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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	
	§	Chapter 11
	§	
HBT JV, LLC, et al.	§	Case No.: 17-40659-mxm11
	§	
Debtor.	§	(Jointly Administered)
	§	

**DISCLOSURE STATEMENT
IN SUPPORT OF HBT JV, LLC'S PLAN OF LIQUIDATION**

Dated: July 19, 2017

TABLE OF CONTENTS

		Page
ARTICLE I	INTRODUCTION	1
A.	Explanation of Chapter 11	1
B.	The Chapter 11 Plan and Disclosure Statement.....	3
C.	Rules of Interpretation	5
D.	Recommendation of the Debtor to Approve the Plan.....	6
ARTICLE II	SUMMARY.....	6
A.	Overview.....	6
B.	Summary Of Treatment Of Claims And Equity Interests Under The Plan.	7
C.	Summary of Estimated Liquidation Analysis.	8
D.	General Voting Procedures, Ballots, and Voting Deadline.	9
E.	Confirmation Hearing and Deadline for Objections to Confirmation.	9
ARTICLE III	BACKGROUND REGARDING THE DEBTOR.....	9
A.	HBT JV, LLC in 2011	9
B.	Bernal’s Investment in HBT in 2012	10
C.	The John Eagle Offer in 2015	12
D.	Bernal’s Reply Notice and Membership Interest Purchase Agreement.....	12
E.	The State-Court Lawsuit	13
ARTICLE IV	SIGNIFICANT EVENTS IN CHAPTER 11 CASES	14
A.	Bankruptcy Filings and Sale Procedures Order	14
B.	Sale of Assets to McLarty	15
C.	Schnitzer Affiliate Claims.....	15
ARTICLE V	DESCRIPTION OF THE PLAN	16
A.	Overall Structure of the Plan.....	16
B.	Classification and Treatment of Claims and Equity Interests.....	16
C.	Treatment of Unclassified Claims.	17
D.	Treatment of Classified Claims and Interests.	18
ARTICLE VI	IMPLEMENTATION OF THE PLAN	19
A.	Liquidating Debtor	19
B.	Management of the Liquidating Debtor.....	19
C.	Continued Operations	20
D.	Actions without Bankruptcy Court Approval	20
E.	Costs of Continued Operations	20
F.	Limitations on Cash Accumulation and Investment Powers of the Liquidating Debtor.....	21
G.	Depositories	21
H.	Maintenance of Register	21
I.	Determination of Disputed Claims	21

ARTICLE VII EXECUTORY CONTRACTS AND UNEXPIRED LEASES21

 A. Assumption or Rejection of Executory Contracts.21

 B. Approval of Assumption or Rejection22

 C. Rejection Damages Bar Date.22

ARTICLE VIII DESCRIPTION OF OTHER PROVISIONS OF THE PLAN22

 A. Interim Distributions.22

 B. Post-Effective Date Fees; Final Decree.22

 C. Vesting of Assets.22

 D. Injunction.22

 E. Exculpation.23

 F. Retention of Estate Litigation Claims and Preservation of Insurance24

 G. Retention of Jurisdiction After the Effective Date.25

 H. Amendment of Plan.26

 I. Revocation or Withdrawal of Plan.....26

 J. Withholding and Reporting Requirements.27

ARTICLE IX CONDITIONS PRECEDENT27

 A. Conditions to Confirmation.27

 B. Conditions to Effectiveness.28

 C. Waiver of Conditions.28

 D. Notice of Effective Date.28

ARTICLE X VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS28

 A. Ballots and Voting Deadline.....28

 B. Bar Date for Filing Proofs of Claim28

 C. Definition of Impairment28

 D. Classes Impaired Under the Plan29

 E. Confirmation of Plan.....29

ARTICLE XI EFFECT OF CONFIRMATION OF THE PLAN, INJUNCTION
AGAINST ENFORCEMENT OF PRE-CONFIRMATION DEBT AND
EXCULPATION34

 A. Effect of Confirmation of the Plan.....34

 B. Prohibition Against Enforcement of Pre-Confirmation Debt, Exculpation.....35

ARTICLE XII LIQUIDATION ANALYSIS, FEASIBILITY, AND RISK FACTORS35

 A. Liquidation Analysis.....35

 B. Feasibility of the Plan35

 C. Risks Associated with the Plan.....36

ARTICLE XIII ALTERNATIVES TO CONFIRMATION AND CONSUMMATION
OF THE PLAN36

 A. Continuation of the Chapter 11 Case.36

 B. Alternative Plans of Liquidation.36

 C. Liquidation Under Chapter 7.36

 D. Dismissal.....37

ARTICLE XIV RECOMMENDATION AND CONCLUSION.....37
A. Hearing on and Objections to Confirmation.....37
B. Recommendation.37

APPENDICES TO DISCLOSURE STATEMENT

Appendix 1 – Estimated Liquidation Analysis

DISCLAIMER

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN OF LIQUIDATION OF THE DEBTOR AND DEBTOR-IN-POSSESSION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE (THE “**PLAN**”), A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A, PROPOSED BY THE DEBTOR (“**DEBTOR**” or “**PROPONENT**”) IN THIS CHAPTER 11 CASE. THIS DISCLOSURE STATEMENT ALSO CONTAINS SUMMARIES OF CERTAIN OTHER DOCUMENTS RELATING TO THE CONSUMMATION OF THE PLAN OR THE TREATMENT OF CLAIMS AND INTERESTS AND CERTAIN FINANCIAL INFORMATION RELATING THERETO.

THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN. THE STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WERE MADE AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE SET FORTH ON THE COVER PAGE HEREOF. HOLDERS OF CLAIMS AND INTERESTS MUST RELY ON THEIR OWN EVALUATION OF THE DEBTOR AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.

ALL HOLDERS OF CLAIMS AND INTERESTS ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS CITED HEREIN AND THE PLAN ATTACHED HERETO.

NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE PROPONENT URGES EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT AND THE PLAN. MOREOVER, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE SUMMARY OF THE PLAN AND OTHER DOCUMENTS DESCRIBED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE ACTUAL DOCUMENTS THEMSELVES AND THE EXHIBITS THERETO.

THE PROPONENT BELIEVES THAT THE INFORMATION HEREIN IS ACCURATE BUT IS UNABLE TO WARRANT THAT IT IS WITHOUT ANY INACCURACY OR OMISSION. THE DEBTOR HAS NOT AUTHORIZED ANY PARTY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OR THE DEBTOR OR THE VALUE OF ITS PROPERTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT RELY UPON ANY OTHER INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN ACCEPTANCE OR REJECTION OF THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN. NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933, OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW, THIS DISCLOSURE STATEMENT AND THE PLAN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN OR THEREIN. NEITHER THE OFFER NOR THE SALE OF ANY SECURITIES PURSUANT TO THE PLAN HAS BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY SIMILAR STATE SECURITIES OR "BLUE SKY" LAWS. ANY SUCH OFFER OR SALE IS BEING MADE IN RELIANCE ON THE EXEMPTIONS FROM REGISTRATION THEREUNDER SPECIFIED IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, CERTAIN OTHER DOCUMENTS, AND CERTAIN FINANCIAL INFORMATION. THE PROPONENT BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS OR FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN, OR SUCH OTHER DOCUMENTS, AS APPLICABLE, SHALL GOVERN FOR ALL PURPOSES.

EACH HOLDER OF AN IMPAIRED CLAIM OR AN IMPAIRED INTEREST SHOULD REVIEW THE ENTIRE PLAN. NO PARTY IS AUTHORIZED BY THE BANKRUPTCY COURT TO PROVIDE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT.

INFORMATION INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT SPEAKS AS OF THE DATE OF SUCH INFORMATION OR THE DATE OF THE REPORT OR DOCUMENT IN WHICH SUCH INFORMATION IS CONTAINED OR AS OF A PRIOR DATE AS MAY BE SPECIFIED IN SUCH REPORT OR DOCUMENT. ANY STATEMENT CONTAINED IN A DOCUMENT INCORPORATED BY REFERENCE HEREIN SHALL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR ALL PURPOSES TO THE EXTENT THAT A STATEMENT CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY OTHER SUBSEQUENTLY FILED DOCUMENT WHICH IS ALSO INCORPORATED OR DEEMED TO BE INCORPORATED BY REFERENCE, MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT BE DEEMED, EXCEPT AS SO MODIFIED OR SUPERSEDED, TO CONSTITUTE A PART OF THIS DISCLOSURE STATEMENT.

SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE

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ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

THE CONFIRMATION HEARING WILL COMMENCE AT _____ CENTRAL DAYLIGHT TIME, ON _____, BEFORE THE HONORABLE MARK X. MULLIN, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION, United States Courthouse, 501 WEST 10TH STREET ROOM 128, FORT WORTH, TEXAS 75601. THE PROPONENT MAY CONTINUE THE CONFIRMATION HEARING FROM TIME TO TIME WITHOUT FURTHER NOTICE OTHER THAN AN ADJOURNMENT ANNOUNCED IN OPEN COURT OR A NOTICE OF ADJOURNMENT FILED WITH THE BANKRUPTCY COURT AND SERVED ON THE MASTER SERVICE LIST AND THE ENTITIES WHO HAVE FILED AN OBJECTION TO THE PLAN, WITHOUT FURTHER NOTICE TO PARTIES IN INTEREST. THE BANKRUPTCY COURT, IN ITS DISCRETION AND BEFORE THE CONFIRMATION HEARING, MAY PUT IN PLACE ADDITIONAL PROCEDURES GOVERNING THE CONFIRMATION HEARING. THE PLAN MAY BE MODIFIED, IF NECESSARY, PRIOR TO, DURING, OR AS A RESULT OF THE CONFIRMATION HEARING, WITHOUT FURTHER NOTICE TO PARTIES IN INTEREST.

THE PLAN OBJECTION DEADLINE IS _____, AT 5:00 P.M. CENTRAL Daylight TIME. ANY OBJECTION TO CONFIRMATION OF THE PLAN MUST BE IN WRITING AND (A) MUST STATE THE NAME AND ADDRESS OF THE OBJECTING PARTY AND THE AMOUNT OF ITS CLAIM OR THE NATURE OF ITS EQUITY INTEREST AND (B) MUST STATE WITH PARTICULARITY THE NATURE OF ITS OBJECTION. ANY CONFIRMATION OBJECTION NOT TIMELY FILED AND SERVED AS SET FORTH HEREIN SHALL BE DEEMED WAIVED AND SHALL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Disclosure Regarding Forward-Looking Statements

This Disclosure Statement contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). All statements, other than statements of historical facts, included in this Disclosure Statement that address activities, events or developments that the Proponent expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. These statements can be identified by the use of forward-looking terminology including “may,” “believes,” “anticipates,” “estimates,” “continues,” “foresees,” “projects,” “could,” or other similar words. These forward-looking statements may include, but are not limited to, references to procedures in connection with the Debtor’s bankruptcy case and the distribution of the Debtor’s assets pursuant to the Plan, the Debtor’s financial projections and liquidation analysis, and the Debtor’s future operating results. Forward-looking statements are not guarantees of performance. The Proponent has based these statements on the Proponent’s assumptions and analyses in light of the Proponent’s experience and perception of historical trends, current conditions, expected future developments and other factors the Proponent believes are appropriate in the circumstances. No assurance can be given that these assumptions are accurate. Moreover, these statements are subject to a number of risks and uncertainties.

All subsequent written and oral forward looking information attributable to the Debtor is expressly qualified in its entirety by the foregoing. In light of these risks, uncertainties and assumptions, the events anticipated by the Proponent’s forward-looking statements may not occur, and you should not place any undue reliance on any of the Proponent’s forward-looking statements. The Proponent’s forward-looking statements speak only as of the date made and the Proponent undertake no obligation to update or revise their forward-looking statements, whether as a result of new information, future events or otherwise.

ARTICLE I INTRODUCTION

A. Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the United States Bankruptcy Code. Under chapter 11, a person or entity attempts to reorganize its business and financial affairs for the benefit of its creditors, shareholders and other interested parties.

The commencement of a chapter 11 case creates an estate comprising all of a debtor’s legal and equitable interests in property as of the date the petition is filed. Unless the bankruptcy court orders the appointment of a chapter 11 trustee, Bankruptcy Code sections 1101, 1107 and 1108 provide that a chapter 11 debtor may continue to operate its business and control the assets of its estate as a “debtor-in-possession” as the Debtor has done in this Chapter 11 Case since the Petition Date.

The filing of a chapter 11 petition also triggers the automatic stay under section 362 of the Bankruptcy Code. The automatic stay is an injunction that halts essentially all attempts to collect pre-petition claims from the Debtor or to otherwise interfere with a Debtor’s business or its estate.

Formulation of a plan of reorganization is the principal purpose of a chapter 11 bankruptcy case. The plan sets forth the means for satisfying the claims of creditors against, and interests of equity security holders in, the Debtor. Unless a trustee is appointed, only the Debtor may file a plan during the first 120 days of a chapter 11 case (the “**Exclusive Period**”). Only after the Exclusive Period has expired or is terminated by the Bankruptcy Court, a creditor or any other interested party may file a plan, unless the Debtor files a plan within the Exclusive Period or receives an extension of such period by order of the Bankruptcy Court. If the Debtor files a plan within the Exclusive Period, the Debtor is given sixty (60) additional days (the “**Solicitation Period**”) to solicit acceptances of its plan. Bankruptcy Code section 1121(d) permits the Bankruptcy Court to extend or reduce the Exclusive Period and the Solicitation Period upon a showing of adequate “cause.”

Although usually referred to as a plan of reorganization, a plan may also provide for a liquidation of assets.

After the plan has been filed, the holders of impaired claims against, or interests in, a debtor are permitted to vote on whether to accept or reject the plan. Chapter 11 does not require that each holder of a claim against, or interest in, a debtor vote in favor of a plan in order for the plan to be confirmed. At a minimum, however, a plan must be accepted by a majority in number (i.e., more than 50%) and at least two-thirds (2/3) in amount of those claims actually voting, from at least one class of impaired claims under the plan, to the extent that there are any impaired classes. The Bankruptcy Code also defines acceptance of a plan by a class of interests (equity securities) as acceptance by holders of at least two-thirds of the number of interests that actually voted.

Classes of claims or interests that are not “impaired” under a plan of reorganization are conclusively presumed to have accepted the plan, and therefore are not entitled to vote. A class is “impaired” if the plan modifies the legal, equitable, or contractual rights attaching to the claims or interests of that class. Modification for purposes of impairment does not include curing defaults and reinstating maturity or payment in full in Cash. Conversely, classes of claims or interests that receive or retain no property under a plan of reorganization are conclusively presumed to have rejected the plan, and therefore are not entitled to vote.

Even if all classes of claims and interests accept a plan of reorganization, a bankruptcy court may nonetheless still deny confirmation. Bankruptcy Code section 1129 sets forth the requirements for confirmation and, among other things, requires that a plan be in the “best interests” of impaired and dissenting creditors and interest holders and that the plan be feasible. The “best interests” test generally requires that the value of the consideration to be distributed to impaired and dissenting creditors and interest holders under a plan may not be less than those parties would receive if the debtor were liquidated under a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. A plan must also be determined to be “feasible,” which generally requires a finding that there is a reasonable probability that the debtor will be able to perform the obligations incurred under the plan and that the debtor will be able to continue operations without the need for further financial reorganization.

A bankruptcy court may confirm a plan of reorganization even though fewer than all of the classes of impaired claims and interests vote to accept such plan. A bankruptcy court may do so under the “cramdown” provisions of section 1129(b) of the Bankruptcy Code. In order for a plan

to be confirmed under the “cramdown” provisions, despite the rejection of a class of impaired claims or interests, the plan proponent must show, among other things, that the plan does not discriminate unfairly and that it is “fair and equitable” with respect to impaired classes of claims or interests that have not accepted the plan.

A bankruptcy court must further find that the economic terms of the plan meet the specific requirements of Bankruptcy Code section 1129(b) with respect to the subject objecting class(es). If the plan proponent proposes to seek confirmation of the plan under the provisions of Bankruptcy Code section 1129(b), the plan proponent must also meet all applicable requirements of Bankruptcy Code section 1129(a) (except section 1129(a)(8)). Those requirements include, among other things, that (i) the plan complies with applicable Bankruptcy Code provisions and other applicable law, and that (ii) the plan be proposed in good faith.

B. The Chapter 11 Plan and Disclosure Statement

1. The Plan of Liquidation

HBT JV, LLC, as Debtor and Debtor-in-possession, submits this Disclosure Statement in connection with its Plan of Liquidation.

2. The Disclosure Statement

This Disclosure Statement is submitted in accordance with section 1125 of the Bankruptcy Code in connection with the Plan. The only holders of Claims and Interests whose acceptances of the Plan are sought are those whose Claims are “impaired” (as that term is defined in Bankruptcy Code section 1124) by the Plan and who are receiving distributions under the Plan. Holders of Claims that are not “impaired” are deemed to have accepted the Plan. **The Plan has no Impaired Classes, therefore no votes are being solicited.**

The Proponent has prepared this Disclosure Statement pursuant to Bankruptcy Code section 1125, which requires that a copy of the Plan, or a summary thereof, be submitted to all holders of Claims against and Interests in the Debtor, along with a written disclosure statement containing adequate information about the Debtor of a kind, and in sufficient detail, as far as is reasonably practicable, that would enable a hypothetical, reasonable investor typical of the holders of Claims and Interests to make an informed judgment about the Plan.

This Disclosure Statement sets forth certain relevant information regarding the Debtor’s pre-petition operations and financial history, the need to seek chapter 11 protection and significant events that have occurred during the Chapter 11 Case. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. Additionally, this Disclosure Statement discusses the confirmation process.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE CASE, AND FINANCIAL INFORMATION. ALTHOUGH THE PROPONENTS BELIEVE THAT THE SUMMARIES ARE FAIR AND ACCURATE, SUCH

SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE PLAN OR CERTAIN DOCUMENTS (AND HOLDERS OF CLAIMS AND INTERESTS SHOULD REFER TO THE PLAN AND SPECIFIED DOCUMENTS IN THEIR ENTIRETY AS ATTACHED HERETO), STATUTORY PROVISIONS, EVENTS, OR INFORMATION. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO REVIEW THE ENTIRE PLAN AND THIS DISCLOSURE STATEMENT. IN THE EVENT ANY PROVISION OF THIS DISCLOSURE STATEMENT IS FOUND TO BE INCONSISTENT WITH A PROVISION OF THE PLAN, THE PROVISION OF THE PLAN SHALL CONTROL.

The Proponent has sought expedited conditional approval of this Disclosure Statement by the Bankruptcy Court pursuant to 11 U.S.C. § 105 and a combined hearing on confirmation of the Plan and approval of the Disclosure Statement in order to expedite the process as much as possible. Such approval would not constitute a judgment by the Bankruptcy Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereunder. Such approval does indicate, however, that the Bankruptcy Court has determined that the Disclosure Statement meets the requirements of Bankruptcy Code section 1125 and contains adequate information to permit the Claimholders whose acceptance of the Plan is solicited, to make an informed judgment regarding the Plan.

