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12  
13 **UNITED STATES BANKRUPTCY COURT**  
14 **CENTRAL DISTRICT OF CALIFORNIA**  
15 **SANTA ANA DIVISION**

16 In re  
17 JAMES C. GIANULIAS, and CAMEO  
18 HOMES, a California corporation,  
19  
20 Debtors and Debtors-in-Possession.

) Case No. 8:08-bk-13150-RK  
) [Substantively Consolidated With:  
) Case No. 8:08-bk-13151-RK]

) Chapter 11

) **DEBTORS' FOURTH AMENDED PLAN**  
) **OF REORGANIZATION (DATED MAY 27,**  
) **2010), AS MODIFIED**

) **Confirmation Hearing:**

) Date: July 9, 2010

) Time: 11:45 a.m.

) Place: Courtroom 5D

) 411 West Fourth Street  
) Santa Ana, CA 92701

**DEBTORS' FOURTH AMENDED PLAN OF REORGANIZATION**

Pursuant to section 1121(a) of the Bankruptcy Code, James C. Gianulias and Cameo Homes, the debtors and debtors-in-possession in these substantively-consolidated cases (the "Debtors"), hereby propose this Plan of Reorganization.

**ARTICLE I**

**INTRODUCTION**

The purpose of this Plan is to provide the details of the Debtors' proposed reorganization and proposed distributions of money or property to their respective creditors. The Plan incorporates the terms of an agreement reached between the Debtors and the Official Committee of Unsecured Creditors (the "Committee") following extensive negotiations among the parties and, as a result, the Plan is supported by the Committee. After the Plan has been confirmed, the Bankruptcy Court will retain jurisdiction to determine the allowance of all Claims and to effectuate and enforce the terms of this Plan. The definitions provided in Article II of the Plan apply throughout the Plan, including those capitalized terms used in the Plan.

**ARTICLE II**

**DEFINITIONS AND RULES OF CONSTRUCTION**

**A. Specific Definitions**

In addition to such other terms as are defined in other sections hereof, the following capitalized terms shall have the following meanings:

1. ***"Adjusted Income Taxes"*** means an amount equal to income taxes liability of a Debtor, less the amount of any tax refunds which it is determined such Debtor would be entitled to based on the computation required under this definition, solely in connection with such Debtor's obligations under the Cash Flow Note and such Debtor's Ownership Interest, and shall be computed as if such Debtor's only income, gain, loss and deduction items were those items directly arising out of the obligations under the Cash Flow Note and such Debtor's direct and indirect ownership in the Portfolio Entities and the Intermediate Entities. Such income tax analysis computation (1) shall be made for each Debtor on an annual basis, (2) shall, to the fullest extent permitted by law, (A) apply all applicable original issue discount deductions with respect to

1 the Cash Flow Note and the Secondary Note in determining applicable net operating losses and  
2 notional tax liability as contemplated herein, and (B) all net operating losses available to such  
3 Debtor with respect to the Portfolio Entities and/or the Intermediate Entities against all income and  
4 gain arising from each Debtor's Ownership Interest, (3) shall be based on the application of  
5 normal tax accounting rules and (4) may not reflect the actual tax liability and tax attributes of  
6 such Debtor in any given year; provided, however, that, for purposes of this calculation, the  
7 application of any net operating losses available to Debtors as contemplated herein plus the  
8 amount of tax refunds shall not result in "double counting" associated with the same tax benefits,  
9 as applicable. Without limiting the generality of the foregoing, all income taxes due in connection  
10 with any management fees received by Mesa Management shall be excluded from the  
11 determination of Adjusted Income Taxes hereunder.

12       2.       ***"Administrative Claim"*** means any right to payment constituting a cost or expense  
13 of administration of the Cases of a kind specified under section 503(b) of the Bankruptcy Code  
14 and entitled to priority under section 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code,  
15 including, without limitation, any actual and necessary costs and expenses of preserving the  
16 Debtors' estates, any actual and necessary costs and expenses of operating the Debtors' business,  
17 any indebtedness or obligations incurred or assumed by the Debtors in connection with the  
18 conduct of their business, including, without limitation, for the acquisition or lease of property or  
19 an interest in property or the rendition of services, all compensation and reimbursement of  
20 expenses to the extent awarded by the Court under sections 330, 331 or 503 of the Bankruptcy  
21 Code, any fees or charges assessed against the Debtors' estates under section 1930 of chapter 123  
22 of title 28 of the United States Code and any Claim for goods delivered to the Debtors within  
23 twenty (20) days of the Petition Date and entitled to administrative priority pursuant to section  
24 503(b)(9) of the Bankruptcy Code.

25       3.       ***"Affiliate"*** means, with respect to any Person, (a) any other Person which, directly  
26 or indirectly, controls or is controlled by or is under common control with such Person and (b) any  
27 Subsidiary of such Person, as applicable. A Person shall be deemed to be "controlled by" any  
28 other Person if such Person possesses, directly or indirectly, power to vote 50% or more of the

1 securities (on a fully diluted basis) having ordinary voting power for the election of directors or  
2 managers or power to direct or cause the direction of the management and policies of such Person  
3 whether by contract or otherwise; provided, however, that for purposes hereof, "Affiliate" shall  
4 exclude the Portfolio Entities and the Intermediate Entities.

5 4. **"Allowed Administrative Claim"** means all or that portion of an Administrative  
6 Claim which is an Allowed Claim.

7 5. **"Allowed Gap Claim"** means all or that portion of a Gap Claim which is an  
8 Allowed Claim.

9 6. **"Allowed Priority Claim"** means all or that portion of a Priority Claim which is an  
10 Allowed Claim.

11 7. **"Allowed Priority Tax Claim"** means all or that portion of a Priority Tax Claim  
12 which is an Allowed Claim.

13 8. **"Allowed Secured Claim"** means all or that portion of a Secured Claim which is an  
14 Allowed Claim.

15 9. **"Allowed General Unsecured Claim"** means all or that portion of a General  
16 Unsecured Claim which is an Allowed Claim.

17 10. **"Allowed"** means, with reference to any Claim, (a) any Claim against any of the  
18 Debtors that has been listed by the Debtors in the Schedules, as such Schedules may be amended  
19 by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in  
20 amount and not disputed or contingent, and with respect to which no contrary proof of claim has  
21 been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim that is not a Disputed  
22 Claim by the Claims Objection Deadline or (d) any Claim, the amount or existence of which, if it  
23 is a Disputed Claim, (i) has been determined by a Final Order of a court of competent jurisdiction  
24 other than the Court, or (ii) has been allowed by Final Order of the Court; provided, however, that  
25 any Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an  
26 order of the Court shall not be considered "Allowed Claims" hereunder.

27 11. **"Available Cash Flow"** means, subject to the terms and conditions of the Cash  
28 Flow Note, the amount of Gross Available Cash Flow less the following items (collectively,

1 “Priority Payments”) in such order of priority as set forth in Section VII.D.1 of the Plan: (a) the  
2 following payments to Marilyn Hester Gianulias, an individual (“Marilyn Gianulias”), on account  
3 of, and in full satisfaction of her secured claim with respect to Debtors: (1) \$1,000,000 in the first  
4 year following the Effective Date (\$83,333.33 per month), (2) \$1,200,000 in the second year  
5 following the Effective Date (\$100,000 per month), (3) \$1,200,000 in the third year following the  
6 Effective Date (\$100,000 per month), (4) \$1,200,000 in the fourth year following the Effective  
7 Date (\$100,000 per month), and (5) approximately \$1,593,563 in the fifth year following the  
8 Effective Date, representing the remaining balance owing to Marilyn Gianulias in connection with  
9 her claim in the Cases (approximately \$132,796.93 per month); (b) the payment of \$1,800,000 per  
10 year in each of the first and second year following the Effective Date to Debtors (\$150,000 per  
11 month); (c) payment of all Allowed Administrative Claims, Allowed Gap Claims, Allowed  
12 Priority Claims, and Allowed Priority Tax Claims incurred in the Cases; and (d) the payment of all  
13 Adjusted Income Taxes, subject to the terms and conditions as set forth in Section 5(b) of the Cash  
14 Flow Note.

15 12. **“Ballot”** means each of the ballot forms distributed with the Disclosure Statement  
16 to each holder of an impaired Claim (other than to holders not entitled to vote on the Plan) upon  
17 which is to be indicated, among other things, acceptance or rejection of the Plan.

18 13. **“Bankruptcy Code”** means title 11 of the United States Code, 11 U.S.C. §§ 101 *et*  
19 *seq.*, as in effect on the date hereof.

20 14. **“Bankruptcy Court”** means the United States Bankruptcy Court for the Central  
21 District of California, Santa Ana Division.

22 15. **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure as  
23 promulgated by the United States Supreme Court under section 2075 of title 28 of the United  
24 States Code, and local rules of the Court, as the context may require.

25 16. **“Books”** means all of each Grantor’s books and records (regardless of format) for  
26 the Portfolio Entities, the Intermediate Entities and books and records concerning the Ownership  
27 Interests and/or the Collateral, including, but not limited to the following: (a) minute books,  
28 ledgers, records indicating, summarizing or evidencing each Portfolio Entity’s and Intermediate

1 Entity's assets, liabilities, the Ownership Interests, the Collateral, the Obligations, and all  
2 information relating thereto; (b) records indicating, summarizing or evidencing each Portfolio  
3 Entity's and Intermediate Entity's business operations or financial condition and Ownership  
4 Interests in connection therewith.

5 17. "**Business Day**" means any day other than a Saturday, a Sunday or a "legal  
6 holiday" (as defined in Bankruptcy Rule 9006(a)), or other day on which banks in the State of  
7 California are authorized or required to close.

