information, concealment, disclosure, secrecy, misuse of collateral, wrongful release of collateral, failure to inspect, environmental due diligence, negligent loan processing and administration, wrongful setoff, violations of statutes and regulations of governmental entities, instrumentalities and agencies (both civil and criminal), racketeering activities, securities and antitrust violations, tying arrangements, deceptive trade practices, breach or abuse of fiduciary duty, breach of any alleged



special relationship, course of conduct or dealing, obligation of fair dealing, obligation of good faith, whether or not in connection with or related to this Plan, at law or in equity, in contract or in tort, or otherwise, known or unknown, suspected or unsuspected, are hereby preserved and retained for enforcement by the Debtor as of the Confirmation Date. It is the intent of the Debtor that this reservation of claims shall be as broad as permitted by applicable law and shall include all claims, whether or not disclosed in the Debtor's schedules, and shall include any claims referenced in any disclosure statement filed in this case.

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

**9.03 Settlement and Releases.** Notwithstanding any reservation of Claims and Causes of Action, this Plan expressly contemplates and is subject to the execution of a written settlement agreement by RMR, West Orient, on one hand, and the Debtor, TCI, Basic Capital Management, Inc., Prime Income Asset Management, Inc., Woodmont TCI Group IX, L.P., Galleria Town Center GP LLC, and any other party to, or liable in connection with, the Casino Loan Documents, the Stanley Loan Documents, the Galleria Loan Documents, on that other hand, that includes, but is not limited to, the release of all personal liability of all parties obligated on a Claim provided for in this Plan and the dismissal of the Deficiency Litigation and the Collection Litigation with prejudice, as well as a release of RMR, West Orient, their officers, directors and shareholders. It is the intent that this release shall be mutual and comprehensive, excluding only obligations under the Plan.

## **ARTICLE X**

### **EFFECT OF CONFIRMATION, DISCHARGE, RELEASES, AND INJUNCTION**

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

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

**10.03 Exculpation.** The Plan Proponents, along with its officers and other agents, shall

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

## **ARTICLE XI**

### **MISCELLANEOUS PROVISIONS**

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

**11.02 Request for Relief Under Section 1129(b).** In the event any Impaired Class of Claims or Interests shall fail to accept this Plan in accordance with section 1129(a) of the Bankruptcy Code, the Plan Proponents request that the Bankruptcy Court confirm this Plan in accordance with the provisions of section 1129(b) of the Bankruptcy Code.

**11.03 Additional Documents.** The Debtor, RMR, and West Orient shall execute any documents reasonably necessary to effectuate the provisions of the Plan.

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

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

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

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

**11.08 Applicable Law.** Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights, duties, and obligations arising under this Plan shall be governed by

and construed and enforced in accordance with the internal laws of the State of Texas without reference to the laws of other jurisdictions.

**11.09 No Interest.** Except as expressly stated in this Plan, or allowed by the Court, no interest, penalty, fee, or other charge is to be Allowed on any Claim subsequent to the Petition Date. .

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

**11.11 Notices of Default.** Notwithstanding anything contained herein to the contrary, no Claimant shall have the right to exercise any right as to the Debtor or its property unless the Debtor fails to cure any default of its obligations under this Plan within 15 days of receipt of written notice of such default to the Plan Proponents and to the Debtor’s undersigned counsel. In the event of, an uncontested default and proper notice, the Debtor agrees not to oppose foreclosure.

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

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

and

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

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

**ARTICLE XIII**

**RETENTION OF JURISDICTION**

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

- (a) to consider and effect any modification of this Plan under section 1127 of the

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Bankruptcy Code;

- (b) to hear and determine all controversies, suits and disputes that arise in connection with the interpretation, implementation, effectuation, consummation or enforcement of this Plan;
- (c) to hear and determine all requests for compensation and/or reimbursement of expenses for the period commencing on the Petition Date through the Confirmation Date;
- (d) to hear and determine all objections to Claims and Interests, and to determine the appropriate classification of any Claim or Interest, and other controversies, suits and disputes that may be pending at or initiated after the Confirmation Date, except as provided in the Confirmation Order;
- (e) to hear and determine all causes of action;
- (f) to consider and act on such other matters consistent with this Plan as may be provided in the Confirmation Order;
- (g) to make such orders as are necessary and appropriate to carry out and implement the provisions of this Plan; including to effect the further assurances provided in this Plan;
- (h) to approve the reasonableness of any payments made or to be made, within the meaning of section 1129(a)(4) of the Bankruptcy Code;
- (i) to exercise the jurisdiction granted pursuant to section 505(a) and (b) of the Bankruptcy Code to determine any and all federal, state, Commonwealth, local and foreign tax liabilities of, and any and all refunds of such taxes paid by the Debtor;
- (j) to hear and determine any issues or matters in connection with any property not timely claimed as provided in this Plan; and
- (k) to determine any and all motions, applications, adversary proceedings and contested matters whether pending in the Case as of the Effective Date or brought subsequently.

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

**T SORRENTO, INC.**

By: /s/ Steven Shelley  
Its: Vice President

**TRANSCONTINENTAL REALTY INVESTORS, INC.**

By: /s/ Steven Shelley  
Its: Vice President

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