SHOULD THE BANKRUPTCY COURT APPROVE THIS DISCLOSURE STATEMENT, SUCH APPROVAL DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED HEREIN IS INTENDED SOLELY FOR THE USE OF CREDITORS WITH CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTOR IN EVALUATING THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF OR WHETHER TO OBJECT TO THE PLAN.

3. Sources of Information

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified, and neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an implication that there has been no change in the facts set forth herein since the date of this Disclosure Statement.

Information incorporated by reference into this Disclosure Statement speaks as of the date of such information or the date of the report or document in which such information is contained or as of a prior date as may be specified in such report or document. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this Disclosure Statement or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this disclosure statement.

C. Rules of Interpretation

The following rules for interpretation and construction shall apply to the Disclosure Statement:

1. all terms defined in the Plan shall carry the same definitions in the Disclosure Statement unless otherwise defined herein;
2. whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;
3. unless otherwise specified, any reference in the Disclosure Statement to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
4. unless otherwise specified, any reference in the Disclosure Statement to an existing document, schedule, or exhibit, whether or not filed, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented;
5. any reference to a person or entity as a holder of a Claim or Interest includes that person or entity's successors and assigns;
6. unless otherwise specified, all references in the Disclosure Statement to Articles are references to Articles of the Disclosure Statement;
7. unless otherwise specified, all references in the Disclosure Statement to exhibits are references to exhibits to the Disclosure Statement;
8. the words "herein," "hereof," and "hereto" refer to the Disclosure Statement in its entirety rather than to a particular portion of the Disclosure Statement;
9. captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Disclosure Statement;
10. unless otherwise set forth in the Disclosure Statement, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply;
11. any term used in capitalized form in the Disclosure Statement that is not otherwise defined in the Disclosure Statement, Plan, or exhibits to the Disclosure Statement Order, but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable;

12. all references to docket numbers of documents filed in the Chapter 11 Case are references to the docket numbers under the Bankruptcy Court's CM/ECF system;
13. all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, unless otherwise stated;
14. in computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply, and if the date on which a transaction may occur pursuant to the Disclosure Statement shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day; and,
15. unless otherwise specified, all references in the Disclosure Statement to monetary figures shall refer to currency of the United States of America.

D. Recommendation of the Debtor to Approve the Plan

The Debtor approves the Plan and all of the transactions contemplated thereunder. In light of the benefits to be attained by the holders of Claims and Interests contemplated under the Plan, the Proponent recommends the Plan. The Proponent reached this decision after considering the alternatives to the Plan that are available to the Debtor. These alternatives include dismissal or liquidation under chapter 7 of the Bankruptcy Code. The Proponent determined, after consulting with its advisors, that the transactions contemplated in the Plan would likely result in a distribution of equal or greater value to Creditors and Equity Interests than the alternatives.

THE PROPONENT BELIEVES THAT THE PLAN AND THE TREATMENT OF CLAIMS AND INTERESTS THEREUNDER IS IN THE BEST INTERESTS OF HOLDERS OF CLAIMS AND INTERESTS.

ARTICLE II **SUMMARY**

A. Overview.

On February 20, 2017, HBT JV, LLC (the "**Debtor**"), as Debtor and debtor-in-possession, filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Debtor's bankruptcy case is being jointly administered with the bankruptcy case of DK8 LLC under Case No. 17-40659. The Plan does NOT include DK8 LLC. The Proponent submits this disclosure statement pursuant to Section 1125 of the Bankruptcy Code in connection with the Plan of Liquidation proposed by the Proponent. The following introduction and summary is a general overview only and is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements appearing elsewhere in this Disclosure Statement and the Plan. All capitalized terms not defined in this Disclosure Statement have the meanings given to them in the Plan. A copy of the Plan has been separately filed in the Chapter 11 Case.

This Disclosure Statement sets forth certain information regarding the Debtor's prepetition operating and financial history, the need to seek Chapter 11 protection, significant events that have occurred during the Chapter 11 Case, and the anticipated liquidation of the Estate Assets, and certain operating and financial information. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process. Certain provisions of the Plan, and thus the descriptions and summaries contained in this Disclosure Statement, may be the subject of continuing negotiations among the Proponent and various parties, may not have been finally agreed upon, and may be modified. Such modifications, however, will not have a material effect on the distributions contemplated by the Plan.

The Debtor is the proponent of the Plan within the meaning of Section 1129 of the Bankruptcy Code. The Plan contains separate Classes and proposes recoveries for holders of Claims against and Interests in the Debtor. After careful review of the Debtor's current business operations following the Sale Transaction and estimated recoveries in a liquidation scenario under Chapter 7 of the Bankruptcy Code, the Proponent has concluded that the recovery to Creditors will be maximized by the liquidation of the Debtor as contemplated by the Plan.

B. Summary Of Treatment Of Claims And Equity Interests Under The Plan.

The Plan constitutes a plan of liquidation for the Debtor and the Debtor's Estate for distribution purposes under the Plan. DK8 LLC is not a party to the Plan. The Plan contains definitions and rules of interpretation and provides the treatment of separate Classes for holders of Claims against, and Equity Interests in, the Debtor. As required by the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified.

The table below summarizes the classification and treatment of the principle prepetition Claims and Interests under the Plan. The classification and treatment for all Classes are described in more detail in the Plan.

The Plan summary is as follows:

CLASS	CLAIMANT	TREATMENT
N/A	ALLOWED ADMINISTRATIVE EXPENSE AND PRIORITY TAX CLAIMS	Paid in full as soon as practicable on or after the later of (i) the Effective Date, and (ii) the date on which such claim becomes an Allowed Claim, except with respect to Priority Tax Claims based on <i>ad valorem</i> taxes, which shall be paid in full pursuant to the Sale Order.
CLASS	CLAIMANT	TREATMENT
1.	ALLOWED PRE-PETITION PRIORITY NON-TAX CLAIMS	Paid in full as soon as practicable on or after the later of (i) the Effective Date, and (ii) the date on which such claim becomes an Allowed Claim.
2.	ALLOWED SECURED CLAIMS	Each holder of an Allowed Secured Claim shall receive, at the discretion of the Liquidating Debtor, either (a) transfer of title to its Collateral in full and final satisfaction of its Allowed Secured Claim, or (b) the net proceeds from the sale of its Collateral immediately following the sale thereof by the Liquidating Debtor.
3.	ALLOWED GENERAL UNSECURED CLAIMS	Paid in full as soon as practicable on or after the later of (i) the Effective Date, and (ii) the date on which such claim becomes an Allowed Claim.
4.	EQUITY INTERESTS OF MEMBERS	Holders of Equity Interests shall retain their Interests and shall be entitled to receive their applicable share of the net proceeds from the liquidation of the Debtor's assets, after payment of or reservation for all Allowed Claims, as provided in the Plan.

C. Summary of Estimated Liquidation Analysis.

Attached hereto as Appendix 1 is the Debtor's estimate of total assets available for distribution and the estimated amounts of distributions to holders of Allowed Claims and Interests

under the Plan. This “liquidation analysis” contains estimates only; the total assets available for distribution, the ultimate amounts of Allowed Claims, and the actual distributions to Creditors and Equity Owners may vary significantly from the Debtor’s estimates.

D. General Voting Procedures, Ballots, and Voting Deadline.

All Classes of Creditors or Equity Owners are unimpaired and conclusively presumed to have accepted the Plan. Accordingly, no votes are being solicited on the Plan.

E. Confirmation Hearing and Deadline for Objections to Confirmation.

The Bankruptcy Court has scheduled the Confirmation Hearing to begin on _____, at _____. (Central daylight time) before the Honorable Mark X. Mullin, United States Bankruptcy Judge, at the United States Courthouse, 501 West 10th Street, Fort Worth, Texas 75601. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed with the Clerk of the Bankruptcy Court and served so that they are **ACTUALLY RECEIVED** on or before _____, at 5:00 p.m. (Central daylight time) by:

Jeff P. Prostok
J. Robert Forshey
Lynda L. Lankford
FORSHEY PROSTOK, LLP
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ARTICLE III
BACKGROUND REGARDING THE DEBTOR

A. HBT JV, LLC in 2011

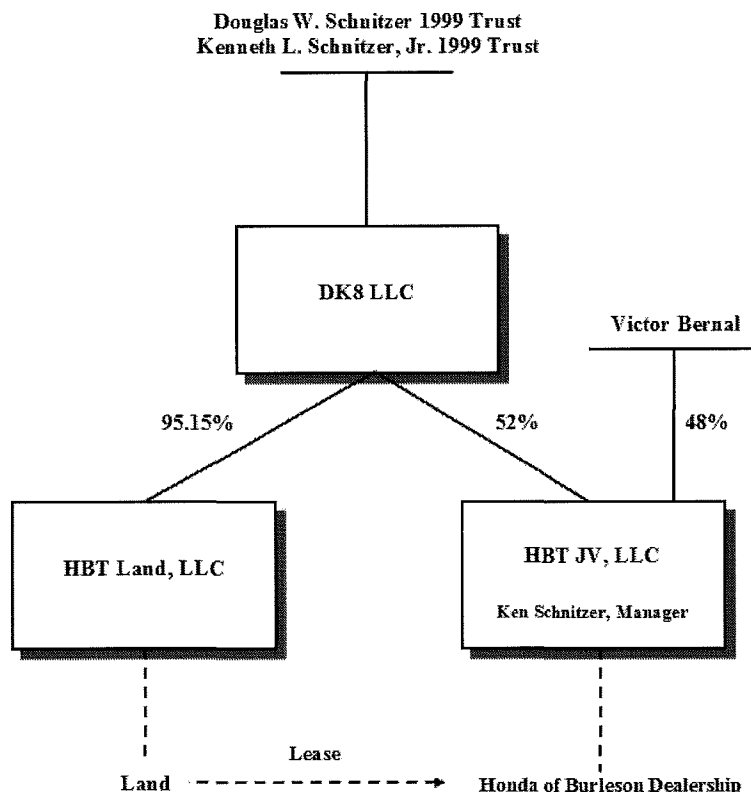
1. In May, 2011, HBT was owned by DK8 (52%) and Henry Coffeen (48%).
2. On May 11, 2011, HBT entered into a real property lease (the “**Land Lease**”) pursuant to which it leased the property on which the Dealership is located (the “**Land**”), with HBT Land.¹

¹ *Second Amended and Restated Lease dated May 1, 2011.* The Land Lease was subsequently amended several times before such amendments were later rescinded when Bernal claimed the amendments were ultra vires. HBT Land is a 95.15% owned subsidiary of DK8.

3. On May 20, 2011, HBT entered into the *Honda Automobile Dealer Sales and Service Agreement* (the “**Dealership Agreement**”) with American Honda Motor Co., Inc. (“**Honda**”).²

4. On September 29, 2011, in order to provide additional working capital to HBT, DK8 loaned \$1.000 million to HBT, evidenced by a HBT *Promissory Note* made payable to DK8 (the “**DK8 Note**”).

5. An organizational chart depicting the relationship of HBT, HBT Land, and DK8 is as follows:



B. Bernal’s Investment in HBT in 2012

1. On December 27, 2012, Bernal purchased a 48% interest in HBT from an entity owned by Henry Coffeen for \$2.592 million. Bernal paid \$25,000 in cash and borrowed \$2.567 million from DK8, evidence by a promissory note executed by Bernal and made payable to DK8 (the “**Bernal Note**”).

2. The Land Lease and the DK8 Note were both pre-existing obligations of HBT when Bernal made the business decision to acquire his 48% interest in HBT in December, 2012.

3. There are no required periodic principal and/or interest payments due under the Bernal Note. Instead, the Bernal Note is payable from HBT distributions to Bernal. Bernal

² *Honda Dealer Sales and Services Agreement.*

authorized and directed HBT to send all of his distributions from HBT directly to DK8 for application to the Bernal Note. The Bernal Note provides:

Maker hereby irrevocably agrees that the Company shall deduct from Distributions otherwise due Maker from the Company and pay over directly to Payee any amounts due pursuant to this Note as Mandatory Prepayments. Further, following the dissolution of the Company, Maker hereby irrevocable agrees that the Company shall, upon request of the Payee, withhold from Maker any and all amounts that may from time to time thereafter be owing by the Company to Maker and pay the same directly to Payee for application against this Note.

4. On December 27, 2012, the same date Bernal acquired his 48% interest in HBT, Bernal and DK8 also entered into a Transfer Agreement. The Transfer Agreement is basically a buy-sell agreement that provides HBT's members the right to purchase the other member's interest in HBT under certain circumstances.

5. Section 4.3 of the Transfer Agreement provides, in essence:

- a. if HBT receives an offer (a "**Third Party Offer**") to purchase all or substantially all of its assets, and one member, say DK8, wants HBT to accept the offer, and the other member, say Bernal, does not, the non-consenting member has the right to withhold its consent and to purchase the interest of the consenting member (i.e. Bernal had the right to withhold its consent and to purchase DK8's interest);
- b. if Bernal elects to purchase DK8's interest, he must purchase on the same terms and conditions as the Third Party Offer, and the price must be equal to the distribution DK8 would have received if HBT had accepted the Third Party Offer, paid its creditor claims, and distributed the remaining funds to its members pursuant to the terms of the Operating Agreement, Transfer Agreement, and other governing documents (i.e. as if HBT accepted the Third Party Offer and liquidated).

6. Accordingly, the purchase price for DK8's interest is determined by assuming HBT sold its assets pursuant to the Third Party Offer and then liquidated. In a liquidation, HBT's creditors must be paid in full first, with remaining funds distributed to DK8 and Bernal according to the HBT Operating Agreement, the Bernal Note and the Transfer Agreement.

7. In addition to the express terms of the Bernal Note authorizing HBT to re-direct all Bernal distributions to DK8 for application to the Bernal Note, Article V(c) of the Transfer Agreement recognizes that amounts due under the Bernal Note must be paid in calculating distributions available in a liquidation of HBT.

C. The John Eagle Offer in 2015

1. On October 7, 2015, John Eagle Lincoln-Mercury, LLP, (“**John Eagle**”) sent DK8 a letter of intent to buy the Dealership (the “**John Eagle Offer**”). The John Eagle Offer sought to purchase both HBT’s assets and the Land owned by HBT Land.

2. DK8 wanted HBT to accept the John Eagle Offer. Accordingly, on October 9, 2015, DK8 sent the required Offering Notice under the Transfer Agreement to Bernal.

D. Bernal’s Reply Notice and Membership Interest Purchase Agreement

1. On October 22, 2015, Bernal sent DK8 a “Reply Notice” (the “**Reply Notice**”), allegedly electing (i) not to consent to the sale of the assets of HBT to John Eagle, and (ii) to purchase the Membership Interest owned by DK8.

2. The Transfer Agreement provided Bernal with an irrevocable option to purchase DK8’s membership interest on the same terms and conditions as contained in the John Eagle Offer. To accept that offer and to form a contract, Bernal was required to provide an absolute, unequivocal, unambiguous and unconditional acceptance. Any new conditions or modifications constitute a rejection of the offer. DK8 therefore asserted that the Reply Notice was not an absolute, unequivocal, unambiguous and unconditional acceptance. DK8 argued that the Reply Notice required a “forensic audit” that would make “adjustments” to the Bernal Note, which was not a term or condition of the John Eagle Offer, and therefore was a new condition that was highly ambiguous.

3. In addition, the Reply Notice required HBT Land to sell Bernal the Land. HBT Land disputed that asserted right of Bernal to purchase HBT Land’s property in the Transfer Agreement.

4. On November 6, 2015, Bernal emailed Schnitzer his proposed “Membership Interest Assignment Agreement” referenced in the Reply Notice (the “**Membership Interest Purchase Agreement**”) and “Agreement for Sale and Purchase of the Land” (the “**Land Contract**”), which was attached and incorporated into the Membership Interest Purchase Agreement as an exhibit.

5. DK8 argued that the Membership Interest Purchase Agreement contained additional impermissible conditions and requirements to Bernal’s obligation to purchase DK8’s interest.

6. Additionally, the Land Contract that accompanied the draft Membership Interest Purchase Agreement contained a “Financing Contingency” that, according to DK8, rendered the entire transaction contingent on Bernal’s ability to obtain financing.³

7. DK8 immediately informed Bernal that the new conditions of Bernal’s Membership Interest Purchase Agreement (his counter-offer) were unacceptable to DK8.

³ *Id.* at 40-41, Exhibit G to the Membership Interest Purchase Agreement.

E. The State-Court Lawsuit

1. On January 11, 2016, Bernal filed his Original Petition, Application for Temporary Restraining Order and Injunctive Relief, and Application for Permanent Injunction (the “**Original Petition**”) in the 95th Judicial District of Dallas County (the “**State Court**”) against DK8, HBT Land, and Mr. Schnitzer, individually (collectively, the “**Defendants**”).

2. Initially, Bernal listed HBT as a co-Plaintiff in the Original Petition; however, the *Fifth Amended Petition and Application for Permanent Injunction* (the “**Fifth Amended Petition**”) filed in November 2016 includes HBT as a “nominal defendant,” ostensibly for purposes of establishing Bernal’s derivative standing to sue on behalf of HBT. The filing of the Original Petition gave rise to Cause No. DC-16-00270 (the “**State-Court Lawsuit**”).

- a. The State-Court Lawsuit contains claims that fit within the following five categories:
- b. Bernal asserts claims against DK8 for breach of contract for violating the Transfer Agreement related to the John Eagle Offer, and requests specific performance (the “**Specific Performance Claims**”);
- c. Bernal asserts, as derivative claims, HBT claims against Mr. Schnitzer for breaches of fiduciary duties to HBT (the “**Derivative Claims**”);
- d. Bernal objects to the validity of claims asserted by HBT Land, Park Place Motorcars, Inc., and DK8 against HBT (the “**Affiliate Claims**”);
- e. Bernal asserts personal claims against DK8 for breach of fiduciary duty (to Bernal) and fraudulent misrepresentations (the “**Bernal vs. DK8 Claims**”); and,
- f. Bernal asserts personal claims against Mr. Schnitzer for breach of fiduciary duty (to Bernal) and fraudulent misrepresentations (the “**Bernal vs. Schnitzer Claims**”).

ARTICLE IV
SIGNIFICANT EVENTS IN CHAPTER 11 CASES

A. Bankruptcy Filings and Sale Procedures Order

1. In late 2016 and early 2017, HBT fell into default under its floor plan financing agreement with Mercedes-Benz Financial Services USA, LLC, as well as under its Dealership Agreement with Honda, and was incurring substantial losses. Accordingly, on February 20, 2017, HBT and DK8 filed their voluntary bankruptcy petitions with the Bankruptcy Court and removed the State Court Lawsuit (hereinafter sometimes referred to as the “**Adversary Proceeding**”) to Bankruptcy Court. HBT and DK8 then immediately filed the Sale Procedures Motion⁴ to establish a process to offer and sell substantially all of the assets of the HBT dealership. Bernal objected to the Sale Procedures Motion, asserting his Specific Performance Claims and a “right of first refusal” under the Transfer Agreement to purchase DK8’s 52% equity interest in HBT.