8 18. "**Cameo**" means Cameo Homes, a California corporation, and includes any  
9 successors and assigns thereof; provided, however, that: (1) by way of clarification solely with  
10 respect to any such successors and assigns, the following Persons are expressly excluded as  
11 successors and assigns for purposes of this definition: any Person who (A) is an Other Owner or  
12 (B) acquires any Ownership Interest and is not an Affiliate of any Debtor; provided, however,  
13 nothing herein shall limit, affect or abridge the Holder's right to consent to the sale, transfer and/or  
14 assignment of any Ownership Interest pursuant to the provisions of Section 6(a)(2) of the Security  
15 Agreement or any remedies that Holder may have under the Security Agreement for any breach of  
16 the provisions of Section 6(a)(2) of the Security Agreement; and (2) notwithstanding any  
17 provision to the contrary in the Cash Flow Note, and subject to Applicable Law, any and all  
18 successors and/or assigns who acquire or receive any Ownership Interest pursuant to any will,  
19 devise, inheritance or by operation of law shall not become a Debtor or Maker under the Cash  
20 Flow Note, but (Y) any such successor or assign shall become a Grantor as defined under the  
21 Security Documents with respect to such Ownership Interest, and (Z) any such Ownership Interest  
22 received by any such successor or assign shall continue to be subject to the terms and conditions  
23 of the Cash Flow Note and of the Security Documents.

24 19. "**Cases**" means the Debtors' pending cases under chapter 11 of the Bankruptcy  
25 Code.

26 20. "**Cash**" means lawful currency of the United States and equivalents thereof,  
27 including, but not limited to: bank deposits, wire transfers, checks, interests in marketable equity  
28

1 and marketable debt securities, interests in money market funds and similar liquid investment, and  
2 other similar items.

3 21. **"Cash Flow Note"** means the Secured Promissory Note in the original principal  
4 amount of \$42 million, bearing interest at a rate of 3.75% per annum, and maturing on December  
5 31, 2024, subject to the terms and conditions of the Plan Documents, such note to be issued by the  
6 Reorganized Debtors as of the Effective Date and made payable to the Creditors' Trust solely for  
7 the benefit of holders of Allowed General Unsecured Claims, a true and correct copy of which is  
8 attached hereto as Exhibit "C."

9 22. **"Chase"** means secured creditor JP Morgan Chase.

10 23. **"Claim"** or **"Claims"** as defined in the Bankruptcy Code, section 101(5)(A) and  
11 (B), means (a) any right to payment, whether or not such right is reduced to judgment, liquidated,  
12 unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable,  
13 secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such  
14 breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced  
15 to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

16 24. **"Claim Bar Date"** means November 11, 2008 with respect to all Claims, except for  
17 Claims of a Governmental Unit and Administrative Claims. With respect to Claims of a  
18 Governmental Unit, Claim Bar Date shall mean December 29, 2008. With respect to  
19 Administrative Claims, Claim Bar Date shall mean 30 days after the Effective Date.

20 25. **"Claim Objection Deadline"** means (a) 90 days after the Effective Date, unless  
21 extended by an order of the Court, or (b) 30 days after the deadline for filing an Administrative  
22 Claim, unless extended by an order of the Court.

23 26. **"Class"** means a group of Claims or Interests classified together in a class  
24 designated in Article III of the Plan.

25 27. **"Collateral"** means the following, individually and collectively with respect to  
26 Grantors: (a) all Proceeds, (b) any and all claims, deposits, prepayments, refunds, rebates, causes  
27 of action, rights of recovery, rights of set-off and rights of recoupment relating to any of the  
28 above-mentioned Proceeds (to the extent that such Proceeds constitute Gross Available Cash

1 Flow), but only as permitted by the Governing Documents and the Security Documents, and by  
2 Applicable Law, (c) any and all substitutions, replacements, additions, accessions, products  
3 derived or attributable with respect to any of the above-mentioned Collateral set forth herein, and  
4 (d) "proceeds" (as defined in Section 9102(a)(64) of the UCC) from any and all of the foregoing;  
5 provided, however, that any Cash distributed from the Control Account pursuant to and in  
6 compliance with the terms and conditions of the Cash Flow Note and the other Security  
7 Documents shall from and after the time of such release no longer constitute "Collateral" and shall  
8 not be subject to the security interest granted herein.

9 28. "**Committee**" means the Official Committee of Unsecured Creditors appointed by  
10 the Office of the United States Trustee in the Cases as it may be constituted from time to time.

11 29. "**Confirmation Date**" means the date of entry of the Confirmation Order.

12 30. "**Confirmation Hearing**" means the hearing to consider confirmation of the Plan  
13 pursuant to section 1128 of the Bankruptcy Code, as it may be adjourned or continued from time  
14 to time.

15 31. "**Confirmation Order**" means the order of the Court confirming the Plan pursuant  
16 to section 1129 of the Bankruptcy Code.

17 32. "**Consolidation Order**" means the "Order Substantively Consolidating Chapter 11  
18 Estate of Cameo Homes into Chapter 11 Estate of James C. Gianulias" entered by the Court on  
19 December 11, 2008.

20 33. "**Countrywide**" means secured creditor Countrywide Home Loans, Inc.

21 34. "**Controlled Entities**" means the following assets, in which the Debtors own a  
22 controlling interest, and their respective successors or assigns: (a) Fountain Valley Senior  
23 Housing, L.P.; (b) Placentia 422, LP; (c) River Knolls, LP; and (d) GVSC, LP.

24 35. "**Controlled Entities Budgets**" mean the annual budgets for operations of each of  
25 the Controlled Entities to be established by agreement between the Debtors and the Committee as  
26 of the Confirmation Date.

27 36. "**Control Account**" means a deposit account for deposit of Proceeds received by  
28 Grantors with a financial institution mutually acceptable to the Creditors' Trust, Marilyn Gianulias

1 and Debtors pursuant to which a Control Agreement and the Disbursing Agent Agreement, as  
2 applicable, relating to the ability of the Disbursing Agent and/or any other Person to make  
3 distributions of Proceeds from such Control Account, shall govern.

4 37. ***“Control Agreement”*** means the deposit account control agreement mutually  
5 acceptable to the Creditors’ Trust, Marilyn Gianulias and Debtors concerning the Control  
6 Account.

7 38. ***“Creditor”*** means any holder of a Claim, as defined by the Bankruptcy Code,  
8 section 101(10).

9 39. ***“Creditors’ Trust Agreement”*** means that certain “Creditors’ Trust Agreement,” a  
10 true and correct copy of which is attached hereto as Exhibit “A.”

11 40. ***“Creditors’ Trust Trustee”*** shall mean shall mean the Trustee of the Creditors’  
12 Trust consisting of one (1) individual that is selected by the Committee.

13 41. ***“Creditors’ Trust”*** means that trust established in accordance with section VII.F  
14 hereof, and which, after the Effective Date, will hold and distribute certain assets and funds for the  
15 benefit of holders of Allowed Claims in Class 3 in accordance with the terms of the Plan, and will  
16 have such powers, duties and obligations as are set forth therein, in the Creditors’ Trust  
17 Agreement, in the Confirmation Order, in other Final Orders, and by applicable law.

18 42. ***“Creditors’ Trust Lien”*** means the perfected security interest in the Collateral  
19 granted to the Creditors’ Trust to secure the Reorganized Debtors’ obligations under the Cash  
20 Flow Note, pursuant to the Plan Documents.

21 43. ***“Debtors”*** means, collectively, Gianulias and Cameo, whether as debtors or as  
22 debtors-in-possession.

23 44. ***“Disclosure Statement”*** means the “Fourth Amended Disclosure Statement for  
24 Debtors’ Fourth Amended Plan of Reorganization (Dated May 27, 2010)” (and all exhibits and  
25 attachments thereto or referenced therein) that relates to the Plan and is approved pursuant to  
26 section 1125 of the Bankruptcy Code in an order entered by the Court, as such Disclosure  
27 Statement may be amended, modified or supplemented.  
28

1           45.     ***"Disbursing Agent"*** means mean the Grantor Disbursing Agent or an authorized  
2 successor not controlled by Grantors and appointed as provided in the Disbursing Agent  
3 Agreement.

4           46.     ***"Disbursing Agent Agreement"*** means that certain Disbursing Agent Agreement, a  
5 true and correct copy of which is attached hereto as Exhibit "F."

6           47.     ***"Dispute Resolution Procedure"*** means the procedures set forth in the Plan  
7 Documents to address all determinations and conflicts and otherwise resolve any disputes arising  
8 between the Debtors and the Committee or the Reorganized Debtors and the Creditors' Trust in  
9 connection with the Plan Documents and/or the terms or interpretation of the Plan Documents,  
10 including, without limitation, the determination of a default under the Plan Documents, and the  
11 resolution of any dispute concerning the Controlled Entities Budgets, established in accordance  
12 with the terms set forth in section VII.J of the Plan and/or the Plan Documents, but excluding any  
13 dispute regarding whether the Creditors' Trust has been overpaid by the Disbursing Agent.

14           48.     ***"Disputed Claim"*** means, with reference to any Claim, (a) any Claim, (i) proof of  
15 which was not timely or properly filed by the Claim Bar Date and that has been or hereafter is  
16 listed on the Schedules as unliquidated, disputed or contingent, or (ii) that is not listed in the  
17 Schedules; or (b) any Claim as to which the Debtors or any other party in interest has filed an  
18 objection or request for estimation on or before such limitation period fixed by the Plan, the  
19 Bankruptcy Code, the Bankruptcy Rules or the Court, except to the extent that such objection or  
20 request for estimation is withdrawn or determined by a Final Order in favor of the holder of such  
21 Claim.

22           49.     ***"Disputed Claims Reserve"*** has the meaning set forth in section VII.F.11 hereof.

23           50.     ***"Distribution Fund"*** means the proceeds to be collected by the Creditors' Trust  
24 Trustee for distribution to Creditors in Class 3 pursuant to the Plan, including the proceeds of the  
25 Cash Flow Note and the Secondary Note.

26           51.     ***"Effective Date"*** means the first Business Day following the date the Confirmation  
27 Order becomes a Final Order.

28

1           52.     “**Entity**” means an individual, a corporation, a general partnership, a limited  
2 partnership, a limited liability company, a limited liability partnership, an association, a joint stock  
3 company, a joint venture, an estate, a trust, an unincorporated organization, a government or any  
4 subdivision thereof.

5           53.     “**Estate**” means, with respect to any Debtor, the estate created by section 541(a) of  
6 the Bankruptcy Code upon the Petition Date.

7           54.     “**Equity Interest**” means any (1) partnership interest, (2) membership interest, (3)  
8 shareholder interest or other ownership or equity interest, and/or (4) economic or other interest  
9 owned or held by Debtors in any Portfolio Entity or Intermediate Entity.

10          55.     “**Final Claim Order**” means a Final Order regarding an objection to and/or  
11 allowance of a Claim.