2. In order to resolve Bernal’s objections to the Sale Procedures Motion⁵, the parties agreed to a trial of the Specific Performance Claims in the Bankruptcy Court, and later agreed to bifurcate that trial as follows:

- a. Bernal was allowed an expedited trial on his Specific Performance Claims (“**Phase 1**”);
- b. if Bernal prevailed on his Specific Performance Claims, the Bankruptcy Court agreed to then determine the validity of the Schnitzer Affiliate Claims (as defined below) on an expedited basis so that Bernal would know the extent of the HBT liabilities prior to submitting his application for Honda approval of the transfer of DK8’s interest to Bernal (“**Phase 2**”); and
- c. if Bernal did not prevail on his Specific Performance Claims, Bernal was nevertheless again provided a “first right of refusal” under the Transfer Agreement to purchase DK8’s interest by “matching” the highest and/or best third party offer obtained pursuant to the bankruptcy sale process.

⁴ *Motion for Order (i) Approving Sale Procedures Relating to Sale of Substantially All of the Estate’s Assets; (ii) Approving Procedure for Granting Bid Protections; (iii) Scheduling Objection Deadlines and the Hearing to Approve the Sale; (iv) Approving the Form and Manner of Notices; (v) Establishing Procedures Relating to Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (vi) Granting Related Relief* [Docket No. 9 in Case No. 17-40659] (the “**Sale Procedures Motion**”).

⁵ *Order (i) Approving Sale Procedures Relating to Sale of Substantially All of the Estate’s Assets; (ii) Approving Procedure for Granting Bid Protections; (iii) Scheduling Objection Deadlines and the Hearing to Approve the Sale; (iv) Approving the Form and Manner of Notices; (v) Establishing Procedures Relating to Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (vi) Granting Related Relief* [Docket No. 111] (the “**Sale Procedures Order**”). As the Court has noted on several occasions, the Sale Procedures Order involved extensive negotiations between the parties during and after the hearing on the Sale Procedures Motion.

3. These provisions were negotiated concessions obtained by Bernal in exchange for his agreement to the Sale Procedures Order.⁶

4. On April 19, 2017, after a four-day trial, the Bankruptcy Court entered its Memorandum Opinion,⁷ and later its Final Judgment⁸ denying the Specific Performance Claims. Bernal has filed a timely appeal from the Final Judgment.

B. Sale of Assets to McLarty

1. RLJ-McLarty Landers Automotive Holdings, LLC (“**McLarty**”) was identified as the party submitting the highest and/or best offer to purchase HBT’s assets. On April 28, 2017, Bernal filed his Election Notice in which he elected *not* to exercise his right to “match” the McLarty offer and to purchase DK8’s membership interest in HBT.⁹ Accordingly, on June 5, 2017, this Court approved the Sale Motion and entered the Sale Order authorizing the sale of substantially all of HBT’s assets to McLarty. Bernal then requested this Court to stay the sale to McLarty pending his appeal of this Court’s Final Judgment on his Specific Performance Claims. The Bankruptcy Court and the District Court denied Bernal’s request for a stay pending appeal,¹⁰ and the sale to McLarty was consummated and closed on June 20, 2017.

C. Schnitzer Affiliate Claims

1. Three entities affiliated with Schnitzer have either timely filed proofs of claim or have been scheduled as general unsecured Creditors in the HBT bankruptcy proceeding (the “**Schnitzer Affiliate Claims**”):

<u>Claimant</u>	<u>Claim No.</u>	<u>Amount</u>
HBT Land, LLC	Scheduled	\$1,159,590.00
Park Place Motorcars, Inc.	Scheduled	\$700,581.94
DK8 LLC (Notes)	Claim No. 16	\$797,761.28
DK8 LLC (Indemnity)	Claim No. 17	\$673,148.67

2. On June 12, 2017, Bernal filed objections to the Schnitzer Affiliate Claims [Docket No. 217, Adversary No. 17-04018].

⁶ Sale Procedures Order at 4–5, ¶ 4 (“*The parties have agreed, subject to the Court’s calendar, that any Specific Performance Claim shall be determined at an expedited evidentiary hearing to be conducted by this Court ten (10) days after the filing of the Sale Contract.*”) (emphasis added).

⁷ *Memorandum Opinion Denying Specific Performance and Related Relief* [Docket No. 102].

⁸ *Amended Partial, Final Judgment for Defendants Denying Specific Performance and Related Relief* [Docket No. 163].

⁹ Bernal’s *Notice of Non-Exercise of Right under Sale Procedures Order to Purchase Membership Interest* was filed at Docket No. 121 in the Adversary Case, and Docket No. 199 in the Chapter 11 Case.

¹⁰ *Order Denying Victor Bernal’s Motion for Stay Pending Appeal Pursuant to Rule 8007, Federal Rules of Bankruptcy Procedure* [Docket No. 205] (the “**Order Denying Stay**”).

ARTICLE V
DESCRIPTION OF THE PLAN

This section provides a summary of the structure, classification, treatment and implementation of the Plan and is qualified in its entirety by reference to the Plan, which accompanies this Disclosure Statement, and to the exhibits attached to the Plan.

Although the statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in documents referred to in the Plan, this Disclosure Statement does not purport to be a precise or complete statement of all the terms and provisions of the Plan or documents referred to in the Plan, and reference is made to the Plan and to such documents for the full and complete statements of such terms and provisions.

The Plan itself and the documents it refers to will control the treatment of Creditors and equity security holders under the Plan and will, on the Effective Date, be binding upon holders of Claims against, and Interests in, the Debtor and other parties in interest.

A. Overall Structure of the Plan.

The Plan constitutes a liquidating Chapter 11 plan for the Debtor and serves as the mechanism for distributing the Sale Proceeds and the net proceeds from the liquidation of the remaining assets of the Estate. Except as otherwise provided by order of the Bankruptcy Court, distributions will occur as soon as practicable on the later of (i) the Effective Date, and (ii) the date on which the Claim becomes an Allowed Claim.

B. Classification and Treatment of Claims and Equity Interests.

Section 1122 of the Bankruptcy Code requires that a plan of reorganization classify the claims of a debtor's creditors and the interest of its equity holders. The Bankruptcy Code also provides that, except for certain claims classified for administrative convenience, a plan of reorganization may place a claim of a creditor or an interest of an equity holder in a particular class only if such claim or interest is substantially similar to the other claims of such class. The Bankruptcy Code also requires that a plan of reorganization provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest.

The Proponent believes that it has classified all Claims and Equity Interests in compliance with the requirements of the Bankruptcy Code. If a holder of a Claim or Equity Interest challenges such classification of Claims or Equity Interests and the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtor, to the extent permitted by the Bankruptcy Court, intend to modify the classifications of Claims or Equity Interests under the Plan to provide for whatever classification might be required by the Bankruptcy Court for confirmation.

Except to the extent that such modification of classification adversely affects the treatment of a holder of a Claim or Equity Interest and requires resolicitation, acceptance of the Plan by any holder of a Claim or Equity Interest in accordance with this solicitation will be deemed to be a consent to the Plan's treatment of such holder of a Claim or Equity Interest regardless of the class as to which that holder ultimately is deemed to be a member.

C. Treatment of Unclassified Claims.

1. Administrative Claims

An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in Section 503(b), Section 507(b) and Section 546(c)(2) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(1) of the Bankruptcy Code. To the extent that a Claim is Allowed as an Administrative Claim under Section 365(d)(3) of the Bankruptcy Code, such Claim will also be treated as an Administrative Claim under the Plan. Administrative Claims include, for example, quarterly fees to the United States Trustee payable under Section 1930 of Title 28 of the United States Code, Claims for the payment of Professional Fees, and the actual and necessary costs and expenses incurred in the ordinary course of the Debtor's business or of preserving the Debtor's Estate.

2. Priority Tax Claims

These are Claims of a governmental entity for taxes entitled to priority under Section 507(a)(8) of the Bankruptcy Code, if any.

3. Professional Fees

Claims for Professional Fees are Claims of estate retained professionals in the Chapter 11 Case.

4. Treatment

Allowed Administrative and Priority Tax Claims. The Proponent believes that the majority of all non-Professional Administrative Claims and Priority Tax Claims have already been paid in full. To the extent any such Administrative and Priority Tax Claims including, for example any unpaid postpetition obligations, remain, each Allowed Administrative and Priority Tax Claim (other than Priority Tax Claims based on *ad valorem* taxes) will be paid in full in Cash, or otherwise satisfied in accordance with its terms, as soon as practicable on the later of: (i) the Effective Date, and (ii) the date such Claim becomes an Allowed Claim. All requests for payment of an Administrative (other than a Professional Fee Claim) must be served on the Debtor and filed with the Bankruptcy Court no later than the Administrative Claims Bar Date. Priority Tax Claims based on *ad valorem* taxes shall be paid in full pursuant to the Sale Order.

Professional Fee Claims. All final applications for allowance and payment of a Professional Fee Claim for services rendered or reimbursement of expenses incurred through and including the Effective Date must be filed with the Bankruptcy Court and served no later than forty-five (45) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court. All objections to allowance of Professional Fee Claims through the Effective Date must be timely filed and served in accordance with the deadlines established by the Bankruptcy Court.

Except to the extent that any Person entitled to payment of any Allowed Professional Fee Claim agrees to a less favorable treatment or unless otherwise ordered by the Bankruptcy Court, each holder of an Allowed Professional Fee Claim shall receive, in full satisfaction, discharge, exchange, and release thereof, Cash in an amount equal to such Allowed Professional Fee Claim

within five (5) Business Days after such Professional Fee Claim becomes an Allowed Professional Fee Claim, unless the Holder agrees to defer a payment of a portion of its Allowed Professional Fee Claim.

D. Treatment of Classified Claims and Interests.

In accordance with Section 1123(a)(1) of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtor (except the unclassified Claims receiving the treatment described in Section V. C above). A Claim or Interest is placed in a particular Class for the purposes of voting on the Plan and of receiving distributions in accordance with the Plan only to the extent that such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date. The treatment of classified Claims and the provisions governing distributions on account of Allowed Claims is set forth in the Plan. You should refer to the Plan itself for the complete provisions governing the treatment of your particular Claim.

CLASSIFICATIONS OF CLAIMS AGAINST THE DEBTOR

1. Class 1 – Priority Non-Tax Claims.
 - a. **Unimpaired and Not Voting.** Class 1 is unimpaired by the Plan. All Allowed Claims in Class 1 will be paid in full. Holders of Allowed Claims in Class 1 will not be solicited to vote on the Plan. Class 1 will be deemed to accept the Plan.
 - b. **Treatment.** All Allowed Claims in Class 1 will be paid in full.
2. Class 2 – Secured Claims.
 - a. **Unimpaired and Not Voting.** Class 2 is unimpaired by the Plan. All Allowed Secured Claims in Class 2 will be paid in full or receive a transfer of their Collateral. Holders of Allowed Claims in Class 2 will not be solicited to vote on the Plan. Class 2 will be deemed to accept the Plan.
 - b. **Treatment.** All Allowed Secured Claims in Class 2 will be paid in full or receive a transfer of their Collateral.
3. Class 3 – General Unsecured Claims.
 - a. **Unimpaired and Not Voting.** Class 3 is unimpaired by the Plan. All Allowed Claims in Class 3 will be paid in full. Holders of Allowed Claims in Class 3 will not be solicited to vote on the Plan. Class 3 will be deemed to accept the Plan.
 - b. **Treatment.** All Allowed Claims in Class 3 will be paid in full.
4. Class 4 – Equity Interest Holders.

- a. **Unimpaired and Not Voting.** Class 4 is unimpaired by the Plan. Holders of Equity Interests will be deemed to accept the Plan.
- b. **Treatment.** Holders of Equity Interests in Class 4 will retain their Interests and will be entitled to receive their applicable share of the net proceeds from the liquidation of the Debtor's assets after payment or reservation for all Allowed Claims and expenses as provided in the Plan.

ARTICLE VI

IMPLEMENTATION OF THE PLAN

A. Liquidating Debtor.

The Liquidating Debtor shall (i) liquidate all property of the Debtor, (ii) liquidate any other assets of the Debtor, such as causes of action under the Bankruptcy Code or otherwise, (iii) pursue any claims against third parties which are property of the Debtor's Estate, (iv) seek determination of such claims, and (v) make Distributions to the Debtor's Creditors and Equity Owners as provided in the Plan.

B. Management of the Liquidating Debtor.

Kenneth L. Schnitzer, Jr., the Liquidating Debtor's non-member manager (the "**Manager**") is responsible for supervising the liquidation of the Debtor's assets and the consummation of the Plan.

1. **Compensation of Liquidating Debtor's Manager.** The Liquidating Debtor's Manager shall be compensated at the rate of \$10,000 per month and will be reimbursed for actual and necessary expenses incurred. To the extent it is necessary for the Manager to employ an attorney or other professional, such fees and expenses are to be paid by the Liquidating Debtor pursuant to the procedure provided in the Plan.

2. **Liability of the Manager.** The Manager shall use his best judgment and discretion in all things connected therewith and shall not be personally liable for any loss or damage arising in connection with the business of the Liquidating Debtor, either for his acts or for his failure to act unless he personally shall have been guilty of fraud, willful misconduct, or gross negligence. In no case shall the Manager be held liable or responsible for the fraud, willful misconduct, or gross negligence of any employee or agent of the Liquidating Debtor. In addition, the Manager shall be indemnified by and receive reimbursement against and from any and all loss, liability, expense, or damage which he may incur or sustain, in good faith and without fraud, willful misconduct or gross negligence, in the exercise and performance of any of his powers and duties under the Plan. The amounts necessary for all such compensation, indemnification and reimbursement and for all expenses of administration, including counsel fees, shall be withdrawn by the Manager from the Debtor's assets.

3. **Employees and Agents.** The Manager may select and employ brokers, banks, custodians, investment advisors, attorneys, accountants, auditors, staff (e.g., phone operators, clerical support, etc.) and other agents. The Manager may employ as a

consultant to him any Person or Persons having particular knowledge of the Liquidating Debtor's assets.

4. **Rights and Obligations of the Manager.** The Manager shall continue to have the rights and obligations as outlined in the Company Agreement.

5. **Plan Distributions.** The Manager may rely upon the undisputed, noncontingent and liquidated Claims scheduled by the Debtor in its Schedules filed with the Bankruptcy Court, and the Claims filed with the Bankruptcy Court on or before the Bar Date in making distributions (or reserving funds for any Disputed Claim) to holders of Class 4 Equity Interests. The Manager shall reserve funds for any Disputed Claim, and may reserve additional funds in his sole discretion for potential claims, before he elects to distribute funds to Class 4 Equity Interests.

C. Continued Operations.

The Liquidating Debtor will continue its operations after the Effective Date as necessary to: (i) liquidate all property of the Debtor, (ii) liquidate any other assets of the Debtor, such as causes of action under the Bankruptcy Code or otherwise, (iii) pursue any claims against third parties which are property of the Debtor's estate, (iv) seek determination of such claims, and (v) make Distributions to the Debtor's Creditors and Equity Interest Owners as provided in the Plan. In performing these functions, the Liquidating Debtor shall, among other things, be authorized to:

1. continue the retention of professionals deemed necessary to perform the duties of the Liquidating Debtor;
2. to pay reasonable and necessary costs and expenses of liquidating;
3. abandon assets of inconsequential value; and
4. dissolve upon the liquidation and distribution of all property of the Liquidating Debtor.

D. Actions Without Bankruptcy Court Approval.

The Confirmation Order shall authorize the Manager of the Liquidating Debtor without further approval of the Bankruptcy Court: (i) to sell any asset, subject to any required consent of any Creditor with a Lien upon such asset; (ii) to settle any Disputed Claim, or (iii) settle any cause of action.

E. Costs of Continued Operations.

The costs of the Liquidating Debtor's continued operations, including (i) the fees and expenses of the Manager of the Liquidating Debtor; (ii) the fees and expenses of the Liquidating Debtor's professionals, (iii) the salaries and expenses of other employees and agents hired by the Manager pursuant to the Plan, and (iv) the expenses of the Manager including the fees and expenses of an attorney or other professional hired by the Manager, shall be paid by the Liquidating Debtor.

F. Limitations on Cash Accumulation and Investment Powers of the Liquidating Debtor.

The investment powers of the Liquidating Debtor are limited to those powers established for bankruptcy trustees by the United States Trustee's Office for the Northern District of Texas in any bankruptcy case filed pursuant to Chapter 11 of Title 11 of the United States Code and the right to invest in United States governmental agency discount notes.

G. Depositories.

The Liquidating Debtor may deposit its Cash at such banks, in the types of accounts, as the Liquidating Debtor may, in its sole discretion, select.

H. Maintenance of Register.

The Liquidating Debtor shall at all times maintain a register of the names, addresses, amount of Claims of the Creditors and Equity Interest holders filed with the Court.

I. Determination of Disputed Claims.

1. **Objections to Claims; Prosecution of Disputed Claims.** The Manager shall be authorized to object to the allowance of Claims filed with the Bankruptcy Court.

2. **Distributions on Account of Disputed Claims.** Prior to making any distributions to holders of Equity Interests, the Manager shall have paid all Allowed Claims in full and shall have reserved and set aside an amount sufficient to pay all Disputed Claims as if all such Disputed Claims were Allowed Claims in the full amount claimed by the holders thereof, unless otherwise ordered by the Court, and may reserve additional funds in his sole discretion for potential Claims. No Distribution shall be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof by Final Order.

ARTICLE VII

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption or Rejection of Executory Contracts.

The Plan shall constitute a motion to assume or reject Executory Contracts as provided therein. All Executory Contracts, including without limitation those Executory Contracts identified on Exhibit "B" (List of Rejected Executory Contracts) to the Plan, shall be deemed as rejected by the Debtor upon the Effective Date, unless an Executory Contract (a) is identified on Exhibit "C" (List of Assumed Executory Contracts) to the Plan, (b) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (c) is identified in the Plan or the Confirmation Order to be assumed, or (d) is the subject of a motion to assume filed on or before the Confirmation Date. The Debtor may file a motion for the assumption or rejection of any

Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court thereafter.

B. Approval of Assumption or Rejection.

Entry of the Confirmation Order constitutes the approval under §§ 365 and 1113 of the assumption or rejection, as applicable, of the Executory Contracts assumed or rejected under the Plan.

C. Rejection Damages Bar Date.

All proofs of claim asserting Claims arising from the rejection of any Executory Contract under the Plan are required to be filed with the Bankruptcy Court no later than the first Business Day that is 30 days after the Effective Date. Any such Claim not filed within that time will be forever barred. With respect to any Executory Contract rejected by the Debtor before the Confirmation Date, the deadline for filing such Claims is as set forth in previous orders of the Bankruptcy Court.

ARTICLE VIII
DESCRIPTION OF OTHER PROVISIONS OF THE PLAN

A. Interim Distributions.

The Debtor shall have the authority to make such interim distributions as it believes are reasonably necessary and/or appropriate on account of Allowed Claims.

B. Post-Effective Date Fees; Final Decree.

The Debtor will be responsible for paying any post-Effective Date fees under 28 U.S.C. 1930(a)(6) and filing post-confirmation reports until the Bankruptcy Court enters a final decree, which will be as soon as practicable after distributions under the Plan have commenced. Notice of application for a final decree will only be provided to those holders of Claims and Equity Interests who specifically request such notice.

C. Vesting of Assets.

Except as provided in the Plan, the Confirmation Order, or the Plan Documents all Estate Assets will vest in the Liquidating Debtor free and clear of all Liens, Claims and Equity Interests that existed before the Effective Date. On the Effective Date, all Estate Litigation Claims, including Avoidance Actions, shall vest in the Liquidating Debtor.

D. Injunction.

THIS SECTION IS REFERRED TO HEREIN AS THE "PLAN INJUNCTION." EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THEIR ASSETS THAT AROSE OR ACCRUED PRIOR TO THE EFFECTIVE DATE ARE HEREBY PERMANENTLY ENJOINED AND PROHIBITED FROM

EACH OF THE FOLLOWING: (I) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE DEBTOR OR THE LIQUIDATING DEBTOR, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, ENFORCEMENT OR LIQUIDATION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM AGAINST OR INTEREST IN THE DEBTOR, THE LIQUIDATING DEBTOR OR THEIR ASSETS; (II) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE DEBTOR, THE LIQUIDATING DEBTOR, OR THEIR ASSETS; OR (III) TAKING ANY ACTION IN RELATION TO THE DEBTOR, THE LIQUIDATING DEBTOR, OR THEIR ASSETS, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THE PLAN OR THE CONFIRMATION ORDER APPLICABLE TO SUCH CLAIM OR INTEREST. THIS PARAGRAPH DOES NOT PROHIBIT ANY PERSON FROM BRINGING A CLAIM DESCRIBED IN THIS PARAGRAPH IN THE BANKRUPTCY COURT OR ASSERTING ANY RIGHT PURSUANT TO THE PLAN BY FILING AN APPROPRIATE PLEADING OR CLAIM IN THE BANKRUPTCY COURT. FROM TIME TO TIME THE LIQUIDATING DEBTOR WILL MAKE DISTRIBUTIONS TO EQUITY OWNERS PURSUANT TO THE TERMS OF THE PLAN. ALL PERSONS WITH CLAIMS AGAINST OR INTERESTS IN THE DEBTOR THAT AROSE OR ACCRUED BEFORE THE EFFECTIVE DATE SHALL BE ENJOINED FROM ASSERTING THOSE CLAIMS AGAINST THE DEBTOR, THE LIQUIDATING DEBTOR, THE MANAGER OR THE EQUITY OWNERS (THE “**PROTECTED PERSONS**”) EXCEPT THROUGH THE BANKRUPTCY COURT AS PROVIDED IN THE PLAN AND THE CONFIRMATION ORDER. THIS COURT SHALL HAVE AND RETAIN EXCLUSIVE JURISDICTION OVER ALL SUCH CLAIMS AGAINST ANY OF THE PROTECTED PERSONS. ANY PERSON WHO WISHES TO ASSERT ANY SUCH CLAIM AGAINST ANY OF THE PROTECTED PERSONS MUST DO SO IN THE BANKRUPTCY COURT IN ACCORDANCE WITH THE TERMS OF THE PLAN AND THE CONFIRMATION ORDER. SHOULD SUCH A CLAIM BE BROUGHT IN ANOTHER COURT AGAINST ONE OR MORE OF THE PROTECTED PERSONS, EACH SUCH PROTECTED PERSON SHALL BE ENTITLED TO (A) REOPEN THE BANKRUPTCY CASE TO ENFORCE THE PLAN INJUNCTION AS TO ANY SUCH CLAIM, INCLUDING SEEKING ALL APPROPRIATE DAMAGES OR SANCTIONS, (B) SEEK DISMISSAL OF ANY SUCH CLAIM BASED ON THE PLAN AND THE CONFIRMATION ORDER, OR (C) REMOVE SUCH SUIT TO THE PROPER FEDERAL COURT AND SEEK ITS TRANSFER TO THE BANKRUPTCY COURT. THE PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

E. Exculpation.

Neither the Debtor, nor its manager (collectively, the “**Exculpated Parties**”) shall have or incur any liability to any Person, holder of a Claim or Equity Interest, or any other party in interest or entity, or any of their respective members or former members, managers, agents, employees, representatives, financial advisors, attorneys, or Affiliates, or any of their predecessors, successors,

or assigns, for any act, omission, claim, remedy, cause of action (whether known or unknown, matured or unmatured, contingent, unliquidated or disputed) in connection with, relating to, or arising out of the Chapter 11 Case (arising from and after the Petition Date), the Sale Transaction, or any other action or inaction in the Chapter 11 Cases, including the formulation, preparation, negotiation, dissemination, approval, confirmation, administration, or consummation of the Plan, the Disclosure Statement, the solicitation of votes for or confirmation of the Plan or consummation or administration of the Plan or Distributions under the Plan, except for fraud, willful misconduct or gross negligence, as finally determined by the Bankruptcy Court, and such Exculpated Parties shall not be liable for any obligations of the Debtor under the Plan, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities.

F. Retention of Estate Litigation Claims and Preservation of Insurance.

In accordance with § 1123(b)(3), all Estate Litigation Claims (including without limitation all Avoidance Actions) are retained and reserved for the benefit of holders of Allowed Claims and Interests, and shall be transferred to, and vested in, the Liquidating Debtor, both for purposes of seeking an affirmative recovery against any Person and as an offset or defense against any Claim asserted against the Estate or Liquidating Debtor. Without limiting the generality of the foregoing, all applicable legal privileges of the Debtor or Estate, including both the attorney-client privilege and the work product privilege, shall be vested in the Liquidating Debtor which shall be clothed with the sole and exclusive standing and authority to assert any such privilege on behalf of the Debtor, Estate or Liquidating Debtor. All Estate Litigation Claims shall be deemed to have been transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order. Without limiting the effectiveness or generality of the foregoing reservation, out of an abundance of caution, the Debtor and the Estate hereby specifically reserve and retain the Estate Litigation Claims. The provisions of Article 9 in the Plan, as well as the descriptions and disclosures relating to the Estate Litigation Claims herein and on Exhibit "A" to the Plan, are provided in the interest of providing maximum disclosure of the Estate Litigation Claims of which Debtor is presently aware, and shall not act as a limitation on the potential Estate Litigation Claims that may exist. It is the specific intention of the Plan that all Estate Litigation Claims, including all Avoidance Actions and all associated remedies, and any other causes of action, whether arising before or after the Petition Date, and whether arising under the Bankruptcy Code or applicable state or federal non-bankruptcy laws shall all be retained and preserved under the Plan to be transitioned to, and vested in the Liquidating Debtor. All Estate Litigation Claims are retained both as causes of action for an affirmative recovery and as counterclaims and offset to any Claims asserted against the Estate.

For the avoidance of doubt, the Manager of the Liquidating Debtor will have the authority to prosecute, defend, compromise, settle, and otherwise deal with any Estate Litigation Claims and will do so in his capacity as a representative of the Estate in accordance with § 1123(b)(3)(B). The Liquidating Debtor will bear the fees and costs associated with litigating the Estate Litigation Claims, and the Manager will have sole discretion to determine in his business judgment which Causes of Action to pursue, which to settle, and the terms and conditions of those settlements.

Any monetary judgment, award, or other Cash proceeds resulting from the settlement or prosecution of the Estate Litigation Claims will be distributed in accordance with the Plan to the

holders of any outstanding Allowed Claims and Interests after deduction of the reasonable and necessary fees and costs that the Debtor incurs in connection with that Cause of Action.

Any discharge and release of the Debtor from Claims as provided in the Plan or under the Bankruptcy Code, except as necessary to be consistent with the Plan, will not diminish or impair the enforceability of any insurance policy that may cover Claims against any Debtor or any other Person.

G. Retention of Jurisdiction After the Effective Date.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain as much jurisdiction over the Chapter 11 Case after the Effective Date as legally permissible including, without limitation, jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the amount, priority, or secured or unsecured status of any Claim, and resolve any request for payment of any Administrative Claim and any objection to the Allowance or priority of any Claim;
2. Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized under the Bankruptcy Code or the Plan;
3. Resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which a Debtor is a party and to hear, determine and, if necessary, liquidate any Claims arising from, or Cure related to, assumption or rejection;
4. Ensure that distributions to holders of Allowed Claims are accomplished in accordance with the Plan;
5. Decide or resolve any motions, adversary proceedings, contested matters, and any other matters and grant or deny any applications or motions involving the Debtor that may be pending on the Effective Date;
6. Enter any necessary or appropriate orders to implement or consummate the Plan's provisions and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
7. Resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan, or any Person's obligations incurred in connection with the Plan;
8. Resolve any cases, controversies, suits, or disputes that may arise in connection with the interpretation or enforcement of any orders entered by the Bankruptcy Court during the Chapter 11 Case;
9. Hear and determine any motion or application to modify the Plan before or after the Effective Date under Bankruptcy Code § 1127 or modify the Disclosure

Statement or any contract, instrument, release, or other agreement or document issued, entered into, filed, or delivered in connection with the Plan or the Disclosure Statement; or hear or determine any motion or application to remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document issued, entered into, filed or delivered in connection with the Plan or the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

10. Issue injunctions, enter and implement other orders, or take any other necessary or appropriate actions to restrain any entity's interference with consummation or enforcement of the Plan;
11. Enter and implement any necessary or appropriate orders if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
12. Determine any other matters that may arise in connection with or related to the Plan, the DIP Facility, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document issued, entered into, filed, or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;
13. Issue final decrees and enter orders closing the Chapter 11 Case; and
14. Adjudicate the Disputed Claims, the Avoidance Actions, and the Estate Litigation Claims (including those to be initiated and prosecuted by the Debtor as the Estates' representative under § 1123(b)(3)(B)), and any other Cause of Action or claims of the Debtor.

H. Amendment of Plan.

At any time before the Confirmation Date, the Debtor may alter, amend, or modify the Plan under § 1127(a) as long as doing so does not materially and adversely affect the treatment and rights of the holders of Claims under the Plan. After the Confirmation Date but before substantial consummation of the Plan as defined in § 1101(2), the Debtor may, under § 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Plan Documents, or the Confirmation Order, and any matters necessary to carry out the purposes and effects of the Plan as long as such proceedings do not materially and adversely affect the treatment of holders of Claims under the Plan. The Debtor must serve prior notice of such proceedings in accordance with the Bankruptcy Rules or applicable order of the Bankruptcy Court.

I. Revocation or Withdrawal of Plan.

The Debtor reserves the right to revoke or withdraw the Plan at any time before the Confirmation Date. If withdrawn or revoked, the Plan will be deemed void and nothing contained in the Plan may be deemed a waiver of any Claims by or against the Debtor or any other Person in

any further proceedings involving the Debtor or an admission of any sort, and the Plan and any transaction contemplated by the Plan may not be admitted into evidence in any proceeding.

J. Withholding and Reporting Requirements.

In connection with the Plan and all instruments issued in connection with the Plan, the Debtor must comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under the Plan remain subject to any such withholding and reporting requirements. The Debtor may take all actions necessary to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each holder of an Allowed Claim that has received a distribution under the Plan of Cash has sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding and other tax obligation on account of such distribution.

ARTICLE IX
CONDITIONS PRECEDENT

A. Conditions to Confirmation.

The following are conditions precedent to confirmation of the Plan:

1. **Approval of Disclosure Statement.** The Bankruptcy Court enters a Final Order approving the Disclosure Statement.
2. **Approval of Plan/Disclosure Statement Summary.** The Bankruptcy Court enters a Final Order approving the Plan/Disclosure Statement Summary.
3. **Form of Confirmation Order.** The Bankruptcy Court enters the Confirmation Order in form and substance reasonably acceptable to the Debtor. If the Debtor is unable to reach an agreement with any party regarding the form and substance of the Confirmation Order, the Bankruptcy Court will resolve all such disputes.
4. **Substance of Confirmation Order.** The Confirmation Order contains the following:
 - a. The provisions of the Confirmation Order are nonseverable and mutually dependent;
 - b. Approval of the assumption or rejection of all Executory Contracts under the Plan not previously assumed or rejected pursuant to an order of the Bankruptcy Court;
 - c. The Debtor is released and discharged from all obligations arising under all executory contracts and unexpired leases rejected by the Debtor during the Chapter 11 Cases or under the Plan; and

- d. Retention of jurisdiction of the Bankruptcy Court to the fullest extent permissible by applicable law, and at least to the extent contemplated by the Plan.

B. Conditions to Effectiveness.

The following are conditions precedent to the occurrence of the Effective Date:

1. The Confirmation Date occurs;
2. The Confirmation Order becomes a Final Order; and
3. Each of the Plan Documents and to be issued, entered into, delivered, or filed under the Plan are issued, entered into, delivered, or filed and are effective.

C. Waiver of Conditions.

The Debtor may waive any condition to confirmation or the Effective Date, in whole or in part, at any time without notice, an order of the Bankruptcy Court, or any further action other than proceeding to confirmation and consummation of the Plan.

D. Notice of Effective Date.

Within five (5) Business Days after the Effective Date, the Debtor shall serve notice of the Effective Date and the Administrative Expense Bar Date on all Creditors and parties-in-interest.

ARTICLE X
VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

A. Ballots and Voting Deadline

No ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement. After carefully reviewing the Disclosure Statement and the Plan, the Debtor has determined that no holder of a Claim or Interest is impaired and therefore no votes are being solicited.

B. Bar Date for Filing Proofs of Claim

The Bankruptcy Court established a Bar Date for filing proofs of claim or interests in this Chapter 11 Case of July 20, 2017. Timeliness or other substantive issues which may affect the ultimately allowability of a particular Claim have not been considered in connection with classification. The Plan provides a period of 30 days after the Effective Date for all parties-in-interest to object to Claims.

C. Definition of Impairment

Under Bankruptcy Code section 1124, a Class of Claims or Interests is impaired under a plan unless, with respect to each Claim or Interests of such Class, the plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such Claim or Interest; or
2. notwithstanding any contractual provision or applicable law that entitles the holder of a Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default –
 - a. cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Bankruptcy Code section 365(b)(2);
 - b. reinstates the maturity of such Claim or interest as it existed before the default;
 - c. compensates the holder of such Claim or interest for damages incurred as a result of any reasonable reliance on such contractual provision or 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.

D. Classes Impaired Under the Plan

Allowed Claims and Interests in Class 1, Class 2, Class 3, and Class 4 are unimpaired under the Plan and are deemed to have accepted the Plan and are therefore not entitled to vote to accept or reject the Plan.

E. Confirmation of Plan

1. Solicitation of Acceptances

NO REPRESENTATIONS OR ASSURANCES, IF ANY, CONCERNING THE PLAN ARE AUTHORIZED BY THE DEBTOR OR ANY OTHER PARTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON (OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT) SHOULD NOT BE RELIED ON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE PROPONENT.

For avoidance of doubt, the Debtor is not soliciting votes on the Plan.

Under the Bankruptcy Code, the Bankruptcy Court may order that the hearing on approval of the Disclosure Statement be combined with the hearing on confirmation of the Plan pursuant to 11 U.S.C. § 105(d)(2)(B)(vi). The Proponent intends to request that the Court conditionally approve this Disclosure Statement pending a combined final hearing on both the Disclosure Statement and the Plan.

2. Confirmation Hearing

Pursuant to section 1128(a) of the Bankruptcy Code, the Bankruptcy Court, after notice, may hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The Confirmation Hearing will commence on _____ at Central Daylight Time before the Honorable Mark X. Mullin, United States Bankruptcy Judge, at the United States Courthouse, 501 West 10th Street, Fort Worth, Texas 75601. The Proponent may continue the Confirmation Hearing from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the bankruptcy court and served on the Master Service List and the entities who have filed an objection to the Plan, without further notice to parties in interest. The Bankruptcy Court, in its discretion and before the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

The Plan Objection Deadline is _____, at Central Daylight Time. All objections to the Plan must be filed with the Bankruptcy Court and served on the Proponent and certain other parties in interest in accordance with the Disclosure Statement Order so that they are received on or before the Plan Objection Deadline.

If the Plan is rejected by one or more impaired Classes of Claims or Interests, the Bankruptcy Court may still confirm the Plan, or a modification thereof, under Bankruptcy Code section 1129(b) (commonly referred to as a “cramdown”) if it determines, among other things, that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class or Classes of Claims or Interests impaired under the Plan. The procedures and requirements for voting on the Plan are described in more detail below.

3. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an Order confirming the Plan. For the Plan to be confirmed, section 1129 of the Bankruptcy Code requires that:

- a. The Plan complies with the applicable provisions of the Bankruptcy Code;
- b. The Proponent has complied with the applicable provisions of the Bankruptcy Code;
- c. The Plan has been proposed in good faith and not by any means forbidden by law;
- d. Any payment or distribution made or promised by the Proponent, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in connection with the case, or in connection with Plan and incident to the case, has been approved by or is subject to the approval of, the Court as reasonable;

- e. The Proponent has disclosed, to the extent known, the identity and affiliation of any individual proposed to serve, after confirmation of the Plan, as a director, officer or voting trustee of the Debtor, Affiliates of the Debtor participating in a joint plan, or a successor to the Debtor under the Plan; and the appointment to, or continuance in, such office of such individual is consistent with the interests of holders of Claims and Interests and with public policy; and the Proponents have disclosed the identity of any insider that will be employed or retained by the Debtor, and the nature of any compensation for such insider;
- f. Any government regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtor has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval;
- g. With respect to each impaired Class or Claims or Interests, either each holder of a Claim or Interest of the Class has accepted the Plan, or will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code. If Bankruptcy Code section 1111(b)(2) applies to the Claims of such Class, each holder of a Claim of that Class will receive or retain under the Plan on account of that Claim property of a value, as of the Effective Date, that is not less than the value of that holder's interest in the estate's interest in the property that secures such Claim;
- h. Each Class of Claims or Interests has either accepted the Plan or is not impaired under the Plan;
- i. Except to the extent that the holder of a particular Administrative Claim or Priority Non-Tax Claim has agreed to a different treatment of its Claim, the Plan provides that Allowed Administrative Claims and Priority Non-Tax Claims shall be paid in full on the Effective Date or on the date such claim is Allowed by Final Order;
- j. If a Class of Claims or Interests is impaired under the Plan, at least one such Class of Claims or Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider;
- k. Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan; and

1. All fees payable under Section 1930 of Title 28, as determined by the Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Proponent believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation and that the Plan was proposed in good faith. The Proponent believes it has complied, or will have complied, with all the requirements of the Bankruptcy Code governing confirmation of the Plan.

4. Acceptances Necessary to Confirm the Plan

The Plan has no Impaired Classes so no votes will be solicited.

5. Liquidation Analysis and “Best Interests” Test

The Bankruptcy Code requires that the Bankruptcy Court find that the Plan is in the “best interests” of all holders of Claims or Interests that are impaired by the Plan and that have not accepted the Plan. The “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a Bankruptcy Court to find either that (i) all members of an impaired Class of claims or interests have accepted the plan or (ii) the plan will provide a member of the Class who has not accepted the plan with property of a value, as of the Effective Date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date.

To calculate the probable distribution to members of each impaired Class of holders of claims or interests if a debtor were liquidated under chapter 7, a Bankruptcy Court must determine the aggregate dollar amount that would be generated from the debtor’s assets if its chapter 11 case was converted to a case under chapter 7 of the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds from a forced sale of the debtors’ assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by the claims of secured creditors to the extent of the value of their collateral and by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of a liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a chapter 7 trustee, as well as of counsel and other professionals retained by the chapter 7 trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in the chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the sale proceeds before the balance would be made available to pay general unsecured claims or to make any distribution to holders of Equity Interests.