12          56.     “**Final Order**” means an order or judgment of the Court the operation or effect of  
13 which has not been stayed, and as to which the time to appeal or to seek reargument or rehearing  
14 has passed, and as to which no appeal, reargument, or petition for rehearing or certiorari has been  
15 taken or is pending.

16          57.     “**Gap Claims**” means Claims arising between the Petition Date and the Order for  
17 Relief Date which are accorded priority in right of payment under section 507(a)(3) of the  
18 Bankruptcy Code.

19          58.     “**General Unsecured Claims**” means those Claims included in Class 3 herein.

20          59.     “**Gianulias**” means James C. Gianulias, an individual, and includes any successors  
21 and assigns thereof and the estate of Gianulias upon his death; provided, however, that: (1) by way  
22 of clarification solely with respect to any such successors and assigns, the following Persons are  
23 expressly excluded as successors and assigns for purposes of this definition: any Person who  
24 (A) is an Other Owner or (B) acquires any Ownership Interest and is not an Affiliate of any  
25 Debtor; provided, however, nothing herein shall limit, affect or abridge the Holder’s right to  
26 consent to the sale, transfer and/or assignment of any Ownership Interest pursuant to the  
27 provisions of Section 6(a)(2) of the Security Agreement or any remedies that Holder may have  
28 under the Security Agreement for any breach of the provisions of Section 6(a)(2) of the Security

1 Agreement; and (2) notwithstanding any provision to the contrary in the Cash Flow Note, and  
2 subject to Applicable Law, any and all successors and/or assigns who acquire or receive any  
3 Ownership Interest pursuant to any will, devise, inheritance or by operation of law shall not  
4 become a Debtor or Maker under the Cash Flow Note, but (Y) any such successor or assign shall  
5 become a Grantor as defined under the Security Documents with respect to such Ownership  
6 Interest, and (Z) any such Ownership Interest received by any such successor or assign shall  
7 continue to be subject to the terms and conditions of the Cash Flow Note and of the Security  
8 Documents.

9       60.     ***"Gianulias Trust"*** means The James Chris Gianulias Trust executed December 22,  
10 1998, and amended in its entirety October 14, 2003, and shall include all successors and assigns  
11 thereof, including, without limitation, any and all successor trusts created under the James Chris  
12 Gianulias Trust; provided, however, that: (1) by way of clarification solely with respect to any  
13 such successors and assigns, the following Persons are expressly excluded as successors and  
14 assigns for purposes of this definition: any Person who (A) is an Other Owner or (B) acquires any  
15 Ownership Interest and is not an Affiliate of any Debtor; provided, however, nothing herein shall  
16 limit, affect or abridge the Holder's right to consent to the sale, transfer and/or assignment of any  
17 Ownership Interest pursuant to the provisions of Section 6(a)(2) of the Security Agreement or any  
18 remedies that Holder may have under the Security Agreement for any breach of the provisions of  
19 Section 6(a)(2) of the Security Agreement; and (2) notwithstanding any provision to the contrary  
20 in the Cash Flow Note, and subject to Applicable Law, any and all successors and/or assigns who  
21 acquire or receive any Ownership Interest pursuant to any will, devise, inheritance or by operation  
22 of law shall not become a Debtor or Maker hereunder, but (Y) any such successor or assign shall  
23 become a Grantor as defined under the Security Documents with respect to such Ownership  
24 Interest, and (Z) any such Ownership Interest received by any such successor or assign shall  
25 continue to be subject to the terms and conditions of the Cash Flow Note and of the Security  
26 Documents (provided, however, that such exclusion shall not apply to any successor trust or trusts  
27 created under the James Chris Gianulias Trust, which shall be a Debtor or Maker under the Cash  
28 Flow Note).

1           61.     ***“Governmental Unit”*** has the meaning ascribed to such term in section 101(27) of  
2 the Bankruptcy Code.

3           62.     ***“Governing Documents”*** means the certificate or articles of incorporation, by-  
4 laws, operating agreement, partnership agreement or other organizational or governing documents  
5 of any Portfolio Entity and/or Intermediate Entity.

6           63.     ***“Grantor”*** means Gianulias, the Gianulias Trust, Cameo, and any parent,  
7 Subsidiary, Affiliate, heir, successor and/or assign of any of the foregoing; provided, however,  
8 that, for purposes hereof, the term "Grantors" shall (a) only include any Affiliate, heir, successor  
9 or assign that holds, directly or indirectly, from time to time, an Ownership Interest in and to the  
10 Portfolio Entities and/or Intermediate Entities, and (b) expressly exclude the Portfolio Entities and  
11 the Intermediate Entities, and those successors and assigns expressly excluded from the definition  
12 of Debtor pursuant to clauses (1)(A) and (B) of Sections 2(l), 2(cc) and 2(yy) of the Cash Flow  
13 Note.

14           64.     ***“Gross Available Cash Flow”*** means Cash received by Grantors from or in  
15 connection with any Ownership Interest (including any adjustments set forth in Section 4(b) of the  
16 Cash Flow Note), including, without limitation, any Cash resulting from the ownership,  
17 hypothecation, sale, financing or other transfer, whether in whole or in part and regardless of form,  
18 with respect to any and all rights in and to the Ownership Interests and/or Collateral; provided,  
19 however, that, with respect to a sale, financing or other transfer as contemplated above, Gross  
20 Available Cash Flow shall be net of all reasonable fees, costs and expenses which are (1) directly  
21 related to such sale, financing or transfer transaction, and (2) paid to Persons other than Debtors or  
22 their Affiliates, or, upon the Holder’s prior written consent, paid to Debtors or their Affiliates. By  
23 way of illustration and not of limitation, Gross Available Cash Flow shall include Cash received  
24 by or on behalf of Debtors from any Portfolio Entity, any Intermediate Entity in connection with  
25 any Ownership Interest, and/or from any Person that (i) acquires any or all of the Ownership  
26 Interests or Collateral or otherwise acquires any rights in and thereto, and/or (ii) provides any  
27 financing (regardless of form, and including, without limitation, any loans or other consideration)  
28 to or for the benefit of Debtors in connection with the Ownership Interests and/or the Collateral.

65. **"Gus Gianulias"** means secured creditor Gus Gianulias, as an individual and as a trustee of the Gus C. and Julie M. Gianulias Family Revocable Trust established January 20, 1983 and all amendments thereto.

66. **"Holder"** means the Creditors' Trust Trustee, on behalf of the Creditors' Trust, or any successor or assign thereof.

67. **"Initial Distribution Date"** means the first Business Day on which a distribution is made under the Plan to holders of Allowed Claims in Class 3.

68. **"Insider"** as defined in section 101(31) of the Bankruptcy Code, means (a) a director of a Debtor; (b) an officer of a Debtor; (c) a person in control of a Debtor; (d) a partnership in which a Debtor is a general partner; (e) a general partner of a Debtor; (f) a relative of a general partner in, general partner of, or person in control of a Debtor; (g) an affiliate (as defined in section 101(2) of the Bankruptcy Code) of a Debtor, or an Insider of an affiliate as if such affiliate were a Debtor; and (h) a managing agent of a Debtor.

69. **"Inter-Debtor Claim"** means any Claim held by one of the Debtors against the other Debtor, including, without limitation, (a) any account reflecting intercompany book entries by such Debtor with respect to the other Debtor, (b) any Claim not reflected in book entries that is held by a Debtor against the other Debtor, and (c) any derivative Claim asserted or assertable by or on behalf of such Debtor against the other Debtor.

70. **"Interest"** means (a) the membership interests or any ownership rights in Cameo, and (b) any right or option, however arising, to acquire membership interests or any other equity interest, or any rights therein, of Cameo.

71. **"Interest in the Creditors' Trust"** means the beneficial interests in the Creditors' Trust on or after the Effective Date in accordance with section VII.F of the Plan.

72. **"Interest Holder"** means the holder of an Interest on or before the date of the Confirmation Hearing.

73. **"Intermediate Entities"** means the (a) the following entities: Fountain Valley Senior Housing II, LLC, Parkewood Village, LLC, Park Glen, LLC, Park Mesa, LLC, Picadilly Square, LLC, River Knolls, LLC, Villa Buena, LLC, Emerald Isle (Placentia), LP, Emerald Isle

1 (Placentia), LLC, Placentia 422, LLC, Grass Valley Shopping Center, LLC, and Dana Centre,  
2 LLC; and (b) and/or any new or additional entities that directly or indirectly have or hold an  
3 Ownership Interest in and to a Portfolio Entity, and which are directly or indirectly owned from  
4 time to time by Debtors, and any successors, transferees or assigns in connection therewith.

5 74. ***"Marilyn Gianulias"*** means secured creditor Marilyn Hester Gianulias, an  
6 individual.

7 75. ***"Mediator"*** means the Honorable Mitchel Goldberg (Ret.). If, for any reason,  
8 Judge Goldberg is unable to serve as the Mediator, the Mediator shall be an individual mutually  
9 agreed upon by the parties involved in the dispute using the following procedure: (i) each party  
10 may propose the names of five neutral, qualified individuals to serve as Mediator; (ii) each party  
11 may strike three names from the opposing party's list peremptorily; and (iii) the parties shall then  
12 mutually select one of the remaining four individuals to serve as Mediator. To the extent that the  
13 parties are unable to mutually agree on a Mediator, the parties shall request that the Court appoint  
14 a Mediator from the list of the remaining four individuals.

15 76. ***"Mesa Management"*** means Mesa Management, Inc., and shall include (1) its  
16 successors and assigns, with respect to ownership and/or control, (2) any Affiliate of any Debtor  
17 who succeeds Mesa Management as the entity that provides management services or functions to  
18 any of the Portfolio Entities and/or the Intermediate Entities, and (3) any Person appointed as  
19 successor manager by Debtors.

20 77. ***"National Bank"*** means secured creditor National Bank of Arizona.

21 78. ***"Negative Pledge"*** means that certain Negative Pledge, a true and correct copy of  
22 which is attached hereto as Exhibit "G."

23 79. ***"Order for Relief Date"*** means July 2, 2008, the date on which the Court entered  
24 its "Order on Debtor's Election to Convert Chapter 7 Case to a Case Under Chapter 11 of the  
25 Bankruptcy Code" for each Debtor.