Once the Bankruptcy Court ascertains the recoveries in liquidation of holders of secured and priority claims, it must then determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such distribution has a value greater than the distributions to be received by creditors and equity security

holders under a debtor's plan, then such plan is not in the best interests of creditors and equity security holders.

Because the Plan is a liquidating plan and Debtor's sole remaining assets are Cash on hand and the sale proceeds, there is no possibility that conversion of the cases to chapter 7 would result in a better recovery to unsecured creditors. As such, the Proponent believes that each member of each Class of Claims and Interests will receive at least as much, if not more, under the Plan as it would receive if the Debtor was liquidated in chapter 7 case. More specifically, the Proponent believes that a liquidation of the Debtor in chapter 7 case would significantly impair recoveries to all stakeholders and clearly is not in the best interests of estate constituencies. Accordingly, it is clear that holders of Claims and Interests will fare much better under the Plan than in a chapter 7 liquidation.

6. Cramdown

Under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may still confirm the Plan at the request of the Proponent if, as to each impaired Class that has not accepted the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable." A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its Claims or Interests. "Fair and equitable" has different meanings for holders of Secured and Unsecured Claims and Equity Interests.

With respect to a Secured Claim, "fair and equitable" means either (i) the impaired secured creditor retains the liens, whether the property subject to such liens is retained by the Debtor or transferred to another entity, to the extent of its Allowed Claim and receives deferred Cash payments totaling at least the Allowed amount of its Claims with a present value as of the Effective Date of the Plan at least equal to the value of such creditor's interest in the property securing its liens; (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of sale, and such lien proceeds must be treated in accordance with clauses (i) and (iii) hereof; or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its Claim under the Plan.

With respect to an Unsecured Claim, "fair and equitable" means either (i) each impaired creditor receives or retains property of a value, as of the Effective Date of the Plan, equal to the amount of its Allowed Claim or (ii) the holders of Claims and Equity Interests that are junior to the Claims of the dissenting Class will not receive any property under the Plan until the Unsecured Claims are paid in full.

With respect to Equity Interests, "fair and equitable" means either (i) each impaired Equity Interest receives or retains, on account of that Interest, property of a value, as of the Effective Date, equal to the greatest of the Allowed amount of any fixed liquidation preference to which the holder is entitled, any fixed redemption price to which the holder is entitled, or the value of the Equity Interest; or (ii) the holder of any Equity Interest that is junior to the Equity Interest of that Class will not receive or retain under the plan, on account of that junior Equity Interest, any property.

In the event at least one Class of impaired Claims rejects or is deemed to have rejected the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims.

The Proponent believes that the Plan does not discriminate unfairly and is fair and equitable with respect to each impaired Class of Claims and Interests.

ARTICLE XI

EFFECT OF CONFIRMATION OF THE PLAN, INJUNCTION AGAINST ENFORCEMENT OF PRE-CONFIRMATION DEBT AND EXCULPATION

A. Effect of Confirmation of the Plan

Upon confirmation, the provisions of the Plan shall bind all holders of Claims and Interests, whether or not they accept the Plan. On and after the Effective Date, all holders of Claims and Interests are, thus, precluded from asserting any Claim against the Debtor or its assets or properties based on any transaction or other activity of any kind that occurred prior to the Effective Date, except as permitted under the Plan.

Subject to the terms of the Plan and the Confirmation Order, on the Effective Date, the Estate Assets shall be transferred to and become the property of the Liquidating Debtor, including without limitation all Claims, Causes of Action, alter-ego rights, derivative claims, breach of fiduciary duty claims, veil piercing rights and all other property of the estate as such property is defined by section 541 of the Bankruptcy Code and applicable non-bankruptcy law but only to the extent such claims or causes of action were not previously purchased by McLarty in connection with the Sales Transaction or are subsequently contributed by McLarty to the Liquidating Debtor.

Except as otherwise specifically provided in the Plan or in the Confirmation Order, on the Effective Date all of the Estate Assets shall revert in the Liquidating Debtor shall be free of all liens, claims and encumbrances.

Following the Effective Date, the Liquidating Debtor will include all claims owned by the Debtor prior to the Effective Date not previously purchased by McLarty in connection with the Sales Transaction, including all claims recoverable under Chapter 5 of the Bankruptcy Code, including all claims assertable under sections 502, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code, and all claims owned by the Debtor pursuant to section 541 of the Bankruptcy Code or similar state law, including all claims against third parties on account of any indebtedness, and all other claims owed to or in favor of the Debtor to the extent not specifically compromised and released pursuant to the Plan or an agreement referred to or incorporated herein. After the Effective Date, all Causes of Action owned by the Debtor before the Confirmation Date will be preserved and retained for enforcement by the Liquidating Debtor; after the Effective Date, no other party will have the right to assert these claims.

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtor will retain and may enforce, sue on, pursue, settle, or compromise (or decline to do any of the foregoing) all claims, rights or

causes, rights or Causes of Action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtor or the Estate may hold against any Person.

B. Prohibition Against Enforcement of Pre-Confirmation Debt, Exculpation

On and after the Effective Date, except as provided in the Plan or Confirmation Order, all holders of Claims and Interests will be bound by the terms of the Plan and shall be precluded from asserting against the Debtor or its Estate, any Claims, debts, rights, causes of action, liabilities, or Interests relating to the Debtor based upon any act, omission, transaction, or other activity of any nature that occurred prior to the Effective Date.

The Plan also provides that no holder of a Claim or Interest, no Entities who have held, hold, or may hold Claims against or Interests in the Debtor prior to the Effective Date, no other party in interest, none of its respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, and no successors or assigns of any of the foregoing, shall have any cause of action or right of action, whether in law or equity, whether for breach of contract, statute, or tort claim, against the Debtor and its manager for any act or omission other than fraud, willful misconduct or gross negligence, in connection with, relating to, or arising out of, this Chapter 11 Case, the good faith solicitation of the Plan in accordance with section 1125(e) of the Bankruptcy Code, the pursuit of Confirmation of the Plan, consummation of the Plan, or the administration of the Debtor, the Plan or the property sold pursuant to the Sales Transaction or to be distributed under the Plan.

ARTICLE XII
LIQUIDATION ANALYSIS, FEASIBILITY, AND RISK FACTORS

A. Liquidation Analysis

The Plan provides for the liquidation of the Estate Assets remaining after the Sales Transaction.

Because the Debtor's sole remaining assets are Cash on hand, a liquidation of the Debtor's Estate under chapter 7 necessarily will result in less recovery to unsecured Creditors than under the Plan because, under the Plan, distributions are able to be made without incurring additional administrative expenses and statutory commissions of a chapter 7 trustee. Such fees are anticipated to be substantial for the chapter 7 trustee and trustee counsel to familiarize themselves with the Debtor, the Estate, the procedural history, and the extensive litigation involving the Debtor and related parties.

For these reasons, distributors under the Plan will be greater than under a liquidation pursuant to chapter 7 of the Bankruptcy Code.

B. Feasibility of the Plan

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor unless such liquidation is proposed in the Plan.

The Bankruptcy Court previously authorized and the Debtor consummated the sale of substantially all of the Debtor's assets to McLarty. The Plan satisfies section 1129(a)(11) of the Bankruptcy Code, because it provides for the liquidation of the Debtor's assets and the distribution of the proceeds of that liquidation.

C. Risks Associated with the Plan

Both the confirmation and consummation of the Plan are subject to a number of risks. There are certain risks inherent in the confirmation process under the Bankruptcy Code. If certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even no one objects to the Plan. Although the Proponent believes that the Plan meets such standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court were to determine that such requirements were not met, it could require the Proponent to re-solicit acceptances, which could delay and/or jeopardize confirmation of the Plan. The Proponent believes that the Bankruptcy Court will confirm the Plan. The Proponent, however, can provide no assurance that modifications of the Plan will not be required to obtain confirmation of the Plan, or that such modifications will not require a re-solicitation of acceptances.

ARTICLE XIII

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Proponent believes that the Plan affords holders of Claims the greatest realization on the Debtor's assets and, therefore, is in the best interests of such holders. If the Plan is not confirmed, however, the theoretical alternatives include: (a) continuation of the pending Chapter 11 Case; (b) an alternative plan or plans of liquidation; (c) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, or (d) dismissal of the Chapter 11 Case.

A. Continuation of the Chapter 11 Case.

Now that the Sale Transaction has been approved and consummated, the Debtor has no realistic proposition for reorganization or continuation of its business.

B. Alternative Plans of Liquidation.

If the Plan is not confirmed, the Debtor or any other party in interest in the Chapter 11 Case, could propose a different plan or plans. Such plans might involve either a reorganization and continuation of the Debtor's business, or an orderly liquidation of its assets, or a combination of both.

C. Liquidation Under Chapter 7.

If no plan is confirmed, the Chapter 11 Case may be converted to a case under Chapter 7 of the Bankruptcy Code. In a Chapter 7 case, a trustee or trustees would be appointed to liquidate the assets of the Debtor. The Estate would be burdened with additional administrative expenses associated with the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustee. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation.

D. Dismissal

If the Debtor's bankruptcy cases were to be dismissed, they would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code, including the automatic stay. Without such fundamental protections preventing holders of Claims from taking actions against the Debtor, holders of Claims would be allowed to pursue their Claims against the Debtor outside of the bankruptcy proceeding. Accordingly, the Proponents believe that dismissal of the Debtor's bankruptcy case, which would likely result in a piecemeal dismemberment of the Debtor's remaining assets, would not serve the best interests of holders of Claims and Interests. Rather, the Plan will result in greater certainty and a greater potential recovery to Creditors.

ARTICLE XIV
RECOMMENDATION AND CONCLUSION

A. Hearing on and Objections to Confirmation.

1. Confirmation Hearing

The hearing on confirmation of the Plan has been scheduled for _____ at _____ (Central daylight time). The hearing may be adjourned from time to time by announcing the adjournment in open court, all without further notice to parties in interest, and the Plan may be modified by the Debtor under Bankruptcy Code § 1127 before, during, or as a result of that hearing, without further notice to parties in interest.

2. Date Set for Filing Objections to Confirmation of the Plan

The time by which all objections to confirmation of the Plan must be filed with the Bankruptcy Court and received by the parties listed in the Confirmation Hearing Notice has been set for _____ (Central daylight time). A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement.

B. Recommendation.


The Plan provides for an equitable distribution to Creditors of the Debtor through an orderly liquidation of the remaining assets. The Proponent believes that any alternative to confirmation of the Plan, such as attempt by another party in interest to file a plan or conversion to Chapter 7, could result in significant delays, litigation, and costs. Moreover, the Proponent believes that its Creditors will receive earlier recoveries under the Plan than those that would be achieved under an alternative plan.

Dated: July 19, 2017.

Respectfully submitted,

HBT JV, LLC

By:



Kenneth L. Schnitzer, Manager

APPROVED:

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DISCLOSURE STATEMENT

APPENDIX 1
ESTIMATED LIQUIDATION ANALYSIS

HBT JV, LLC
Estimated Liquidation Analysis

<u>Assets</u>		
McLarty Sale Proceeds	\$	25,607,743
Retained Assets		3,600,565
Total Assets Available	\$	29,208,308
<u>Less: Secured Claims</u>		
Mercedes-Benz Floor Plan Financing	\$	11,642,403
<u>Less: Administrative Claims</u>		
Professionals:		
Prostok	\$	666,292
Focus Management Group		69,767
JND/Upshot		43,806
Audit		100,000
Trustee Fees		60,000
Total Administrative Claims	\$	939,865
<u>Less: Pre-Petition Priority</u>	\$	unknown
<u>Lees: General Unsecured Claims</u>		
Accounts Payable	\$	691,177
Miscellaneous Contingency		151,570
Accrued Liabilities - Non-Affiliates		792,490
Accrued Liabilities - Affiliates:		
DK8 Notes		790,000
HBT Land		1,159,590
DK8 Indemnity		673,149
Park Place Motors		743,000
Post-Petition Interest		125,000
Total General Unsecured Claims	\$	5,125,976
Net Available for Distribution to Equity Owners	\$	11,500,064

HBT JV, LLC
Estimated Liquidation Analysis

Distribution to Equity Owners

Net Available for Distribution to Equity Owners	\$ 11,500,064		
	DK8	Bernal	Total
DK8 LLC Priority Return	\$ 127,234	\$ -	\$ 127,234
DK8 LLC Equity Preference	1,300,000	-	1,300,000
Pro-Rata Balance	5,237,872	4,834,958	10,072,830
Excess Tax Distribution Adjustment	108,333	(108,333)	-
Total Share (Before Note Repayment)	\$ 6,773,439	\$ 4,726,625	\$ 11,500,064
Repayment of Bernal N/P	2,567,000	(2,567,000)	
Interest on Bernal N/P	231,661	(231,661)	
Pre-Tax Cash Distributions	\$ 9,572,100	\$ 1,927,964	\$ 11,500,064

Exhibit “A”
To
Disclosure Statement

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COUNSEL TO HBT JV, LLC

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:	§	
	§	Chapter 11
	§	
HBT JV, LLC, et al.	§	Case No.: 17-40659-mxm11
	§	
Debtor.	§	(Jointly Administered)
	§	

**HBT JV, LLC'S
PLAN OF LIQUIDATION**

Dated: July 19, 2017

TABLE OF CONTENTS

	Page
ARTICLE 1	INTRODUCTION1
1.01	Introduction.....1
ARTICLE 2	DEFINITIONS AND RULES OF INTERPRETATION3
2.01	Rules of Interpretation3
2.02	Definitions.....3
ARTICLE 3	TREATMENT OF UNCLASSIFIED CLAIMS.....10
3.01	Unclassified Claims10
3.02	Allowed Administrative and Priority Tax Claims10
ARTICLE 4	CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS11
4.01	Class 1 Claims: Priority Non-Tax Claims11
4.02	Class 2 Claims: Secured Claims11
4.03	Class 3 Claims: General Unsecured Claims12
4.04	Class 4 Interests: Equity Interests12
ARTICLE 5	TREATMENT OF CLAIMS AND EQUITY INTERESTS12
5.01	Treatment of Class 1 Claims (Allowed Priority Non-Tax Claims)12
5.02	Treatment of Class 2 Claims (Allowed Secured Claims)12
5.03	Treatment of Class 3 Claims (Allowed General Unsecured Claims)12
5.04	Treatment of Class 4 Interests (Equity Interests).....13
5.05	Tax Identification Numbers13
ARTICLE 6	MEANS FOR THE IMPLEMENTATION OF THE PLAN13
6.01	Liquidating Debtor13
6.02	Management of the Liquidating Debtor.....13
6.03	Continued Operations14
6.04	Actions Without Bankruptcy Court Approval15
6.05	Costs of Continued Operations15
6.06	Limitations on Cash Accumulation and Investment Powers of the Liquidating Debtor15
6.07	Depositories15
6.08	Maintenance of Register15
6.09	Determination of Disputed Claims15
ARTICLE 7	EXECUTORY CONTRACTS AND UNEXPIRED LEASES15

7.01	Assumption or Rejection of Executory Contracts and Unexpired Leases.....	15
7.02	Approval of Assumption or Rejection	16
7.03	Rejection Damages Bar Date	16
ARTICLE 8	DETERMINATION OF CLAIMS	16
8.01	Objections to Claims.....	16
8.02	Distributions upon Allowance or Disallowance of Disputed Claims	16
8.03	Contingent Claims	16
ARTICLE 9	PRESERVATION OF LITIGATION CLAIMS	16
9.01	Avoidance Actions; Estate Litigation Claims.....	16
9.02	Prosecution of Estate Litigation Claims	17
9.03	Distribution of Estate Litigation Claim Proceeds	17
9.04	Preservation of Insurance.....	17
ARTICLE 10	CONDITIONS PRECEDENT	17
10.01	Conditions to Confirmation	17
10.02	Conditions to Effectiveness	18
10.03	Waiver of Conditions.....	18
10.04	Notice of Effective Date	18
ARTICLE 11	TITLE TO PROPERTY; THIRD-PARTY RIGHTS AND RELEASES	19
11.01	Injunction	19
11.02	Exculpation	20
11.03	Preservation of Insurance.....	20
ARTICLE 12	RETENTION OF JURISDICTION.....	20
12.01	Jurisdiction.....	20
ARTICLE 13	AMENDMENT AND WITHDRAWAL OF PLAN	21
13.01	Amendment of Plan	22
13.02	Revocation or Withdrawal of Plan.....	22
ARTICLE 14	ADMINISTRATIVE PROVISIONS.....	22
14.01	Effectuating Documents; Further Transactions; Timing	22
14.02	Exemption From Transfer Taxes	22
14.03	Binding Effect.....	22
14.04	Governing Law	23
14.05	Modification of Treatment of Claims	23

14.06	Setoffs and Recoupment	23
14.07	Notices	23
14.08	Delivery of Notices	23
14.09	Severability	23
14.10	Plan Documents	24
14.11	Inconsistency	24
14.12	Withholding and Reporting Requirements	24
14.13	Post-Effective Date Fees; Final Decree	24
14.14	De Minimis Distributions	24
14.15	Method of Payment; Payments, Filings, and Notices Only on Business Days	25
ARTICLE 15	CONFIRMATION REQUEST	25

ARTICLE 1 INTRODUCTION

1.01 Introduction. HBT JV, LLC (the “**Debtor**”), the debtor and debtor-in-possession in the above-captioned chapter 11 case (the “**Bankruptcy Case**”) proposes the following plan of liquidation for the resolution of the outstanding claims and equity interests in the Debtor.

The Plan constitutes a liquidating Chapter 11 plan and serves as the mechanism for distributing the Sale Proceeds and the proceeds from the liquidation of the remaining assets of the Estate. Except as otherwise provided by order of the Bankruptcy Court, Distributions will occur on or as soon as practicable after the later of (i) the Effective Date, and (ii) the date on which such Claim becomes an Allowed Claim.

Subject to the restrictions on modifications set forth in § 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and the restrictions on modifications set forth herein, the Debtor expressly reserves the right to alter, amend or modify the Plan before its substantial consummation.

SUMMARY OF THE PLAN

The following is a brief summary of the Plan. This summary is qualified in its entirety by reference to the provisions of the entire Plan. The Plan contemplates the liquidation of substantially all of the Debtor's assets pursuant to the terms of this Plan. Proceeds from the liquidation of the assets will be distributed to Creditors and Equity Owners according to the terms of this Plan.

The Plan provides for the payment in full of all Allowed Claims, with all remaining funds to be distributed to Equity Owners. All Classes of Creditors are unimpaired and deemed to have accepted the Plan. Accordingly, no votes are being solicited for confirmation of the Plan of Liquidation.

The Plan summary is as follows:

CLASS	CLAIMANT	TREATMENT
N/A	ALLOWED ADMINISTRATIVE EXPENSE AND PRIORITY TAX CLAIMS	Paid in full as soon as practicable on or after the later of (i) the Effective Date, and (ii) the date on which such claim becomes an Allowed Claim, except with respect to Priority Tax Claims based on <i>ad valorem</i> taxes, which shall be paid in full pursuant to the Sale Order.
CLASS	CLAIMANT	TREATMENT
1.	ALLOWED PRE-PETITION PRIORITY NON-TAX CLAIMS	Paid in full as soon as practicable on or after the later of (i) the Effective Date, and (ii) the date on which such claim becomes an Allowed Claim.
2.	ALLOWED SECURED CLAIMS	Each holder of an Allowed Secured Claim shall receive, at the discretion of the Liquidating Debtor, either (a) transfer of title to its Collateral in full and final satisfaction of its Allowed Secured Claim, or (b) the net proceeds from the sale of its Collateral immediately following the sale thereof by the Liquidating Debtor.
3.	ALLOWED GENERAL UNSECURED CLAIMS	Paid in full as soon as practicable on or after the later of (i) the Effective Date, and (ii) the date on which such claim becomes an Allowed Claim.
4.	EQUITY INTERESTS OF MEMBERS	Holders of Equity Interests shall retain their Interests and shall be entitled to receive their applicable share of the net proceeds from the liquidation of the Debtor's assets, after payment of or reservation for all Allowed Claims, as provided in this Plan.

ARTICLE 2
DEFINITIONS AND RULES OF INTERPRETATION

2.01 Rules of Interpretation. Except as expressly provided or unless the context otherwise requires, all capitalized terms used in the Plan not defined when used have the meanings ascribed to them in Article 2.02 of the Plan. Any term used in the Plan that is not defined in the Plan but is defined in the Bankruptcy Code or the Bankruptcy Rules retains the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules. Whenever the context requires, terms include the plural as well as the singular and the masculine gender as well as the feminine gender. Additionally,

- a. Bankruptcy Rule 9006(a) applies when computing any time period under the Plan.
- b. Without limiting the foregoing, the rules of construction set forth in § 102 shall apply to the Plan, unless superseded herein.
- c. The definition given to any term or provision in the Plan supersedes and controls any different meaning that may be given to that term or provision in the Disclosure Statement.
- d. Whenever it is appropriate from the context, each term, whether stated in the singular or the plural, includes both the singular and the plural.
- e. Any reference to a document or instrument being in a particular form or on particular terms means that the document or instrument will be substantially in that form or on those terms or as amended by the terms thereof.
- f. Any reference to an existing document means the document as it has been, or may be, amended or supplemented.
- g. Unless otherwise indicated, the phrase “under the Plan” and similar words or phrases refer to the Plan in its entirety rather than to only a portion of the Plan.
- h. Unless otherwise specified, all references to Sections or Exhibits is references to the Plan’s Sections or Exhibits.
- i. Section captions and headings is used only as convenient references and do not affect the Plan’s meaning.
- j. Unless otherwise indicated, use of the symbol “§” shall refer to that section in the Bankruptcy Code.

2.02 Definitions. As used in the Plan, the following terms have the following meanings:

“*Administrative Claim*” means a Claim for any cost or expense of administration of the Chapter 11 Case Allowed under §§ 503(b), 507(b) or 546(c)(2) and entitled to priority under § 507(a)(1), including, without limitation: (a) fees payable under 28 U.S.C. § 1930; (b) actual and

necessary costs and expenses incurred in the ordinary course of the Debtor's post-petition business; (c) actual and necessary costs and expenses of preserving the Estate or administering the Chapter 11 Case; (d) all Professional Fee Claims to the extent Allowed by Final Order under §§ 330, 331, or 503.

“Administrative Expense Bar Date” means the first Business Day that is 30 days after the Effective Date.

“Affiliate” means any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person and, with respect to any specified natural Person, any other Person having a relationship by blood, marriage, or adoption not more remote than first cousins with such natural Person. For purposes of this definition, “controlling” (including, with correlative meanings, the terms “controlled by” and “under direct or indirect common control with”), as used with regard to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement, or otherwise.

“Allowed” means (a) a Claim that has been allowed by a Final Order or (b) with respect to any Claim against, or Equity Interest in, the Debtor: (i) (A) proof of which, request for payment of which, or application for allowance of which, was filed or deemed filed with the Bankruptcy Court on or before the Bar Date, the Administrative Expense Bar Date, the Professional Fee Bar Date, or the Rejection Damages Bar Date (as defined in section 7.03 of this Plan), as applicable, for filing proofs of claim or equity interest or requests for payment for Claims of such type against the Debtor or such date as established by order of the Bankruptcy Court, or (B) a Claim or Equity Interest that is allowed by the Debtor; (ii) listed as undisputed, liquidated, and non-contingent in the Schedules and as to which no objection to its allowance or motion to estimate for purposes of allowance has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court; and (iii) in each case, a Claim or Equity Interest as to which no objection to its allowance or motion to estimate for purposes of allowance has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court or, as to which any such objection or motion has been interposed, to the extent allowed by a Final Order. The term “Allowed,” when used to modify a reference in the Plan to any Claim, Equity Interest, Class of Claims, or Class of Equity Interests, means a Claim or Equity Interest (or any Claim or Equity Interest in any such Class) that is so allowed (e.g., an “Allowed Secured Claim” is a Claim that has been allowed to the extent of the value, as determined by the Bankruptcy Court under Bankruptcy Code § 506(a), of any interest in property of the Estate securing such Claim). For the avoidance of doubt, distributions on account of Allowed Claims shall be determined based on the amount of such Claim as of the Record Date.

“Avoidance Actions” means all statutory causes of action preserved for the Estate under §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, and 724(a) that the Debtor or the Estate may have against any Person including, without limitation, those listed in **Exhibit “A”** to the Plan. Failure to list an Avoidance Action in the Plan does not constitute a waiver or release by the Debtor of such Avoidance Action.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended from time to time and as applicable to the Chapter 11 Cases.

“**Bankruptcy Court**” means the United States District Court for the Northern District of Texas, Fort Worth Division having jurisdiction over the Chapter 11 Case and, to the extent of any reference under 28 U.S.C. § 157, the bankruptcy unit of such District Court under 28 U.S.C. § 151.

“**Bankruptcy Rules**” means collectively, the Federal Rules of Bankruptcy Procedure as promulgated under 28 U.S.C. § 2075 and any Local Rules of the Bankruptcy Court, as applicable to the Chapter 11 Case.

“**Bar Date**” means July 20, 2017, which is the date fixed by the Bankruptcy Court by which Persons asserting a Claim against, or Equity Interest in, the Debtor (*except* Administrative Claims and Claims arising from the rejection of executory contracts and unexpired leases in accordance with Article 7 of the Plan) is required to file a proof of claim or equity interest or a request for payment or be forever barred from asserting a Claim against or Equity Interest in the Debtor or its property, from voting on the Plan, and from sharing in distributions under the Plan.

“**Bernal**” means Victor Bernal.

“**Bernal Note**” means the promissory note in the original principal amount of \$2,567,000 executed by Bernal and made payable to DK8 LLC dated December 27, 2012.

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

“**Cash**” means currency, checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks, money orders, negotiable instruments, wire transfers of immediately available funds, or other similar items.

“**Cause of Action**” means any and all actions, proceedings, causes of action, obligations, suits, judgments, damages, demands, debts, accounts, controversies, agreements, promises, liabilities, powers to avoid transfers, legal remedies, equitable remedies, and claims (and any rights to any of the foregoing) that belong to any Debtor or its Estate as of the Effective Date that have been or may be asserted against any third party, whether core or non-core, reduced to judgment, not reduced to judgment, liquidated, unliquidated, known or unknown, foreseen or unforeseen, fixed, contingent, matured, unmatured, disputed, undisputed, then existing or thereafter arising, secured or unsecured, and whether asserted or assertable directly or derivatively or as a defense, counterclaim or cross-claim, in law, equity or otherwise including any recharacterization, subordination, avoidance or other claim, power or right arising under or pursuant to § 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state or federal law. Causes of Action include (a) rights of setoff, counterclaim or recoupment, and claims on contracts or for breaches of duties imposed by law, (b) the right to object to claims or interests, (c) all non-bankruptcy law claims and defenses, whether in tort or based on a contract, including without limitation, fraud, negligent misrepresentations, intentional or negligent mismanagement, mistake, professional malpractice, duress and usury, (d) Avoidance Actions, (f) claims for tax refunds, (g) claims to recover outstanding accounts receivable, (h) such claims and defenses as

alter ego and substantive consolidation, and (i) any other claims which may be asserted against third parties.

“**Chapter 11 Case**” means the case under Chapter 11 of the Bankruptcy Code in which the Debtor is the Debtor and Debtor-in-possession, pending before the Bankruptcy Court.

“**Claim**” means a claim against the Debtor or its property as defined in § 101(5), including, without limitation: (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured arising at any time before the Effective Date; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

“**Class**” means a category consisting of holders of Claims or Equity Interests substantially similar in nature to the Claims or Equity Interests of other holders placed in that category, as designated in Article 4 of the Plan.

“**Collateral**” means any property or interest in property of the Estate subject to a Lien to secure the payment or performance of a Claim, the Lien not being subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

“**Company Agreement**” means the Second Amended and Restated Company Agreement of HBT JV, LLC dated December 27, 2012.

“**Confirmation Date**” means the date the Bankruptcy Court enters the Confirmation Order.

“**Confirmation Hearing**” means the hearing held by the Bankruptcy Court to consider confirmation of the Plan under § 1129, as such hearing may be continued or adjourned from time to time.

“**Confirmation Order**” means the order of the Bankruptcy Court confirming the Plan in accordance with the Bankruptcy Code. The Confirmation Order does not have to be a Final Order.

“**Contingent Claim**” means any Claim for which a proof of claim has been filed with the Bankruptcy Court that: (a) was not filed in a fixed amount, or has not accrued and depends on a future event which has not occurred and may never occur, and (b) has not been Allowed on or before the Confirmation Date.

“**Creditor**” means any holder of a Claim, whether or not such Claim is an Allowed Claim, encompassed within the statutory definition set forth in Bankruptcy Code § 101(10).

“**Cure**” means the payment on the Effective Date of Cash or other property as a condition to the assumption or assumption and assignment by Debtor of an executory contract or unexpired lease of nonresidential real property, in accordance with § 365(b).

“**Debtor**” means HBT JV, LLC, as Debtor and Debtor-in-possession in the Chapter 11 Case under §§ 1107 and 1108.

“**Disallowed**” means in reference to a Claim, a Claim or any portion of a Claim that has been disallowed, overruled, withdrawn, or expunged by Final Order.

“**Disclosure Statement**” means the written disclosure statement relating to the Plan including, without limitation, all exhibits and schedules to such disclosure statement, in the form approved by the Bankruptcy Court under § 1125 and Bankruptcy Rule 3017.

“**Disputed**” means with respect to Claims or Equity Interests, any Claim or Equity Interest: (a) that is listed in the Schedules as unliquidated, disputed, or contingent, or as to which the Debtor or any other party-in-interest has (i) interposed a timely objection or request for estimation, or (ii) sought to equitably subordinate or otherwise limit recovery in accordance with the Bankruptcy Code and the Bankruptcy Rules, in each case where such listing, objection, request for estimation, or action to limit recovery has not been withdrawn or determined by a Final Order; or (b) that is a Contingent Claim.

“**Effective Date**” means the first Business Day that is fifteen days after the Confirmation Date and on which (a) no stay of the Confirmation Order is in effect and (b) all conditions to effectiveness set forth in the Plan and the Confirmation Order have been satisfied or waived in accordance with the terms of the Plan.

“**Equity Interest**” means any interest in the Debtor represented by any class or series of membership interests or common or preferred stock issued before the Effective Date, and any warrants, options, or rights to purchase any such common or preferred stock.

“**Executory Contract**” means any executory contract or unexpired lease which is subject to section 365 of the Bankruptcy Code.

“**Estate**” means the estate for Debtor created in the Chapter 11 Case in accordance with § 541.

“**Estate Litigation Claims**” means all rights, claims, counterclaims, defenses, torts, Liens, actions, causes of action, avoiding powers, proceedings, debts, contracts, judgments, offsets, damages and demands whatsoever in law or in equity, including Avoidance Actions, whether known or unknown, contingent or otherwise, that the Debtor or the Estate may have against any Person as of the Effective Date, including without limitation, all such Estate Litigation Claims described on **Exhibit “A”** of this Plan. Failure to list an Estate Litigation Claim in the Plan does not constitute a waiver or release by the Debtor of such Estate Litigation Claim.

“**Final Order**” means an order or judgment of the Bankruptcy Court: (a) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired, or as to which any right to appeal, petition for certiorari, reargue, or rehear has been waived in writing in form and substance satisfactory to the Debtor; and (b) if an appeal, writ of certiorari, or reargument or rehearing has been sought, as to which the highest court to which such order was appealed, or certiorari, reargument or rehearing was sought, has determined such appeal, writ of certiorari, reargument, or rehearing, or has denied such appeal, writ of certiorari, reargument, or rehearing, and the time to take any further appeal, petition for writ of certiorari, or move for reargument or rehearing has expired; but the filing of a motion under Rule 59 or 60 of the Federal Rules of Civil

Procedure, or any analogous rule under the Bankruptcy Rules, with respect to such order does not prevent such order from being a Final Order.

“General Unsecured Claim” means a Claim that is not a Secured Claim, an Administrative Claim, a Priority Tax Claim, or any other Claim entitled to priority treatment under 11 U.S.C. §507.

“Impaired” means when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of § 1124.

“Lien” means a lien as defined in § 101(37), except a lien that has been avoided in accordance with §§ 544, 545, 546, 547, 548, or 549.

“Liquidating Debtor” means HBT JV, LLC as liquidating Debtor under the terms of this Plan.

“Person” means any individual, corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint-stock company, trust, unincorporated association or organization, governmental agency or associated political subdivision.

“Petition Date” means February 20, 2017, the date on which the petition was filed commencing the Chapter 11 Case.

“Plan” means this Plan of Liquidation, either in its present form or as it may be amended, supplemented or modified from time to time in accordance with the terms of the Plan, including, except where the context otherwise requires, all its annexed exhibits and schedules.

“Plan Documents” means collectively, (a) the Plan, (b) the Disclosure Statement, and (c) the Plan/Disclosure Statement Summary, copies of which are attached as exhibits to the Plan or which will be filed with the Bankruptcy Court no later than ten days before the Confirmation Hearing, and any other contracts, instruments, releases, and other agreements or documents to be executed in order to consummate the transactions contemplated under the Plan or otherwise necessary to effect and further evidence the terms and conditions of the Plan.

“Post-Petition Interest” and **“Plan Rate”** means interest on the Allowed Amount of a Claim from February 20, 2017 to and including five (5) Business Days immediately prior to the date a distribution is made on account of such Claim (**“Post-Petition Interest”**). Except as established pursuant to the procedure set forth in section 5.03 of this Plan with respect to Class 3 Claims, Post-Petition Interest shall be calculated at the Texas post-judgment rate in accordance with Section 304.003(c) of the Texas Finance Code (the **“Plan Rate”**).

“Priority Tax Claim” means any Claim of the kind specified in § 507(a)(8) against a Debtor.

“Professional” means a Person: (a) employed in the Chapter 11 Case in accordance with an order of the Bankruptcy Court under §§ 327, 328 or 1103 and to be compensated for services under §§ 327, 328, 329, 330, and 331; or (b) for whom compensation and reimbursement has been Allowed by a Final Order under § 503(b).

“Professional Fee Bar Date” means the deadline established by Section 3.02(d).

“Professional Fee Claim” means an Administrative Claim for compensation and reimbursement of expenses of a Professional rendered or incurred before the Effective Date submitted in accordance with §§ 328, 330, 331, or 503(b).

“Purchase Agreement” means that certain *Asset Purchase and Sale Agreement* dated as of March 22, 2017, among HBT JV, LLC and the Purchaser, approved by the Sale Order.

“Purchaser” means RLJ-McLarty Landers Automotive Holdings, LLC.

“Record Date” means the Confirmation Date.

“Rejection Claims” means all Claims arising from the rejection by any Debtor of an executory contract or unexpired lease of nonresidential real property either during the Chapter 11 Case or in connection with the Plan, including, without limitation, Claims for future rents under § 502(b)(6) or future contract payments and Unsecured Claims for unpaid rent or contract payments accruing before the Petition Date. Rejection Claims do not include Claims for unpaid rent or contract payments arising under a rejected executory contract or unexpired lease of nonresidential real property after the Petition Date and before the effective date of the rejection of such contract or lease.

“Sale Motion” means that certain motion filed at Docket No. 121 in Case No. 17-40659 entitled the *Motion for Order Approving/Authorizing (I) Sale of Substantially All of the Assets of HBT JV, LLC Free and Clear of All Clients, Claims, Encumbrances, and Interests and (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale*.

“Sale Order” means that certain order entered at Docket No. 269 in Case No. 17-40659 entitled the *Order Approving/Authorizing (I) Sale of Substantially All of the Assets of HBT JV, LLC Free and Clear of All Clients, Claims, Encumbrances, and Interests and (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale*.

“Sale Proceeds” means the net proceeds from the sale of assets to Purchaser pursuant to the Sale Order and the Purchase Agreement.

“Sale Transaction” means the sale of substantially all of the Debtor’s assets pursuant to the Sale Order and the Purchase Agreement.

“Schedules” means the schedules of assets and liabilities, the list of holders of interests, and the statements of financial affairs filed by the Debtor under § 521 and Bankruptcy Rule 1007, as such schedules, list, and statements may have been or may be supplemented or amended from time to time.

“Secured Claim” means any Claim (a) listed in the Schedules as a liquidated, noncontingent, and undisputed secured Claim, or (b) reflected in a proof of claim as a secured Claim, that is secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with § 506(a), or, if such Claim is subject to setoff under § 553, net of

such setoff. For the avoidance of doubt, the term Secured Claim does not include any claim that was secured by property that was sold to the Purchaser under the Sale Transaction

“*Security Interest*” means as defined in § 101(51).

“*Transfer Agreement*” means the *Transfer Agreement and Related Matters Regarding HBT JV, LLC* executed by and between Bernal and DK8 LLC dated December 27, 2012.

ARTICLE 3 TREATMENT OF UNCLASSIFIED CLAIMS

3.01 Unclassified Claims. As provided in § 1123(a)(1), Administrative Claims and Priority Tax Claims are not classified for purposes of voting on, or receiving distributions under, the Plan. Holders of such Claims are not entitled to vote on the Plan. All such Claims are instead treated separately in accordance with Section 3.02 of the Plan and in accordance with the requirements set forth in § 1129(a)(9)(A).