26 80. ***"Other Owner"*** means any Person that holds or owns a Venture Interest and is not  
27 an Affiliate of Debtors.  
28

1           81.     **"Ownership Interest"** shall mean, subject to the terms and conditions (including  
2 any adjustments) of Section 4(b) of the Cash Flow Note: (1) any Equity Interest as of the date of  
3 execution of the Cash Flow Note, (2) any and all replacement, exchange or substitution with  
4 respect thereto, and/or (3) any and all distributions of any Equity Interest (of whatsoever kind and  
5 nature) issued and/or distributed on account of any Ownership Interests; provided, however, that  
6 the term "Ownership Interest" shall not include an Equity Interest (of whatsoever kind and nature)  
7 sold, transferred or assigned (but not encumbered) by Grantors to any Person, including, without  
8 limitation, in connection with the dilution of any Equity Interest owned or held by a Grantor.  
9 Notwithstanding the foregoing, if (A) an Ownership Interest in a Portfolio Entity or Intermediate  
10 Entity is reduced by means of dilution resulting from a Capital Call Transaction (as defined in the  
11 Security Agreement), subject to the terms and conditions under any Governing Document, and (B)  
12 Debtors subsequently acquire a Venture Interest pursuant to Section 4(b)(3) of the Cash Flow  
13 Note by means of Debtors' making a loan to, or otherwise acquiring a Venture Interest in and to,  
14 such Portfolio Entity or Intermediate Entity, the term "Ownership Interest" in such Portfolio Entity  
15 or Intermediate Entity shall include the Venture Interest so reacquired in an amount not to exceed  
16 the Equity Interest lost to dilution. Anything to the contrary contained herein notwithstanding, the  
17 parties acknowledge and agree that Grantors may not use Collateral to purchase or acquire any  
18 Ownership Interests, including, without limitation, any rights in and to Ownership Interests or  
19 Venture Interests of whatsoever kind and nature, without the prior written consent of Holder in its  
20 sole and absolute discretion.

21           82.     **"Pacific Mercantile"** means secured creditor Pacific Mercantile Bank.

22           83.     **"Pacific Mercantile Note"** means that certain promissory note dated as of October  
23 26, 2005, in the original principal sum of \$2 million (as subsequently modified to \$3 million),  
24 executed by Gianulias.

25           84.     **"Person"** means any individual, corporation, partnership, limited liability  
26 company, association, indenture trustee, organization, joint stock company, joint venture, estate,  
27 trust, governmental unit or any political subdivision thereof, or any other entity.

28           85.     **"Petition Date"** means June 6, 2008.

1 86. **"Plan"** means this "Debtors' Fourth Amended Plan of Reorganization (Dated  
2 May 27, 2010)" (including all exhibits and attachments, each of which is hereby incorporated and  
3 made part of the Plan), as modified or amended from time to time in accordance with section 1127  
4 of the Bankruptcy Code.

5 87. **"Plan Documents"** means, collectively, the Creditors' Trust Agreement, the Cash  
6 Flow Note, the Secondary Note, the Security Agreement, the Disbursing Agent Agreement, the  
7 Control Agreement, the Negative Pledge and the Written Instructions.

8 88. **"Portfolio Entities"** means the following Entities: (a) East Coast Properties –  
9 Country Gardens, a New York General Partnership; (b) East Coast Properties – Grenadier Village,  
10 a New York General Partnership; (c) East Coast Properties – Country Estates, a New York  
11 General Partnership; (d) East Coast Properties – Woodwind Gardens, a New York General  
12 Partnership; (e) Fountain Valley Senior Housing, LP, a California limited partnership; (f) LG  
13 Parkewood Village, LP, a California limited partnership; (g) Park Glen, LP, a California limited  
14 partnership; (h) Park Mesa, LP, a California limited partnership; (i) Piccadilly Square, LP, a  
15 California limited partnership; (j) Placentia 422, LP, a California limited partnership; (k) River  
16 Knolls, LP, a California limited partnership; (l) Villa Buena, LP, a California limited partnership;  
17 (m) Coast Business Center (Coast Business Center, LP, a California limited partnership); (n)  
18 Crown Building (Crown Building, LLC, a California limited liability company); (o) Dana Centre,  
19 a California general partnership; (p) Dana Center, LP, a California limited partnership; (q)  
20 Greenhaven Plaza, a California general partnership; (r) GVSC, LP, a California limited  
21 partnership; (s) Lahaina Cannery Mall, LLC, a Hawaii limited liability company; (t) Lucas-  
22 Gianulias, a California limited partnership; and (u) Sunrise Village, LP, a California limited  
23 partnership, and any successors, transferees and assigns of any of the foregoing.

24 89. **"Priority Payments"** means the following items, in such order of priority as set  
25 forth in the Plan: (a) the following payments to Marilyn Gianulias on account of, and in full  
26 satisfaction of her secured claim with respect to Debtors: (1) \$1,000,000 in the first year following  
27 the Effective Date (\$83,333.33 per month), (2) \$1,200,000 in the second year following the  
28 Effective Date (\$100,000 per month), (3) \$1,200,000 in the third year following the Effective Date

(100,000 per month), (4) \$1,200,000 in the fourth year following the Effective Date (\$100,000 per month), and (5) approximately \$1,593,563 in the fifth year following the Effective Date, representing the remaining balance owing to Marilyn Gianulias in connection with her claim in the Cases (approximately \$132,796.93 per month); (b) the payment of \$1,800,000 per year in each of the first and second year following the Effective Date to Debtors (\$150,000 per month); (c) payment of all Allowed Administrative Claims, Allowed Gap Claims, Allowed Priority Claims, and Allowed Priority Tax Claims incurred in the Cases; and (d) the payment of all Adjusted Income Taxes, subject to the terms and conditions as set forth in Section 5(b) of the Cash Flow Note.

90. **"Proceeds"** means Gross Available Cash Flow and any other Cash received by Grantors from time to time from any Collateral identified in subsections (b), (c) and (d) of the definition of Collateral set forth above.

91. **"Projection"** means the projection prepared by the Debtors estimating cash flow generated by the Portfolio Entities and the payments on account of the Cash Flow Note, which is intended as a guide only and is not a guarantee of any specific payment stream, and attached to the Disclosure Statement as Exhibit 2.

92. **"Priority Claim"** means a Claim other than an Administrative Claim or a Tax Claim which, if allowed, would be entitled to priority under section 507(a) of the Bankruptcy Code.

93. **"Priority Tax Claim"** means a Claim entitled to priority under section 507(a)(8) of the Bankruptcy Code.

94. **"Pro Rata"** means proportionately. Distributions to holders of Allowed Claims in a Class are Pro Rata when the ratio of (a)(i) the amount of Cash distributed on account of each such Allowed Claim to (ii) the amount of such Claim, is the same as the ratio of (b)(i) the amount of Cash distributed on account of all Allowed Claims of the Class in which such Claim is included to (ii) the amount of all Allowed Claims in that Class. Allocations to holders of Allowed and Disputed Claims in a Class are Pro Rata when (a)(i) the amount of property allocated to each such Claim to (ii) the amount of such Claim, is the same as the ratio of (b)(i) the amount of property

1 allocated to all Allowed and Disputed Claims of the Class to (ii) the total amount of all Claims  
2 (including Disputed Claims) in that Class.

3 95. ***“Professionals”*** means those Entities (a) employed in the Cases under sections 327  
4 or 1103 of the Bankruptcy Code, and (b) entitled, under sections 328, 330, 331, 503(b), 506(b),  
5 507(a)(2) of the Bankruptcy Code, to seek compensation for legal, accounting or other  
6 professional services and the costs and expenses related to such services from the Debtors or the  
7 Estates.

8 96. ***“Recovery Rights”*** means any and all manner of causes of action, claims,  
9 obligations, suits, debts, judgments and demands whatsoever, whether in law or in equity,  
10 including, but not limited to, actions to subordinate Claims under Section 510 of the Bankruptcy  
11 Code and avoidance power actions set forth in Sections 544 through 550, inclusive, of the  
12 Bankruptcy Code.

13 97. ***“Rejection Damages Deadline”*** means the later of the Claim Bar Date, or thirty  
14 (30) days after the entry of an order approving the rejection of an executory contract or unexpired  
15 lease.

16 98. ***“Reorganized Debtors”*** means the Debtors, or any successors or assigns with  
17 respect thereto, including, without limitation, any successors by merger, consolidation, intestacy  
18 or otherwise, on and after the Effective Date; provided, however, that, by way of clarification  
19 solely with respect to any such successors and assigns, the following Persons are expressly  
20 excluded as successors and assigns for purposes of this definition: any Person who (A) is an Other  
21 Owner or (B) acquires any Ownership Interest and is not an Affiliate of any Debtor; provided,  
22 however, nothing herein shall limit, affect or abridge the Holder’s right to consent to the sale,  
23 transfer and/or assignment of any Ownership Interest pursuant to the provisions of Section 6(a)(2)  
24 of the Security Agreement or any remedies that Holder may have under the Security Agreement  
25 for any breach of the provisions of Section 6(a)(2) of the Security Agreement; provided, further,  
26 notwithstanding any provision to the contrary in the Cash Flow Note, any and all successors  
27 and/or assigns who acquire or receive any Ownership Interest pursuant to any will, devise,  
28 inheritance or by operation of law shall not become a Debtor hereunder, but the Ownership

1 Interests received by any such successor or assign shall continue to be subject to the terms and  
2 conditions of the Cash Flow Note and of the Security Documents.

3 99. **"Schedules"** means the schedules of assets and liabilities, statements of financial  
4 affairs, and lists of holders of Claims and Equity Interests filed with the Court by each of the  
5 Debtors, including any amendments or supplements thereto.

6 100. **"Secondary Note"** means the promissory note in the original principal amount of  
7 \$5 million, which shall not bear interest, and maturing on December 31, 2025, to be issued by the  
8 Reorganized Debtors as of the Effective Date and made payable to the Creditors' Trust solely for  
9 the benefit of holders of Allowed General Unsecured Claims, a true and correct copy of which is  
10 attached hereto as Exhibit "D."

11 101. **"Secured Claim"** means a Claim secured by a lien on any property of any of the  
12 Estates, but only to the extent of the value of the interest of the holder of such Allowed Claim in  
13 the interest of the Estate in such property, the calculation of which shall not include any demand  
14 for default interest, penalty interest or other similar demands.

15 102. **"Security Agreement"** means that certain Security Agreement, a true and correct  
16 copy of which is attached hereto as Exhibit "E."

17 103. **"Security Documents"** means the Security Agreement, the Cash Flow Note and  
18 any and all documents, instruments, certificates and written agreements entered into in connection  
19 therewith.

20 104. **"Subordinated Claims"** means: (a) any Claim, or a portion of a Claim, that is  
21 subject to subordination under section 510 of the Bankruptcy Code, and (b) any Claim, or portion  
22 of a Claim, for fines, penalties, forfeitures, or for multiple, exemplary, or punitive damages, or  
23 other non-pecuniary, direct or non-proximate damages.

24 105. **"Subsidiary"** means any corporation, limited liability company, partnership, trust  
25 or other entity (whether now existing or hereafter organized or acquired) of which any Debtor or  
26 one or more Subsidiaries of any Debtor at the time owns or controls directly or indirectly more  
27 than fifty percent (50%) of the shares of stock or partnership or other ownership interest having  
28 general voting power under ordinary circumstances to elect a majority of the board of directors,

1 managers or trustees or otherwise exercising control of such corporation, limited liability  
2 company, partnership, trust or other entity (irrespective of whether at the time stock or any other  
3 form of ownership of any class or classes shall have or might have voting power by reason of the  
4 happening of any contingency.

5 106. **"Tax Code"** means title 26 of the United States Code, as amended from time to  
6 time.

7 107. **"Term Sheet"** means the Binding Term Sheet entered into by Gianulias, Cameo  
8 and the Committee in October 2009, which formed the basis for further negotiations to agree to a  
9 series of documents which implement the Plan terms agreed to by the Debtors and the Committee.

10 108. **"Treasury Regulations"** means final and temporary regulations promulgated by the  
11 U.S. Treasury Department in respect of the Tax Code.

12 109. **"UCC"** means the Uniform Commercial Code as adopted and in effect in the State  
13 of California from time to time.

14 110. **"Unclaimed Property"** means any funds or other Property to be distributed to  
15 Creditors pursuant to the Plan, which, after an attempted distribution, has not been received by the  
16 rightful Creditor. Unclaimed property shall include checks and any other property that have been  
17 returned as undeliverable without a proper forwarding address, or which were not mailed or  
18 delivered because of the absence of a proper address to which to mail or deliver such property.  
19 Such Unclaimed Property that remains unclaimed at the end of one (1) year following the date of  
20 an attempted distribution shall be reallocated and paid to other holders of Allowed Claims in  
21 accordance with the Plan. After the expiration of one (1) year following the date of an attempted  
22 distribution, each Claim with respect to Unclaimed Property shall be treated as if it had been  
23 disallowed in its entirety.

24 111. **"United States Trustee"** means the United States Trustee for the District of  
25 California.

26 112. **"Venture Interest"** means any partnership interest, membership interest,  
27 shareholder interest or other ownership or equity interest and/or economic or other interest in a  
28 Portfolio Entity and/or Intermediate Entity.

113. ***"Voting Deadline"*** means July 2, 2010, or such other deadline established by the Bankruptcy Court for parties in interest entitled to vote to submit their ballots accepting or rejecting the Plan.

114. ***"Wells Fargo"*** means secured creditor Wells Fargo Bank, National Association and/or Wells Fargo Bank N.A.

115. ***"Written Instructions"*** means that certain Form of Written Direction, a true and correct copy of which is attached hereto as Exhibit "H."

**B. Rules of Interpretation, Construction, and Computation of Time**

1. Any term used in the Plan that is not defined herein, whether in this Article or elsewhere, or other exhibits hereto, but that is used in the Bankruptcy Code or the Bankruptcy Rules has the meaning ascribed to that term in (and shall be construed in accordance with the rules of construction under) the Bankruptcy Code or the Bankruptcy Rules.

2. Any capitalized term used in the Plan that is not defined herein, or other exhibits hereto, but that is defined and used in the Disclosure Statement has the meaning ascribed to that term in the Disclosure Statement.

3. The words "herein," "hereof," "hereto," "hereunder" and others of similar import refer to the Plan as a whole and not to any particular article, section, subsection or clause contained in the Plan.

4. Unless specified otherwise in a particular reference, a reference to an article or a section is a reference to that article or section of the Plan.

5. Any reference in the Plan to a document being in a particular form or on particular terms and conditions means that the document shall be substantially in such form or substantially on such terms and conditions.

6. Any reference in the Plan to an existing document means such document, as it may have been amended, modified or supplemented from time to time as of the Effective Date.

7. Whenever from the context it is appropriate, each term stated in either the singular or the plural shall include both the singular and the plural.

1           8.       The rules of construction set forth in section 102 of the Bankruptcy Code shall  
2 apply to the Plan.

3           9.       In computing any period of time prescribed or allowed by the Plan, the provisions  
4 of Bankruptcy Rule 9006(a) shall apply.

10. All exhibits to the Plan are incorporated into the Plan, and shall be deemed to be part of the Plan.

7 11. The provisions of the Plan shall control over the contents of the Disclosure  
8 Statement. The provisions of the Confirmation Order shall control over the contents of the Plan.

9           12. Unless otherwise specified in the Plan, whenever a distribution of property must be  
10 made, or an act required on a particular date, the distribution or act shall occur on such date, or as  
11 soon as practicable thereafter.

### ARTICLE III

## PAYMENT OF ADMINISTRATIVE EXPENSES

## AND TREATMENT OF CERTAIN UNCLASSIFIED CLAIMS

15 **A. Summary**

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Claims for Professional Fees and Priority Tax claims against the Debtors 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 this Article III and in accordance with the requirements set forth in section 1129(a)(9)(A) of the Bankruptcy Code.

## 22 B. Administrative Claims

23 Subject to section 330(a) and 331 of the Bankruptcy Code and the bar date provisions of  
24 paragraph C of this Article III, on the later of the Effective Date, or as soon thereafter as practical,  
25 or the date on which the Administrative Claim is allowed, the Debtors will pay to each Creditor  
26 holding an Allowed Administrative Claim, unless that Creditor agrees to different treatment, Cash  
27 equal to the unpaid portion of such Allowed Administrative Claim; *provided, however*, that  
28 Allowed Administrative Claims representing obligations incurred in the ordinary course of

1 business or otherwise assumed by the Debtors pursuant to this Plan and unpaid as of the Effective  
2 Date, shall be assumed on the Effective Date and paid or performed by the Debtors when due in  
3 accordance with the terms and conditions of the particular agreements governing such obligations.

4 **C. Bar Date For Administrative Claims**

5 All applications for final compensation of Professionals for services rendered and for  
6 reimbursement of expenses incurred on or before the Effective Date, and any other request for  
7 compensation by any Entity for making a substantial contribution in the Cases, and all other  
8 requests for payment of an Administrative Claim incurred before the Effective Date under sections  
9 507(a)(2) or 503(b) of the Bankruptcy Code (except only for Claims under 28 U.S.C. § 1930) shall  
10 be filed no later than thirty (30) days after the Effective Date.

11 Any Administrative Claim required to be filed within the foregoing deadlines that is not  
12 filed within such deadlines shall be forever barred and the Debtors shall be discharged of any  
13 obligation on such Claim. Any Creditor required to file a request for payment of such Claim and  
14 who does not file such request by the applicable bar date shall be forever barred from asserting  
15 such Claim against the Estates or the Debtors, or any of their respective properties.

16 **D. Payment of Allowed Administrative Claims of Professionals**

17 The Allowed Administrative Claims of Professionals shall not be paid in full on the  
18 Effective Date. Instead, Allowed Administrative Claims of Professionals shall be paid, Pro Rata,  
19 from the cash generated by the Portfolio Entities and Intermediate Entities and received by the  
20 Reorganized Debtors, subject to the payment of \$1.8 million annually to the Reorganized Debtors  
21 in the first and second year following the Effective Date and the payments to be made to Marilyn  
22 Gianulias on account of her Secured Claim as set forth herein. All Professionals have agreed to  
23 this deferral.

24 **E. Payment of Priority Tax Claims**

25 Each holder of an Allowed Priority Tax Claim against the Debtors shall receive, on the  
26 Effective Date, in full satisfaction, release, and discharge of such Allowed Priority Tax Claim, at  
27 the election of the Debtors, either: (i) Cash payment in the amount of the holder's Allowed  
28 Priority Tax Claim; (ii) deferred Cash payments over a period not to exceed five (5) years, from

1 the Petition Date, equal to the Allowed amount of such claim; (iii) in a manner not less favorable  
2 than the most favored nonpriority unsecured claim provided for by the Plan; or (iv) such other  
3 terms as may be agreed upon by such holder and the Debtors. The rate of interest to be paid on  
4 Priority Tax Claims paid out over a period not to exceed five (5) years from the Petition Date shall  
5 be equal to the underpayment rate specified in 26 U.S.C. § 6621 (determined without regard to 26  
6 U.S.C. § 6621(c)) as of the Effective Date or such higher rate as required by 11 U.S.C. § 511(a).

7 Holders of Allowed Priority Tax Claims shall not be entitled to receive any payment on  
8 account of post-Petition Date interest on, or penalties with respect to or arising in connection with,  
9 such Priority Tax Claims, except as allowed by the Court, and all Claims or demands by holders of  
10 Priority Tax Claims for post-Petition Date interest or penalties thereon, except as may be allowed  
11 by the Court, shall be disallowed by the Plan and the Confirmation Order, and the holders of  
12 Priority Tax Claims shall not assess or attempt to collect interest or penalties from the Estates or  
13 their properties.

14 **F. Payment of Gap Claims**

15 Each holder of an Allowed Gap Claim shall receive in full satisfaction of such holder's  
16 Allowed Claim (a) the amount of such holder's Allowed Claim in one cash payment on the  
17 Effective Date, or as soon thereafter as practical, or (b) such other treatment as may be agreed  
18 upon in writing by such holder.