3.02 Allowed Administrative and Priority Tax Claims.

a. **Generally.** Except to the extent that any Person entitled to payment of an Allowed Administrative and Priority Tax Claim agrees to a less favorable treatment or unless otherwise ordered by the Bankruptcy Court, each holder of an Allowed Administrative and Priority Tax Claim (other than a Priority Tax Claim based on *ad valorem* taxes) shall receive, in full satisfaction, discharge, exchange, and release thereof, Cash in an amount equal to such Allowed Claim on or as soon as practicable after the later of (i) the Effective Date, and (ii) the date on which such Claim becomes an Allowed Claim. Priority Tax Claims based on *ad valorem* taxes shall be paid in full when due in accordance with the Sale Order. Notwithstanding the foregoing, Administrative Claims incurred by the Debtor in the ordinary course of business shall be paid in full in accordance with the terms and conditions of the particular transactions and any applicable agreements or as otherwise authorized by the Bankruptcy Code.

b. **Administrative Expense Bar Date.** All requests for allowance and payment of an Administrative Expense must be filed with the Bankruptcy Court no later than the Administrative Expense Bar Date or be forever barred. Any objection to the allowance of an Administrative Expense, other than a Professional Fee Claim, must be filed no later than thirty (30) days after the expiration of the Administrative Expense Bar Date (the “**Administrative Expense Objection Deadline**”). The Administrative Expense Objection Deadline may be extended only by an order of the Bankruptcy Court. If no objection to the allowance of an Administrative Expense is filed on or before the Administrative Expense Objection Deadline, such Administrative Expense shall be deemed Allowed as of such date.

c. **U.S. Trustee Fees.** All outstanding fees owed to the Office of the U.S. Trustee pursuant to 28 U.S.C. § 1930 that have not been paid as of the Effective Date shall be paid when due in accordance with applicable law. The Debtor shall continue to file required quarterly reports until the Chapter 11 Case is closed under § 350.

d. **Professional Fee Claims.**

(i) All final applications for allowance and payment of a Professional Fee Claim for services rendered or reimbursement of expenses incurred through and including the Effective Date must be filed with the Bankruptcy Court and served no later than forty-five (45) days after the Effective Date or such other date as may be fixed by the Bankruptcy Court. All objections to allowance of Professional Fee Claims through the Effective Date must be timely filed and served in accordance with the deadlines established by the Bankruptcy Court.

(ii) Except to the extent that any Person entitled to payment of any Allowed Professional Fee Claim agrees to a less favorable treatment or unless otherwise ordered by the Bankruptcy Court, each holder of an Allowed Professional Fee Claim shall receive, in full satisfaction, discharge, exchange, and release thereof, Cash in an amount equal to such Allowed Professional Fee Claim within five (5) Business Days after such Professional Fee Claim becomes an Allowed Professional Fee Claim, unless the Holder agrees to defer a payment of a portion of its Allowed Professional Fee Claim.

e. **Post-Effective Date Professional Fees.** All claims of Professionals for services rendered or expenses incurred after the Effective Date in connection with the Chapter 11 Case and the Plan including, without limitation, those relating to consummation of the Plan, any appeal of the Confirmation Order, the preparation, filing, and review of Professional Fee Claims, the prosecution of Estate Litigation Claims and the resolution of Disputed Claims, will be paid by the Debtor on receipt of an invoice for such services, or on such other terms as the Debtor and the Professional may agree, without the need for further Bankruptcy Court authorization or entry of a Final Order. The Debtor will have ten days after receiving any such invoice to object to any item contained in that invoice. If the Debtor and any Professional cannot agree on the amount of post-Effective Date fees and expenses to be paid to the Professional, the Professional may seek Bankruptcy Court approval of the requested amount.

**ARTICLE 4
CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

The Claims of the Creditors are divided into the classes listed below. A Claim will be placed in a particular class only to the extent that the Claim qualifies within the description of that class and may be in a different class to the extent that the remainder of such Claim qualifies within the description of such different class. A Claim will be entitled to the treatment accorded a particular class only to the extent that such Claim is an Allowed Claim.

4.01 Class 1 Claims: Priority Non-Tax Claims. All Claims which are (i) accorded priority status pursuant to § 507 of the Bankruptcy Code, (ii) Allowed, and (iii) not an Administrative Expense or Priority Tax Claim. Class 1 is unimpaired.

4.02 Class 2 Claims: Secured Claims. All Secured Claims which are Allowed and not previously satisfied by the Debtor. Class 2 is unimpaired

4.03 Class 3 Claims: General Unsecured Claims. All Claims which are Allowed and which are General Unsecured Claims, other than those Claims included in Class 1. Class 3 is unimpaired.

4.04 Class 4 Interests: Equity Interests. All Equity Interests in the Debtor. Class 4 is unimpaired.

ARTICLE 5 TREATMENT OF CLAIMS AND EQUITY INTERESTS

Except as provided herein, each Allowed Claim classified in Article IV shall be satisfied in full upon the delivery to the holder of such Claim by the Liquidating Debtor of the Cash, property or other consideration provided for in this Article V for Claims in the class to which such Allowed Claim belongs. Following the entry of the Confirmation Order, the rights of all Creditors shall be limited exclusively to the specific benefits made available and set forth under this Plan.

5.01 Treatment of Class 1 Claims (Allowed Priority Non-Tax Claims). Each holder of an Allowed Class 1 Claim shall be paid in full and shall receive Cash in an amount equal to the principal amount of such Allowed Claim, plus Post-Petition Interest at the Plan Rate or, if applicable, the non-default governmental rate of interest for such Allowed Claim, as soon as practicable on the later of the Effective Date and the date on which the Claim becomes an Allowed Claim. Class 1 is unimpaired. Holders of Class 1 Claims are conclusively presumed to have accepted the Plan and, accordingly, are not entitled to vote on the Plan.

5.02 Treatment of Class 2 Claims (Allowed Secured Claims). Each Allowed Class 2 Claim shall be satisfied, at the option of the Liquidating Debtor, by (a) the return of the Collateral to the Creditor in full and final satisfaction of the Creditor's Claim, or (b) the payment of the proceeds upon liquidation of the Collateral, less any expenses incurred in liquidation. Any deficiency Claim of the Class 2 Creditor, to the extent Allowed, shall be included as a Class 3 General Unsecured Claim. Class 2 is unimpaired. Holders of Class 2 Claims are conclusively presumed to have accepted the Plan and, accordingly, are not entitled to vote on the Plan.

5.03 Treatment of Class 3 Claims (Allowed General Unsecured Claims). Each holder of an Allowed General Unsecured Claim (except any holder that agrees to lesser or otherwise different treatment), shall be paid in full and shall receive Cash in an amount equal to the principal amount of such Allowed General Unsecured Claim, plus Post-Petition Interest as provided below, as soon as practicable on the later of the Effective Date and the date on which the Claim becomes an Allowed Claim.

Any Class 3 Claimant seeking payment of Post-Petition Interest on such holder's Allowed Claim at a rate other than the Plan Rate shall file a motion seeking such relief within 30 days after the Effective Date. Any such motion must include all of the documentation upon which the Claimant relies including, but not limited to, the contract with the Debtor, to establish the Claimant's entitlement to Post-Petition Interest at a rate other than the Plan Rate. The Debtor shall have 30 days from receipt of any such motion to resolve any objection to the motion without need of Bankruptcy Court approval, and if resolved, the Debtor shall file with the Bankruptcy Court a notice that the matter has been resolved. The Bankruptcy Court retains jurisdiction to resolve any

objections to such motions in the event the Debtor and the Claimant cannot reach an agreement. Notwithstanding the above, the inclusion of a claim for post-petition interest in excess of the Plan Rate, together with proper documentation as provided above, in a Proof of Claim filed prior to the Bar Date shall be sufficient to establish such Claimant's request for payment of Post-Petition Interest in excess of the Plan Rate, subject to any parties' right to object to such filed Claim as provided in section 8.01 of this Plan. If a Claimant's right to Post-Petition Interest in excess of the Plan Rate has not been resolved by agreement or Final Order prior to the date of distribution of the principal of such Claimant's Allowed Claim as provided above, such Claimant initially will be paid Post-Petition Interest at the Plan Rate and subsequently will be paid additional Post-Petition Interest to the extent Allowed pursuant to these procedures as soon as practicable thereafter.

Class 3 is unimpaired. Holders of Class 3 Claims are conclusively presumed to have accepted the Plan and, accordingly, are not entitled to vote on the Plan.

5.04 Treatment of Class 4 Interests (Equity Interests). Holders of existing Equity Interests in the Debtor shall retain their Interests and shall be entitled to receive their applicable share of the net proceeds from the liquidation of the Debtor's assets, in accordance with the Company Agreement, the Transfer Agreement and the Bernal Note, after payment or reservation for all Claims and expenses of the Liquidating Debtor as provided in this Plan. Class 4 is unimpaired. Holders of Class 4 Interests are conclusively presumed to have accepted the Plan, are unimpaired and, accordingly, are not entitled to vote on the Plan.

5.05 Tax Identification Numbers. The Liquidating Debtor may require any of the Creditors or Equity Interest holders to furnish to the Liquidating Debtor its employer or taxpayer identification number as assigned by the Internal Revenue Service, and the Liquidating Debtor may condition any Distribution to any of the Creditors or Equity Interest holders upon receipt of such identification number.

ARTICLE 6 MEANS FOR THE IMPLEMENTATION OF THE PLAN

6.01 Liquidating Debtor. The Liquidating Debtor shall (i) liquidate all property of the Debtor, (ii) liquidate any other assets of the Debtor, such as causes of action under the Bankruptcy Code or otherwise, (iii) pursue any claims against third parties which are property of the Debtor's Estate, (iv) seek determination of such claims, and (v) make Distributions to the Debtor's Creditors and Equity Owners as provided in this Plan.

6.02 Management of the Liquidating Debtor. Kenneth L. Schnitzer, Jr., the Liquidating Debtor's non-member manager (the "**Manager**") is responsible for supervising the liquidation of the Debtor's assets and the consummation of the Plan.

a. **Compensation of Liquidating Debtor's Manager.** The Liquidating Debtor's Manager shall be compensated at the rate of \$10,000 per month and will be reimbursed for actual and necessary expenses incurred. To the extent it is necessary for the Manager to employ an attorney or other professional, such fees and expenses are to be paid by the Liquidating Debtor pursuant to the procedure provided in this Plan.

b. **Liability of the Manager.** The Manager shall use his best judgment and discretion in all things connected therewith and shall not be personally liable for any loss or damage arising in connection with the business of the Liquidating Debtor, either for his acts or for his failure to act unless he personally shall have been guilty of fraud, willful misconduct, or gross negligence. In no case shall the Manager be held liable or responsible for the fraud, willful misconduct, or gross negligence of any employee or agent of the Liquidating Debtor. In addition, the Manager shall be indemnified by and receive reimbursement against and from any and all loss, liability, expense, or damage which he may incur or sustain, in good faith and without fraud, willful misconduct or gross negligence, in the exercise and performance of any of his powers and duties under this Plan. The amounts necessary for all such compensation, indemnification and reimbursement and for all expenses of administration, including counsel fees, shall be withdrawn by the Manager from the Debtor's assets.

c. **Employees and Agents.** The Manager may select and employ brokers, banks, custodians, investment advisors, attorneys, accountants, auditors, staff (e.g., phone operators, clerical support, etc.) and other agents. The Manager may employ as a consultant to him any Person or Persons having particular knowledge of the Liquidating Debtor's assets.

d. **Rights and Obligations of the Manager.** The Manager shall continue to have the rights and obligations as outlined in the Company Agreement.

e. **Plan Distributions.** The Manager may rely upon the undisputed, noncontingent and liquidated Claims scheduled by the Debtor in its Schedules filed with the Bankruptcy Court, and the Claims filed with the Bankruptcy Court on or before the Bar Date in making distributions (or reserving funds for any Disputed Claim) to holders of Class 4 Equity Interests. The Manager shall reserve funds for any Disputed Claim, and may reserve additional funds in his sole discretion for potential claims, before he elects to distribute funds to Class 4 Equity Interests.

6.03 Continued Operations. The Liquidating Debtor will continue its operations after the Effective Date as necessary to: (i) liquidate all property of the Debtor, (ii) liquidate any other assets of the Debtor, such as causes of action under the Bankruptcy Code or otherwise, (iii) pursue any claims against third parties which are property of the Debtor's estate, (iv) seek determination of such claims, and (v) make Distributions to the Debtor's Creditors and Equity Interest Owners as provided in this Plan. In performing these functions, the Liquidating Debtor shall, among other things, be authorized to:

- a. continue the retention of professionals deemed necessary to perform the duties of the Liquidating Debtor;
- b. to pay reasonable and necessary costs and expenses of liquidating;
- c. abandon assets of inconsequential value; and
- d. dissolve upon the liquidation and distribution of all property of the Liquidating Debtor.

6.04 Actions Without Bankruptcy Court Approval. The Confirmation Order shall authorize the Manager of the Liquidating Debtor without further approval of the Bankruptcy Court: (i) to sell any asset, subject to any required consent of any Creditor with a Lien upon such asset; (ii) to settle any Disputed Claim, or (iii) settle any cause of action.

6.05 Costs of Continued Operations. The costs of the Liquidating Debtor's continued operations, including (i) the fees and expenses of the Manager of the Liquidating Debtor; (ii) the fees and expenses of the Liquidating Debtor's professionals, (iii) the salaries and expenses of other employees and agents hired by the Manager pursuant to this Plan, and (iv) the expenses of the Manager including the fees and expenses of an attorney or other professional hired by the Manager, shall be paid by the Liquidating Debtor.

6.06 Limitations on Cash Accumulation and Investment Powers of the Liquidating Debtor. The investment powers of the Liquidating Debtor are limited to those powers established for bankruptcy trustees by the United States Trustee's Office for the Northern District of Texas in any bankruptcy case filed pursuant to Chapter 11 of Title 11 of the United States Code and the right to invest in United States governmental agency discount notes.

6.07 Depositories. The Liquidating Debtor may deposit its Cash at such banks, in the types of accounts, as the Liquidating Debtor may, in its sole discretion, select.

6.08 Maintenance of Register. The Liquidating Debtor shall at all times maintain a register of the names, addresses, amount of Claims of the Creditors and Equity Interest holders filed with the Court.

6.09 Determination of Disputed Claims.

a. **Objections to Claims; Prosecution of Disputed Claims.** The Manager shall be authorized to object to the allowance of Claims filed with the Bankruptcy Court.

b. **Distributions on Account of Disputed Claims.** Prior to making any distributions to holders of Equity Interests, the Manager shall have paid all Allowed Claims in full and shall have reserved and set aside an amount sufficient to pay all Disputed Claims as if all such Disputed Claims were Allowed Claims in the full amount claimed by the holders thereof, unless otherwise ordered by the Court, and may reserve additional funds in his sole discretion for potential Claims. No Distribution shall be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof by Final Order.

**ARTICLE 7
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

7.01 Assumption or Rejection of Executory Contracts and Unexpired Leases. This Plan shall constitute a motion to assume or reject Executory Contracts as provided herein. All Executory Contracts, including without limitation those Executory Contracts identified on **Exhibit "B" (List of Rejected Executory Contracts)** to this Plan, shall be deemed as rejected by the Debtor upon the Effective Date, unless an Executory Contract (a) is identified on **Exhibit "C" (List of Assumed Executory Contracts)** to this Plan, (b) has been previously assumed or rejected

pursuant to an order of the Bankruptcy Court, (c) is identified in this Plan or the Confirmation Order to be assumed, or (d) is the subject of a motion to assume filed on or before the Confirmation Date. The Debtor may file a motion for the assumption or rejection of any Executory Contract at any time through the Effective Date and such motion shall be determined by the Bankruptcy Court thereafter.

7.02 Approval of Assumption or Rejection. Entry of the Confirmation Order constitutes the approval under §§ 365 and 1113 of the assumption or rejection, as applicable, of the Executory Contracts assumed or rejected under the Plan.

7.03 Rejection Damages Bar Date. All proofs of claim asserting Claims arising from the rejection of any Executory Contract under the Plan are required to be filed with the Bankruptcy Court no later than the first Business Day that is 30 days after the Effective Date. Any such Claim not filed within that time will be forever barred.

ARTICLE 8 DETERMINATION OF CLAIMS

8.01 Objections to Claims. Notwithstanding the occurrence of the Effective Date, and except as to any Claim that has been Allowed before the Effective Date, any party-in-interest may object to the allowance of any Claim against the Debtor or seek estimation of any Claim on any grounds permitted by the Bankruptcy Code. All objections to Claims must be brought by filing the appropriate pleading in the Bankruptcy Court before the first Business Day that is 30 days after the Effective Date, but the Bankruptcy Court may approve a later date on motion filed (but not necessarily heard) before the first Business Day that is 30 days after the Effective Date.

8.02 Distributions upon Allowance or Disallowance of Disputed Claims. No distributions will be made to any holder of a Claim unless and until the Claim becomes an Allowed Claim. If a Claim is not an Allowed Claim as of the Effective Date, distributions on account of that Claim shall be reserved and will commence only when the Claim becomes an Allowed Claim. Distributions for Disputed Claims may be reserved and such amounts will not be distributed to holders of Equity Interests.

8.03 Contingent Claims. Until a Contingent Claim becomes an Allowed Claim or is Disallowed, the Claim will be treated as a Disputed Claim for all purposes under the Plan. The holder of a Contingent Claim will be entitled to a distribution under the Plan only when the Contingent Claim becomes an Allowed Claim. Any Contingent Claim for reimbursement or contribution held by a Person that may be liable with any Debtor on a Claim of a Creditor is Disallowed as of the Effective Date if: (a) that Creditor's Claim is Disallowed; (b) the Claim for reimbursement or contribution is contingent as of the Effective Date; or (c) that Person asserts a right of subrogation to the rights of the Creditor under Bankruptcy Code § 509.

ARTICLE 9 PRESERVATION OF LITIGATION CLAIMS

9.01 Retention of Estate Litigation Claims. In accordance with § 1123(b)(3), all Estate Litigation Claims (including without limitation all Avoidance Actions) are retained and reserved for the benefit of holders of Allowed Claims and Interests, and shall be transferred to, and vested

in, the Liquidating Debtor, both for purposes of seeking an affirmative recovery against any Person and as an offset or defense against any Claim asserted against the Estate or Liquidating Debtor. Without limiting the generality of the foregoing, all applicable legal privileges of the Debtor or Estate, including both the attorney-client privilege and the work product privilege, shall be vested in the Liquidating Debtor which shall be clothed with the sole and exclusive standing and authority to assert any such privilege on behalf of the Debtor, Estate or Liquidating Debtor. All Estate Litigation Claims shall be deemed to have been transferred to, and vested in, the Reorganized Debtor as of the Effective Date based on the entry of the Confirmation Order. Without limiting the effectiveness or generality of the foregoing reservation, out of an abundance of caution, the Debtor and the Estate hereby specifically reserve and retain the Estate Litigation Claims. The provisions of this Article of the Plan, as well as the descriptions and disclosures relating to the Estate Litigation Claims in the Disclosure Statement, are provided in the interest of providing maximum disclosure of the Estate Litigation Claims of which Debtor is presently aware, and shall not act as a limitation on the potential Estate Litigation Claims that may exist. It is the specific intention of this Plan that all Estate Litigation Claims, including all Avoidance Actions and all associated remedies, and any other causes of action, whether arising before or after the Petition Date, and whether arising under the Bankruptcy Code or applicable state or federal non-bankruptcy laws shall all be retained and preserved under this Plan to be transitioned to, and vested in the Liquidating Debtor. All Estate Litigation Claims are retained both as causes of action for an affirmative recovery and as counterclaims and offset to any Claims asserted against the Estate.

9.02 Prosecution of Estate Litigation Claims. For the avoidance of doubt, the Manager of the Liquidating Debtor will have the authority to prosecute, defend, compromise, settle, and otherwise deal with any Estate Litigation Claims and will do so in his capacity as a representative of the Estate in accordance with § 1123(b)(3)(B). The Liquidating Debtor will bear the fees and costs associated with litigating the Estate Litigation Claims, and the Manager will have sole discretion to determine in his business judgment which Causes of Action to pursue, which to settle, and the terms and conditions of those settlements.