19 **ARTICLE IV**

20 **CLASSIFICATION OF CLAIMS AND INTERESTS**

21 **A. Manner of Classification of Claims and Interests**

22 Except for Claims of a kind specified in sections 507(a)(2) or 507(a)(8) of the Bankruptcy  
23 Code, all Claims against, and Interests in the Debtors and with respect to all property of the  
24 Debtors and the Estates, are defined and hereinafter designated in respective Classes. The Plan is  
25 intended to deal with all Claims against and Interests in the Debtors, of whatever character,  
26 whether known or unknown, whether or not with recourse, whether or not contingent or  
27 unliquidated, and whether or not previously allowed by the Court pursuant to section 502 of the  
28 Bankruptcy Code. Only holders of Allowed Claims, however, will receive any distribution under

1 the Plan. For purposes of determining Pro Rata distributions to holders of Allowed Claims under  
2 the Plan, Disputed Claims shall be included in the Class in which such Claims would be included  
3 if they were Allowed Claims.

4 **B. Classification**

5 Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of the  
6 classes of Claims and Interests in the Debtors. A Claim or Interest is placed in a particular Class  
7 only to the extent such Claim or Interest is an Allowed Claim or Interest in that Class and such  
8 Claim or Interest has not been paid, released, or otherwise settled or paid prior to the Effective  
9 Date. Any Claims not described in Article IV of this Plan are unclassified, and therefore, are not  
10 included in the Classes below. The Allowed Claims and Interests, except for Claims described  
11 above and which are not required to be classified pursuant to section 1123(a)(1) of the Bankruptcy  
12 Code, are divided into the following Classes.

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## SUMMARY OF CLASSIFICATION

<u>Class</u>	<u>Status</u>	<u>Voting Rights</u>
Class 1A: Secured Claims of Pacific Mercantile	Impaired	Entitled to Vote
Class 1B-1: Secured Claim of Wells Fargo on Account of the Colorado Note	Impaired	Entitled to Vote
Class 1B-2: Secured Claim of Wells Fargo on Account of the First Hawaii Note	Impaired	Entitled to Vote
Class 1B-3: Secured Claim of Wells Fargo on Account of the Second Hawaii Note	Impaired	Entitled to Vote
Class 1C: Secured Claims of National Bank	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 1D: Secured Claims of Marilyn Gianulias	Impaired	Entitled to Vote
Class 1E: Secured Claims of Gus Gianulias	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 1F: Secured Claims of Countrywide	Impaired	Entitled to Vote
Class 1G: Secured Claims of Chase	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 1H: Other Secured Claims	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 2: Priority Claims	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 3: General Unsecured Claims	Impaired	Entitled to Vote
Class 4: Inter-Debtor Claims	Impaired	Entitled to Vote
Class 5: Subordinated Claims	Unimpaired	Deemed Accepted; Not Entitled to Vote
Class 6: Interests in Cameo	Unimpaired	Deemed Accepted; Not Entitled to Vote

## ARTICLE V

### TREATMENT OF CLAIMS AND INTERESTS

#### A. Class 1A ~ Secured Claims of Pacific Mercantile

Class 1A consists of all Secured Claims of Pacific Mercantile.

1 Except to the extent that Pacific Mercantile agrees to a different treatment, Pacific  
2 Mercantile's Note shall be modified as follows:

3 1. Principal Amount. The Pacific Mercantile Note shall have a principal amount  
4 equal to the principal balance as of the Petition Date, plus all amounts that have accrued on the  
5 Pacific Mercantile Note through and including the Effective Date.

6 2. Interest. Simple interest shall accrue on the unpaid principal balance of the Pacific  
7 Mercantile Note at the rate of 5.5% per annum.

8 3. Payments. The first monthly payment under the Pacific Mercantile Note will be  
9 due on the fifteenth (15th) day of the first calendar month following the Effective Date and will be  
10 in an amount equal to the interest accrued on the Pacific Mercantile Note from the Effective Date  
11 through the end of the calendar month in which the Effective Date occurs. Thereafter, until  
12 maturity, a monthly payment will be due on the fifteenth (15th) day of each successive month in  
13 an amount equal to the interest accrued on the unpaid principal balance of the Pacific Mercantile  
14 Note during the previous month.

15 4. Maturity. The maturity date of the Pacific Mercantile Note shall be extended, and  
16 the Pacific Mercantile Note will be due and payable in full on the last Business Day of the 84th  
17 calendar month after the Effective Date.

18 5. Pre-Payment. At any time after the Effective Date, without penalty or premium,  
19 the Pacific Mercantile Note may be prepaid, in whole or in part, in the sole discretion of the  
20 Reorganized Debtors provided, however, that pre-payment cannot act to impact payments due to  
21 the Creditors' Trust.

22 6. Retention of Collateral. Except to the extent inconsistent herewith or with the law,  
23 the validity and priority of the security interest securing the Pacific Mercantile Note shall remain  
24 in full force and effect following the Effective Date.

25 To the extent that a Creditor in Class 1A does not hold an Allowed Secured Claim, such  
26 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

27 **Class 1A is impaired under the Plan.**  
28

1 **B. Class 1B ~ Secured Claims of Wells Fargo**

2 Class 1B consists of all Secured Claims of Wells Fargo. Wells Fargo's Secured Claims  
3 arise from two promissory notes, secured by two properties: (1) a property located at 747 S.  
4 Galena, Aspen, Colorado (the "Colorado Property"); and (2) a property located at 13 Coconut  
5 Grove Lane, Lahaina, Hawaii (the "Hawaii Property"). The note secured by the Colorado  
6 Property shall be referred to below as the Colorado Note, the note secured by the Hawaii Property  
7 shall be referred to below as the Hawaii Note and collectively the modified Hawaii Note and the  
8 Colorado Note shall be referred to as the Wells Fargo Notes.

9 (a) Class 1B-1: the Colorado Note

10 Class 1B-1 consists of the Secured Claims of Wells Fargo arising from the Colorado Note.  
11 Except to the extent that Wells Fargo agrees to a different treatment, the Colorado Note shall be  
12 modified as follows:

13 1. Principal Amount. The Colorado Note shall have a principal amount equal to the  
14 principal balance as of the Petition Date, plus all amounts that have accrued on the Colorado Note  
15 through and including the Effective Date.

16 2. Interest. Simple interest shall accrue on the unpaid principal balance of the  
17 Colorado Note at the rate of a 5.75% per annum.

18 3. Payments. The first monthly payment under the Colorado Note will be due on the  
19 fifteenth (15th) day of the first calendar month following the Effective Date and will be in an  
20 amount equal to (a) the interest accrued on the Colorado Note from the Effective Date through the  
21 end of the calendar month in which the Effective Date occurs plus (b) principal calculated on the  
22 basis of a 30-year amortization schedule. Thereafter, until maturity, a monthly payment will be  
23 due on the fifteenth (15th) day of each successive month in an amount equal to (a) the interest  
24 accrued on the unpaid principal balance of the Colorado Note during the previous month plus (b)  
25 an installment of principal calculated on the basis of a 30-year amortization schedule.

26 4. Maturity. The maturity date of the Colorado Note shall be extended, and the  
27 Colorado Note will be due and payable in full on the last Business Day of the 180th calendar  
28 month after the Effective Date.

1           5.     Pre-Payment. At any time after the Effective Date, without penalty or premium,  
2 the Colorado Note may be prepaid, in whole or in part, in the sole discretion of the Reorganized  
3 Debtors provided, however, that pre-payment cannot act to impact payments due to the Creditors'  
4 Trust.

5           6.     Retention of Collateral. Except to the extent inconsistent herewith or with the law,  
6 the validity and priority of the security interest securing the Colorado Note shall remain in full  
7 force and effect following the Effective Date.

8           To the extent that a Creditor in Class 1B-1 does not hold an Allowed Secured Claim, such  
9 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

10           **Class 1B-1 is impaired under the Plan.**

11           (b)    Class 1B-2: the First Hawaii Note

12           Class 1B-2 consists of the Secured Claims of Wells Fargo arising from the First Deed of  
13 Trust on property located at 13 Coconut Grove Lane, #13, Lahaina, Hawaii. Except to the extent  
14 that Wells Fargo agrees to a different treatment, the First Hawaii Note shall be modified as  
15 follows:

16           1.     Principal Amount. The First Hawaii Note shall have a principal amount equal to  
17 \$3.327 million.

18           2.     Interest. Simple interest shall accrue on the unpaid principal balance of the Hawaii  
19 Note at the rate of a 6.25% per annum.

20           3.     Payments. The first monthly payments under the First Hawaii Note will be due on  
21 the fifteenth (15th) day of the first calendar month following the Effective Date and will be in an  
22 amount equal to (a) the interest accrued on the First Hawaii Note from the Effective Date through  
23 the end of the calendar month in which the Effective Date occurs plus (b) principal calculated on  
24 the basis of a 30-year amortization schedule. Thereafter, until maturity, a monthly payment will  
25 be due on the fifteenth (15th) day of each successive month in an amount equal to (a) the interest  
26 accrued on the unpaid principal balance of the First Hawaii Note during the previous month plus  
27 (b) an installment of principal calculated on the basis of a 30-year amortization schedule.  
28

1           4.     Maturity. The maturity date of the First Hawaii Note shall be extended, and the  
2 First Hawaii Note will be due and payable in full on the last Business Day of the 240th calendar  
3 month after the Effective Date.

4           5.     Pre-Payment. At any time after the Effective Date, without penalty or premium,  
5 the First Hawaii Note may be prepaid, in whole or in part, in the sole discretion of the Reorganized  
6 Debtors provided, however, that pre-payment cannot act to impact payments due to the Creditors'  
7 Trust.

8           6.     Retention of Collateral. Except to the extent inconsistent herewith or with the law,  
9 the validity and priority of the security interest securing the First Hawaii Note shall remain in full  
10 force and effect following the Effective Date.

11           To the extent that a Creditor in Class 1B-2 does not hold an Allowed Secured Claim, such  
12 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

13           **Class 1B-2 is impaired under the Plan.**

14           (c)     Class 1B-3: the Second Hawaii Note

15           Class 1B-2 consists of the Secured Claims of Wells Fargo arising from the Second Deed of  
16 Trust on property located at 13 Coconut Grove Lane, #13, Lahaina, Hawaii. Except to the extent  
17 that Wells Fargo agrees to a different treatment, the Second Hawaii Note shall be modified as  
18 follows:

19           1.     Principal Amount. The Second Hawaii Note shall have a principal amount equal to  
20 \$373,000 (based on the property value of \$3.7 million).

21           2.     Interest. Simple interest shall accrue on the unpaid principal balance of the Second  
22 Hawaii Note at the rate of a 6.25% per annum.

23           3.     Payments. The first monthly payments under the Second Hawaii Note will be due  
24 on the fifteenth (15th) day of the first calendar month following the Effective Date and will be in  
25 an amount equal to (a) the interest accrued on the Second Hawaii Note from the Effective Date  
26 through the end of the calendar month in which the Effective Date occurs plus (b) principal  
27 calculated on the basis of a 30-year amortization schedule. Thereafter, until maturity, a monthly  
28 payment will be due on the fifteenth (15th) day of each successive month in an amount equal to (a)

1 the interest accrued on the unpaid principal balance of the Second Hawaii Note during the  
2 previous month plus (b) an installment of principal calculated on the basis of a 30-year  
3 amortization schedule.

4 4. Maturity. The maturity date of the Second Hawaii Note shall be extended, and the  
5 Hawaii Note will be due and payable in full on the last Business Day of the 240th calendar month  
6 after the Effective Date.

7 5. Pre-Payment. At any time after the Effective Date, without penalty or premium,  
8 the Second Hawaii Note may be prepaid, in whole or in part, in the sole discretion of the  
9 Reorganized Debtors provided, however, that pre-payment cannot act to impact payments due to  
10 the Creditors' Trust.

11 6. Retention of Collateral. Except to the extent inconsistent herewith or with the law,  
12 the validity and priority of the security interest securing the Second Hawaii Note shall remain in  
13 full force and effect following the Effective Date.

14 To the extent that a Creditor in Class 1B-3 does not hold an Allowed Secured Claim, such  
15 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

16 **Class 1B-3 is impaired under the Plan.**

17 **C. Class 1C ~ Secured Claims of National Bank**

18 Class 1C consists of all Secured Claims of National Bank.

19 Except to the extent that the holder of an Allowed Secured Claim in Class 1C agrees to a  
20 different treatment, the holder of the Allowed Secured Claim in Class 1C shall, at the sole election  
21 of the Debtors (made prior to the Effective Date), receive one of the following treatments: (i) the  
22 legal, equitable and contractual rights to which the holder of such Allowed Secured Claim is  
23 entitled shall remain unaltered; or (ii) the Debtors shall surrender to the holder of the Allowed  
24 Secured Claim such property of the applicable Estate as may be security and collateral for its  
25 Claim.

26 To the extent that a Creditor in Class 1C does not hold an Allowed Secured Claim, such  
27 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

28 **Class 1C is unimpaired under the Plan.**

1 **D. Class 1D ~ Secured Claims of Marilyn Gianulias**

2 Class 1D consists of all Secured Claims of Marilyn Gianulias.

3 Marilyn Gianulias shall receive the following treatment on account of her Allowed Secured  
4 Claims:

5 1. Principal Amount. The principal amount to be paid to Marilyn Gianulias under the  
6 Plan shall be \$5,075,000.

7 2. Interest. Simple interest shall accrue on the unpaid principal balance owed to  
8 Marilyn Gianulias at the rate of 7.5% per annum.

9 3. Payments. Payments to Marilyn Gianulias shall be made on a monthly basis  
10 commencing on the Effective Date, based on the following schedule:

11 <u>Year</u>	<u>Annual Payment Amount</u>
12 Year 1	\$1,000,000
13 Year 2	\$1,200,000
14 Year 3	\$1,200,000
15 Year 4	\$1,200,000
16 Year 5	Approximately \$1,593,563 (remaining balance of the Marilyn Gianulias
17 Secured Claim)	

18 Marilyn Gianulias shall receive monthly payments of \$83,333.33 per month from Gross  
19 Available Cash Flows (as provided in Section VII.D.1) for the first through twelfth calendar  
20 months following the Effective Date, which will be due on the fifth (5th) business day of each  
21 month. For the 13th month and through the 48th month, Marilyn Gianulias shall receive monthly  
22 payments of \$100,000.00 from Gross Available Cash Flows (as provided in Section VII.D.1),  
23 which will be due on the fifth (5th) business day of each month. Thereafter, until maturity,  
24 Marilyn Gianulias shall receive monthly payments of approximately \$132,796.93 from Gross  
25 Available Cash Flows (as provided in Section VII.D.1) representing the remaining amounts owing  
26 to Marilyn Gianulias (amortized over the last 12 months) in connection with her claim, which will  
27 be due on the fifth (5th) business day of each month. In the event that Gross Available Cash  
28 Flows for a particular month are insufficient to pay the required amount for such month, (a) to the

1 extent that the amount paid for such month is insufficient to pay the accrued interest for such  
2 month, the unpaid accrued interest shall be added to the principal amount owed to Marilyn  
3 Gianulias, and (b) any shortfall in the payment for such month shall be paid from Gross Available  
4 Cash Flows for the following month(s) before any payment is made to the Reorganized Debtors  
5 under the first sentence of Section VII.D.1.

6 4. Maturity. The maturity date of the Marilyn Gianulias obligation shall be the last  
7 Business Day of the 60th calendar month after the Effective Date.

8 5. Pre-Payment. At any time after the Effective Date, without penalty or premium,  
9 the Marilyn Gianulias Allowed Secured Claim may be prepaid, in whole or in part, in the sole  
10 discretion of the Reorganized Debtors.

11 6. Retention of Collateral. Any and all liens currently held by Marilyn Gianulias with  
12 respect to Debtors shall be released as of the Effective Date, and Marilyn Gianulias shall not take  
13 any action to enforce or otherwise to exercise any rights or remedies with respect to any such  
14 liens. As of the Effective Date, Marilyn Gianulias shall be granted a first priority security interest  
15 in the Collateral. Marilyn Gianulias shall retain this first priority security interest in the Collateral  
16 until such time as the Allowed Class 1D Claim has been paid in full. Marilyn Gianulias' security  
17 interest in the Collateral shall, at all times until paid in full, be senior to the Creditors' Trust Lien.

18 To the extent that a Creditor in Class 1D does not hold an Allowed Secured Claim, such  
19 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

20 **Class 1D is impaired under the Plan.**

21 **E. Class 1E – Secured Claims of Gus Gianulias**

22 Class 1E consists of all Secured Claims of Gus Gianulias.

23 Except to the extent that the holder of an Allowed Secured Claim in Class 1E agrees to a  
24 different treatment, the holder of the Allowed Secured Claim in Class 1E shall, at the sole election  
25 of the Debtors (made prior to the Effective Date), receive one of the following treatments: (i) the  
26 legal, equitable and contractual rights to which the holder of such Allowed Secured Claim is  
27 entitled shall remain unaltered; or (ii) the Debtors shall surrender to the holder of the Allowed  
28

1 Secured Claim such property of the applicable Estate as may be security and collateral for its  
2 Claim.

3 To the extent that a Creditor in Class 1E does not hold an Allowed Secured Claim, such  
4 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

5 **Class 1E is unimpaired under the Plan.**

6 **F. Class 1F ~ Secured Claims of Countrywide**

7 Class 1F consists of all Secured Claims of Countrywide.

8 Except to the extent that Countrywide agrees to a different treatment, Countrywide's Note  
9 shall be modified as follows:

10 1. Principal Amount. The modified Countrywide Note shall have a principal amount  
11 equal to the outstanding balance of the note as of the Effective Date (estimated at \$509,372.60 as  
12 of Oct. 26, 2009, plus interest thereon through the Effective Date at the rate of 5.625% per  
13 annum).

14 2. Interest. Interest shall accrue on the unpaid principal balance of the Countrywide  
15 Note at the fixed rate of 5.75% per annum.

16 3. Payments. The first monthly payment under the Countrywide Note will be due on  
17 the fifteenth (15th) day of the first calendar month following the Effective Date and will be in an  
18 amount equal to (a) the interest accrued on the Countrywide Note from the Effective Date through  
19 the end of the calendar month in which the Effective Date occurs plus (b) principal calculated on  
20 the basis of a 30-year amortization schedule. Thereafter, until maturity, a monthly payment will  
21 be due on the fifteenth (15th) day of each successive month in an amount equal to (a) the interest  
22 accrued on the unpaid principal balance of the Countrywide Note during the previous month plus  
23 (b) an installment of principal calculated on the basis of a 30-year amortization schedule.

24 4. Maturity. The maturity date of the Countrywide Note shall be extended, and the  
25 Countrywide Note will be due and payable in full on the last Business Day of the 360th calendar  
26 month after the Effective Date.

27 5. Pre-Payment. At any time after the Effective Date, without penalty or premium,  
28 the Countrywide Note may be prepaid, in whole or in part, in the sole discretion of the

1 Reorganized Debtors provided, however, that pre-payment cannot act to impact payments due to  
2 the Creditors' Trust.

3 6. Retention of Collateral. Except to the extent inconsistent with any other term of the  
4 Plan or with the law, the validity and priority of the deed of trust securing the Countrywide Note  
5 shall remain in full force and effect following the Effective Date.

6 To the extent that a Creditor in Class 1F does not hold an Allowed Secured Claim, such  
7 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

8 **Class 1F is impaired under the Plan.**

9 **G. Class 1G ~ Secured Claims of Chase**

10 Class 1G consists of all Secured Claims of Chase.

11 To the extent that the Debtors continue to hold such property, the Debtors shall surrender  
12 to the holder of the Allowed Secured Claim such property of the applicable Estate as may be  
13 security and collateral for its Claim.

14 To the extent that a Creditor in Class 1G does not hold an Allowed Secured Claim, such  
15 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

16 **Class 1G is unimpaired under the Plan.**

17 **H. Class 1H~ Other Secured Claims**

18 Class 1H consists of all Secured Claims not included in the Classes described above. Each  
19 holder of an Allowed Secured Claim in Class 1H shall be deemed to be a separate subclass of  
20 Class 1H.

21 Except to the extent that the holder of an Allowed Secured Claim in Class 1H agrees to a  
22 different treatment, the holder of the Allowed Secured Claim in Class 1H shall, at the sole election  
23 of the Debtors (made prior to the Effective Date), receive one of the following treatments: (i) the  
24 Allowed Secured Claim shall be cured and reinstated pursuant to section 1124(2) of the  
25 Bankruptcy Code, and the Debtors shall fund all amounts and take all actions otherwise necessary  
26 to reinstate such Allowed Secured Claim, on or prior to the tenth (10th) Business Day following  
27 the Effective Date; or (ii) the legal, equitable and contractual rights to which the holder of such  
28 Allowed Secured Claim is entitled shall remain unaltered. Notwithstanding the foregoing,

1 alternatively, the Debtors may elect to satisfy an Allowed Secured Claim in Class 1H by one of  
2 the following treatments: (x) the surrender to the holder of the Allowed Secured Claim of such  
3 property of the applicable Estate as may be security and collateral for its Claim, or (y) the payment  
4 in Cash of the amount of such Allowed Secured Claim, as set forth in the Confirmation Order or  
5 other Final Order.