9.03 Distribution of Estate Litigation Claim Proceeds. Any monetary judgment, award, or other Cash proceeds resulting from the settlement or prosecution of the Estate Litigation Claims will be distributed in accordance with the Plan to the holders of any outstanding Allowed Claims and Interests after deduction of the reasonable and necessary fees and costs that the Debtor incurs in connection with that Cause of Action.

9.04 Preservation of Insurance. Any discharge and release of the Debtor from Claims as provided in the Plan or under the Bankruptcy Code, except as necessary to be consistent with the Plan, will not diminish or impair the enforceability of any insurance policy that may cover Claims against any Debtor or any other Person.

ARTICLE 10 CONDITIONS PRECEDENT

10.01 Conditions to Confirmation. The following are conditions precedent to confirmation of the Plan:

a. **Approval of the Plan Summary.** The Bankruptcy Court enters a Final Order approving the Plan Summary to be distributed to holders of Claims and Equity Interests.

b. **Approval of Disclosure Statement and Plan.** The Bankruptcy Court enters a Final Order approving the Disclosure Statement and Plan.

c. **Form of Confirmation Order.** The Bankruptcy Court enters the Confirmation Order in form and substance reasonably acceptable to the Debtor. If the Debtor is unable to reach an agreement with any party regarding the form and substance of the Confirmation Order, the Bankruptcy Court will resolve all such disputes.

d. **Substance of Confirmation Order.** The Confirmation Order contains the following:

(i) The provisions of the Confirmation Order are nonseverable and mutually dependent;

(ii) Approval of the assumption or rejection of all executory contracts and unexpired leases under the Plan not previously assumed or rejected pursuant to an order of the Bankruptcy Court;

(iii) The Debtor is released and discharged from all obligations arising under all executory contracts and unexpired leases rejected by the Debtor during the Chapter 11 Cases or under the Plan; and

(iv) Retention of jurisdiction of the Bankruptcy Court to the fullest extent permissible by applicable law, and at least to the extent contemplated by Article 12 of the Plan.

10.02 Conditions to Effectiveness. The following are conditions precedent to the occurrence of the Effective Date:

a. The Confirmation Date occurs;

b. The Confirmation Order becomes a Final Order; and

c. Each of the Plan Documents to be issued, entered into, delivered, or filed under the Plan has been issued, entered into, delivered, or filed and is effective.

10.03 Waiver of Conditions. The Debtor may waive any condition to confirmation or the Effective Date, in whole or in part, at any time without notice, an order of the Bankruptcy Court, or any further action other than proceeding to confirmation and consummation of the Plan.

10.04 Notice of Effective Date. Within five (5) business days after the Effective Date, the Debtor shall serve notice of the Effective Date and the Administrative Expense Bar Date on all creditors and parties-in-interest.

ARTICLE 11
TITLE TO PROPERTY; THIRD-PARTY RIGHTS AND RELEASES

11.01 Injunction. THIS SECTION IS REFERRED TO HEREIN AS THE “PLAN INJUNCTION.” EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, AS OF THE EFFECTIVE DATE ALL HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR, THE ESTATE OR ANY OF THEIR ASSETS THAT AROSE OR ACCRUED PRIOR TO THE EFFECTIVE DATE ARE HEREBY PERMANENTLY ENJOINED AND PROHIBITED FROM EACH OF THE FOLLOWING: (I) THE COMMENCING OR CONTINUATION IN ANY MANNER, DIRECTLY OR INDIRECTLY, OF ANY ACTION, CASE, LAWSUIT OR OTHER PROCEEDING OF ANY TYPE OR NATURE AGAINST THE DEBTOR OR THE LIQUIDATING DEBTOR, WITH RESPECT TO ANY SUCH CLAIM OR INTEREST ARISING OR ACCRUING BEFORE THE EFFECTIVE DATE, INCLUDING WITHOUT LIMITATION THE ENTRY OR ENFORCEMENT OF ANY JUDGMENT, OR ANY OTHER ACT FOR THE COLLECTION, ENFORCEMENT OR LIQUIDATION, EITHER DIRECTLY OR INDIRECTLY, OF ANY CLAIM AGAINST OR INTEREST IN THE DEBTOR, THE LIQUIDATING DEBTOR OR THEIR ASSETS; (II) THE CREATION, PERFECTION OR ENFORCEMENT OF ANY LIEN, SECURITY INTEREST, ENCUMBRANCE, RIGHT OR BURDEN, EITHER DIRECTLY OR INDIRECTLY, AGAINST THE DEBTOR, THE LIQUIDATING DEBTOR, OR THEIR ASSETS; OR (III) TAKING ANY ACTION IN RELATION TO THE DEBTOR, THE LIQUIDATING DEBTOR, OR THEIR ASSETS, EITHER DIRECTLY OR INDIRECTLY, WHICH VIOLATES OR DOES NOT CONFORM OR COMPLY WITH THE PROVISIONS OF THIS PLAN OR THE CONFIRMATION ORDER APPLICABLE TO SUCH CLAIM OR INTEREST. THIS PARAGRAPH DOES NOT PROHIBIT ANY PERSON FROM BRINGING A CLAIM DESCRIBED IN THIS PARAGRAPH IN THE BANKRUPTCY COURT OR ASSERTING ANY RIGHT PURSUANT TO THE PLAN BY FILING AN APPROPRIATE PLEADING OR CLAIM IN THE BANKRUPTCY COURT. FROM TIME TO TIME THE LIQUIDATING DEBTOR WILL MAKE DISTRIBUTIONS TO EQUITY OWNERS PURSUANT TO THE TERMS OF THE PLAN. ALL PERSONS WITH CLAIMS AGAINST OR INTERESTS IN THE DEBTOR THAT AROSE OR ACCRUED BEFORE THE EFFECTIVE DATE SHALL BE ENJOINED FROM ASSERTING THOSE CLAIMS AGAINST THE DEBTOR, THE LIQUIDATING DEBTOR, THE MANAGER OR THE EQUITY OWNERS (THE “**PROTECTED PERSONS**”) EXCEPT THROUGH THE BANKRUPTCY COURT AS PROVIDED IN THIS PLAN AND THE CONFIRMATION ORDER. THIS COURT SHALL HAVE AND RETAIN EXCLUSIVE JURISDICTION OVER ALL SUCH CLAIMS AGAINST ANY OF THE PROTECTED PERSONS. ANY PERSON WHO WISHES TO ASSERT ANY SUCH CLAIM AGAINST ANY OF THE PROTECTED PERSONS MUST DO SO IN THE BANKRUPTCY COURT IN ACCORDANCE WITH THE TERMS OF THE PLAN AND THE CONFIRMATION ORDER. SHOULD SUCH A CLAIM BE BROUGHT IN ANOTHER COURT AGAINST ONE OR MORE OF THE PROTECTED PERSONS, EACH SUCH PROTECTED PERSON SHALL BE ENTITLED TO (A) REOPEN THE BANKRUPTCY CASE TO ENFORCE THIS PLAN INJUNCTION AS TO ANY SUCH CLAIM, INCLUDING SEEKING ALL APPROPRIATE DAMAGES OR SANCTIONS, (B) SEEK DISMISSAL OF ANY SUCH CLAIM BASED ON THE PLAN AND THE CONFIRMATION ORDER, OR (C) REMOVE SUCH SUIT TO THE PROPER FEDERAL COURT AND SEEK ITS TRANSFER TO THE BANKRUPTCY COURT.

THE PLAN INJUNCTION SHALL ALSO BE INCORPORATED INTO THE CONFIRMATION ORDER.

11.02 Exculpation. Neither the Debtor, nor its managers (collectively, the “**Exculpated Parties**”) shall have or incur any liability to any Person, holder of a Claim or Equity Interest, or any other party in interest or entity, or any of their respective members or former members, managers, agents, employees, representatives, financial advisors, attorneys, or Affiliates, or any of their predecessors, successors, or assigns, for any act, omission, claim, remedy, cause of action (whether known or unknown, matured or unmatured, contingent, unliquidated or disputed) in connection with, relating to, or arising out of the Chapter 11 Case (arising from and after the Petition Date) , the Sale Transaction, or any other action or inaction in the Chapter 11 Case, including the formulation, preparation, negotiation, dissemination, approval, confirmation, administration, or consummation of the Plan, the Disclosure Statement, the solicitation of votes for or confirmation of the Plan or consummation or administration of the Plan or Distributions under the Plan, except for fraud, willful misconduct or gross negligence, as finally determined by the Bankruptcy Court, and such Exculpated Parties shall not be liable for any obligations of the Debtor under the Plan, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities.

11.03 Preservation of Insurance. The discharge and release from Claims as provided in the Plan, except as necessary to be consistent with the Plan, do not diminish or impair the enforceability of any insurance policy that may cover Claims against the Debtor or any other Person.

ARTICLE 12 RETENTION OF JURISDICTION

12.01 Jurisdiction. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain as much jurisdiction over the Chapter 11 Case after the Effective Date as legally permissible including, without limitation, jurisdiction to:

- a. Allow, disallow, determine, liquidate, classify, estimate, or establish the amount, priority, or secured or unsecured status of any Claim, and resolve any request for payment of any Administrative Claim and any objection to the Allowance or priority of any Claim;
- b. Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized under the Bankruptcy Code or the Plan;
- c. Resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which a Debtor is a party and to hear, determine and, if necessary, liquidate any Claims arising from, or Cure related to, assumption or rejection;
- d. Ensure that distributions to holders of Allowed Claims is accomplished in accordance with the Plan;

e. Decide or resolve any motions, adversary proceedings, contested matters, and any other matters and grant or deny any applications or motions involving the Debtor that may be pending on the Effective Date;

f. Enter any necessary or appropriate orders to implement or consummate the Plan's provisions and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

g. Resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan, or any Person's obligations incurred in connection with the Plan;

h. Resolve any cases, controversies, suits, or disputes that may arise in connection with the interpretation or enforcement of any orders entered by the Bankruptcy Court during the Chapter 11 Case;

i. Hear and determine any motion or application to modify the Plan before or after the Effective Date under § 1127 or modify the Disclosure Statement or any contract, instrument, release, or other agreement or document issued, entered into, filed, or delivered in connection with the Plan or the Disclosure Statement; or hear or determine any motion or application to remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, or any contract, instrument, release, or other agreement or document issued, entered into, filed or delivered in connection with the Plan or the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

j. Issue injunctions, enter and implement other orders, or take any other necessary or appropriate actions to restrain any entity's interference with consummation or enforcement of the Plan;

k. Enter and implement any necessary or appropriate orders if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

l. Determine any other matters that may arise in connection with or related to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document issued, entered into, filed, or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

m. Issue final decrees and enter orders closing the Chapter 11 Case; and

n. Adjudicate Disputed Claims and the Estate Litigation Claims (including those to be initiated and prosecuted by the Debtor as the Estate's representative under § 1123(b)(3)(B)), and any other cause of action or claims of the Debtor.

ARTICLE 13 AMENDMENT AND WITHDRAWAL OF PLAN

13.01 Amendment of Plan. At any time before the Confirmation Date, the Debtor may alter, amend, or modify the Plan under § 1127(a) as long as doing so does not materially and adversely affect the treatment and rights of the holders of Claims under the Plan. After the Confirmation Date but before substantial consummation of the Plan as defined in § 1101(2), the Debtor may, under § 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, the Plan Documents, or the Confirmation Order, and any matters necessary to carry out the purposes and effects of the Plan as long as such proceedings do not materially and adversely affect the treatment of holders of Claims under the Plan. The Debtor must serve prior notice of such proceedings in accordance with the Bankruptcy Rules or applicable order of the Bankruptcy Court.

13.02 Revocation or Withdrawal of Plan. The Debtor reserves the right to revoke or withdraw the Plan at any time before the Confirmation Date. If withdrawn or revoked, the Plan will be deemed void and nothing contained in the Plan may be deemed a waiver of any Claims by or against the Debtor or any other Person in any further proceedings involving the Debtor or an admission of any sort, and the Plan and any transaction contemplated by the Plan may not be admitted into evidence in any proceeding.

ARTICLE 14 ADMINISTRATIVE PROVISIONS

14.01 Effectuating Documents; Further Transactions; Timing. The Debtor and all other parties to the Plan Documents are authorized and directed as of the Effective Date, and without further order of the Court, to execute, deliver, file, or record all Plan Documents and other contracts, instruments, releases, and other agreements or documents, and to take all actions necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. All transactions required to occur on the Effective Date under the terms of the Plan are deemed to have occurred simultaneously.

14.02 Exemption From Transfer Taxes. In accordance with Bankruptcy Code § 1146(c): (a) the issuance, distribution, transfer, and exchange of assets or property of the Estates; (b) the creation, modification, consolidation, or recording of any deed of trust or other Security Interest, the securing of additional indebtedness by such means or by other means in furtherance of, or in connection with, the Plan or the Confirmation Order; (c) the execution, assignment, modification, or recording of any lease or sublease; and (d) the execution, delivery, or recording of a deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, the Confirmation Order, or any transaction contemplated above, or any transactions arising out of, contemplated by, or in any way related to, the foregoing is not subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, or real estate transfer tax, or other similar tax or governmental assessment and the appropriate state or local government officials or agents is directed to forego the collection of any such tax or assessment and to accept for filing or recordation any of the foregoing instruments or other documents without the payment of any such tax or assessment.

14.03 Binding Effect. The Plan is binding on, and inures to the benefit of, the Debtor, the Liquidating Debtor and the holders of all Claims and Equity Interests and their respective successors and assigns.

14.04 Governing Law. Except to the extent that the Bankruptcy Code or other federal law is applicable or as provided in any document entered into in connection with the Plan, the rights, duties and obligations of the Debtor and any other Person arising under the Plan is governed by, and construed and enforced in accordance with, the internal laws of the State of Texas, without giving effect to Texas's choice-of-law provisions.

14.05 Modification of Treatment of Claims. The Debtor reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the holder of such Claim at any time after the Effective Date on the prior written consent of the holder whose Allowed Claim treatment is being adversely affected.

14.06 Setoffs and Recoupment. The Debtor may, but is not required to, set off or recoup against any Claim or Equity Interest and the payments or other distributions to be made under the Plan in respect of such Claim, Claims of any nature that arose before the Petition Date that the Debtor may have against the holder of such Claim or Equity Interest to the extent such Claims may be set off or recouped under applicable law, but neither the failure to do so nor the fact of any Claim or Equity Interest under the Plan becoming Allowed constitutes a waiver or release by the Debtor of any such claim that it may have against such holder.

14.07 Notices. Any notice required or permitted to be provided under the Plan is required to be in writing and served by one of the following: (a) certified mail, return receipt requested, postage prepaid; (b) hand delivery; (c) reputable overnight courier service, freight prepaid; (d) e-mail; or (e) fax; addressed as follows:

If to the Debtor:

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14.08 Delivery of Notices. If personally delivered, notice is deemed delivered on actual receipt; if faxed or e-mailed in accordance with the Plan, notice is deemed delivered noon of the first Business Day following transmission; if sent by overnight courier in accordance with the Plan, notice is deemed delivered noon of the first Business Day following deposit with such courier; and if sent by U.S. mail in accordance with the Plan, notice is deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service; or, if the addressee fails or refuses to accept delivery, as of the date of that failure or refusal. Any party to the Plan may change its address for the purposes of the Plan by giving notice of the change.

14.09 Severability. If the Bankruptcy Court finds the Plan or any provision of the Plan to be invalid, illegal or unenforceable, or if the Bankruptcy Court cannot confirm the Plan under

§ 1129, the Bankruptcy Court, at the Liquidating Debtor's request, may retain the power to alter and interpret the Plan or any such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the provision held to be invalid or unenforceable, and such provision will then become applicable as altered or interpreted. The Confirmation Order constitutes a judicial determination and provides that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable.

14.10 Plan Documents. Forms of the Plan Documents may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours. Holders of Claims or Equity Interests may obtain a copy of the Plan Documents upon written request to the Debtor. Notwithstanding anything to the contrary contained in the Plan, including without limitation any reference in the Plan to documents in the forms annexed to the Plan as exhibits, the Debtor may revise any Plan Document (a) by filing such revised Plan Document with the Bankruptcy Court more than ten days before the deadline for voting on the Plan, or (b) with the written consent of all parties in interest that is entitled to vote on the Plan and is materially and adversely affected by such revision.

14.11 Inconsistency. If any inconsistency between the Plan and the Disclosure Statement exists, the provisions of the Plan govern. If any inconsistency between the Plan and any Plan Document exists, the provisions of the Plan govern. If any consistency between any Plan Document and the Confirmation Order exists, the provisions of the Confirmation Order governs.

14.12 Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection with the Plan, the Debtor must comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under the Plan remain subject to any such withholding and reporting requirements. The Debtor may take all actions necessary to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each holder of an Allowed Claim that has received a distribution under the Plan of Cash has sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income, withholding and other tax obligation on account of such distribution.

14.13 Post-Effective Date Fees; Final Decree. The Debtor will be responsible for paying any post-Effective Date fees under 28 U.S.C. § 1930(a)(6) and filing post-confirmation reports until the Bankruptcy Court enters a final decree, which will be as soon as practicable after distributions under the Plan have occurred. Notice of application for a final decree need be given only to those holders of Claims and Equity Interests and other parties that, after the Effective Date, specifically request such notice.

14.14 De Minimis Distributions. No distributions of less than \$100 will be made to any Creditor on account of any Claim. If a claimant holding an Allowed Claim does not receive a distribution owing to the provisions of this Section on the Effective Date or any subsequent date, the Allowed Claim remains eligible for distributions on the first date set for distributions when such distribution exceeds \$100. No payments or distributions under the Plan of fractions of dollars will be made. When any such fractional dollar payment or distribution would otherwise be

required, the actual payment or distribution made will reflect a rounding, up or down, of such fraction to the nearest whole dollar.

14.15 Method of Payment; Payments, Filings, and Notices Only on Business Days. Payments of Cash under the Plan must be made by check drawn on a domestic bank or by wire transfer from a domestic bank. Whenever any payment, distribution, filing, delivery, or notice to be made under the Plan is due on a day other than a Business Day, such payment, distribution, filing, delivery, or notice may instead be made, without interest or penalty, on the immediately following Business Day.

**ARTICLE 15
CONFIRMATION REQUEST**

The Debtor hereby requests Confirmation of the Plan pursuant to sections 1129(a) and (b) of the Bankruptcy Court.

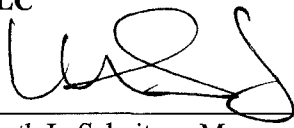
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Dated: July 19, 2017.

Respectfully submitted,

HBT JV, LLC

By: _____


Kenneth L. Schnitzer, Manager

APPROVED:

/s/ Jeff P. Prostok

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Attorneys for HBT JV, LLC,
Debtor and Debtor in Possession

EXHIBIT "A"

Estate Litigation Claims

[to be provided later]

EXHIBIT "B"

List of Rejected Executory Contracts

[to be provided later]

EXHIBIT "C"

List of Assumed Executory Contracts

[to be provided later]