6 To the extent that the County of Riverside has a Secured Claim for real property taxes  
7 under 11 U.S.C. § 506(b), any payment made to the County of Riverside upon the sale or transfer  
8 of such real property will include all applicable state law interest under 11 U.S.C. § 511. The  
9 County of Riverside will retain any applicable lien until such Secured Claim is paid in full. A  
10 failure by the Debtors to make a payment based on a Secured Claim to the County of Riverside  
11 pursuant to the terms of the Plan shall be an Event of Default. If the Debtors fail to cure any such  
12 Event of Default within ten (10) days after service of written notice of default from the County of  
13 Riverside, then the County of Riverside may enforce the entire amount of its Secured Claim,  
14 including all penalties and interest accrued under state law, against the applicable Debtor in  
15 accordance with applicable state law remedies.

16 To the extent that a Creditor in Class 1H does not hold an Allowed Secured Claim, such  
17 Claim, if it becomes an Allowed Claim, shall be included in Class 3.

18 **Class 1H is unimpaired under the Plan.**

19 **I. Class 2 ~ Priority Claims**

20 Class 2 consists of all Allowed Priority Claims against the Debtors. Class 2 does not  
21 include any Priority Tax Claims, all of which shall be treated in accordance with section III.E of  
22 the Plan.

23 Except to the extent that the holder of such Claim agrees to a different treatment, the  
24 Debtors shall pay Cash on the Effective Date to each holder of an Allowed Claim in Class 2 the  
25 amount of such Allowed Claim.

26 **Class 2 is unimpaired under the Plan.**

1 **J. Class 3 ~ General Unsecured Claims**

2 Class 3 consists of all Allowed Claims against the Debtors (including Claims arising from  
3 the rejection of executory contracts and/or unexpired leases) other than: (a) Administrative  
4 Claims; (b) Priority Tax Claims; and (c) Claims included within any other Class designated in the  
5 Plan. Class 3 shall be deemed to include those Creditor(s) holding an alleged Secured Claim  
6 against the Debtors for which: (i) no collateral exists to secure the alleged Secured Claim; and/or  
7 (ii) liens, security interests, or other encumbrances that are senior in priority to the alleged Secured  
8 Claim exceed the fair market value of the collateral securing such alleged Secured Claim as of the  
9 Petition Date.

10 Due to the substantive consolidation of the Estates resulting from the Consolidation Order,  
11 the Creditors' Trust shall, subject to the terms and conditions of the Creditors' Trust Agreement,  
12 including, without limitation, after consideration of applicable reserves established by the  
13 Creditors' Trust Trustee pursuant to the terms and conditions thereof, make periodic Pro Rata  
14 distributions of Cash to Creditors holding Allowed Claims in Class 3 against the Debtors, except  
15 that Cash previously allocated to the Disputed Claims Reserve shall be distributed net of the  
16 income taxes owed with respect to the earnings of assets allocated to the Disputed Claims  
17 Reserve. See Section VII.F.9 hereof. In no event, however, will a Creditor receive an amount in  
18 excess of such Creditor's Allowed Claim in Class 3.

19 The proceeds from the Recovery Rights and the payments to be made by or on behalf of  
20 the Reorganized Debtors to the Creditors' Trust pursuant to the Cash Flow Note and the  
21 Secondary Note shall be the sole sources of distributions to holders of Allowed Claims in Class 3.  
22 Except to the extent that Cash previously allocated to the Disputed Claims Reserve is used to pay  
23 taxes owed with respect to the Disputed Claims Reserve, each Creditor holding an Allowed Claim  
24 in Class 3 is entitled to a Pro Rata share of available Cash received by the Creditors' Trust. The  
25 amount to be paid to a Creditor holding an Allowed Claim in Class 3 may depend upon which of  
26 the following categories of Claims applies to a particular Creditor's Claim: (1) the Creditor's  
27 Allowed Claim is asserted solely against the estate of Gianulias; (2) the Creditor's Allowed Claim  
28 is asserted solely against the estate of Cameo; or (3) the Creditor has valid, non-duplicative

1 Allowed Claims against both the Gianulias and Cameo estates (for example, a Creditor with  
2 enforceable guarantees issued by both Debtors).<sup>1</sup> The Creditors' Trust Trustee will determine the  
3 appropriate distributions for Creditors holding Allowed Claims in each of the foregoing three  
4 categories of claims, and shall ensure that each distribution is not less than the amount such a  
5 Creditor would have received absent the substantive consolidation of the Debtors' estates. When  
6 determining the amount to distribute to Allowed Claims (and after consideration of applicable  
7 reserves, if any, as permitted pursuant to the Creditors' Trust Agreement), the Creditors' Trust  
8 Trustee shall first allocate a Pro Rata amount of available Cash to the Allowed Claims and the  
9 Disputed Claims, and then place amounts allocated to Disputed Claims in the Disputed Claims  
10 Reserve on behalf of such Disputed Claims, so that holders of Disputed Claims may receive their  
11 Pro Rata allocations, net of their share of the income taxes owed with respect to assets allocated to  
12 the Disputed Claims Reserve, if, to the extent and when their Claims are Allowed.

13 The Reorganized Debtors shall make payments to the Creditors' Trust Trustee from  
14 Available Cash Flow for the benefit of holders of Allowed Claims in Class 3 under and pursuant  
15 to the terms of the following notes:

- 16 • The Cash Flow Note, in the principal amount of \$42 million, subject to  
17 adjustment as set forth therein, bearing interest at a rate of 3.75% per  
18 annum, and with a maturity date of December 31, 2024, subject to the terms  
19 and conditions of the Plan Documents.
- 20 • The Secondary Note, in the principal amount of \$5 million, which shall not  
21 bear interest, and with a maturity date of December 31, 2025, subject to the  
22 terms and conditions of the Plan Documents.

23  
24  
25 <sup>1</sup> For avoidance of doubt, the following hypothetical illustrates how distributions to  
26 creditors with dual claims will be made under the Plan: Assume that a creditor has a claim against  
27 each of the Debtors for \$10 million [for example, based on each Debtor having guaranteed the  
28 single loan of \$10 million], and further assume that the aggregate claims pool against both Debtors  
is \$200 million. Said creditor has claims of \$20 million as against a claims pool of \$200 million,  
or ten percent (10%) of the claims pool. Consequently, said creditor will receive ten percent  
(10%) of each distribution made by the Creditors' Trust Trustee. Further, under the Plan, no Class  
3 Claim will be disallowed on the ground it is duplicative if the claim would not have been  
disallowed as duplicative if the Debtors' two cases had not been substantively consolidated.

The payments to be made to the Creditors' Trust by the Reorganized Debtors pursuant to the Cash Flow Note and the Secondary Note, and the proceeds of any recovery with respect to the Recovery Rights, shall be the sole sources of distributions to holders of Allowed Claims in Class 3.

**Class 3 is impaired under the Plan.**

**K. Class 4 ~ Inter-Debtor Claims**

Class 4 consists of all Allowed Claims of any Debtor against the other Debtor.

Inter-Debtor Claims of Class 4 will continue to exist and will not be eliminated under the Plan. However, Allowed Inter-Debtor Claims shall be subordinated to all Allowed General Unsecured Claims and shall not receive any distribution under the Plan.

**Class 4 is impaired under the Plan.**

**L. Class 5 ~ Subordinated Claims**

Class 5 consists of all Allowed Subordinated Claims.

Holders of Allowed Subordinated Claims of Class 5 shall retain, unaltered, all legal, equitable and contractual rights to which the holder of such Claim is entitled.

**Class 5 is unimpaired under the Plan.**

**M. Class 6 ~ Interests**

Class 6 consists of all Interests.

Holders of Class 6 Interests in Cameo shall retain, unaltered, all legal, equitable and contractual rights to which the holder of such Interest is entitled. In addition, because Gianulias is an individual, he is the Interest Holder with respect to his Estate. As set forth in section VII.B of the Plan, title to all assets, properties, and business operations of Gianulias and his Estate, including his Interests in Cameo, shall revert in Gianulias as Reorganized Debtor.

**Class 6 is unimpaired under the Plan.**

**ARTICLE VI**

**ACCEPTANCE OR REJECTION OF THE PLAN**

Each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan shall be entitled to vote separately to accept or reject the Plan as provided in such order as

1 is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and  
2 tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy  
3 Court. In the event no holder of an Allowed Claim in an impaired Class of Claims submits a  
4 Ballot accepting or rejecting the Plan, such Class of Claims shall be deemed to have voted to reject  
5 the Plan.

6 **A. Classes Entitled to Vote**

7 Classes 1C, 1E, 1G, 1H, 2, 5, and 6 are unimpaired Classes under the Plan and are  
8 conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy  
9 Code.

10 Classes 1A, 1B-1, 1B-2, 1B-3, 1D, 1F, 3 and 4 are impaired Classes under this Plan and  
11 are entitled to vote to accept or reject this Plan.

12 **B. Non-Consensual Confirmation**

13 If a Class fails to accept this Plan by the statutory majorities provided in section 1126(c) of  
14 the Bankruptcy Code, the Debtors reserve the right to request the Bankruptcy Court to confirm  
15 this Plan as to such rejecting Class.

16 **C. Elimination of Vacant Classes**

17 Any Class of Claims that does not have a holder of an Allowed Claim or a Claim  
18 temporarily allowed under Bankruptcy Rule 3018 as of the date of commencement of the  
19 Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept  
20 or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such  
21 Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

22 **ARTICLE VII**

23 **IMPLEMENTATION OF THE PLAN AND EXECUTION OF ITS TERMS**

24 **A. Implementation of Plan**

25 The Debtors propose to implement and consummate the Plan through the means  
26 contemplated by sections 1123(a)(5)(A), (B), (D), (E) and (G), 1123(a)(8), 1123(b)(1), (b)(2),  
27 (b)(3)(A) and (B), (b)(4) and (b)(5), and 1145(a) of the Bankruptcy Code.

28