

**APPENDIX A TO DISCLOSURE STATEMENT**

Joint Plan of Reorganization Under Chapter 11, Title 11 of the United States Code of 2600 Park Living, Ltd. and Gramercy Court, Ltd., Debtors, Dated as of June 14, 2007

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
GALVESTON DIVISION**

<b>IN RE:</b>	§	
	§	
<b>GRAMERCY COURT, LTD.</b>	§	<b>Case No. 07-80177</b>
	§	
<b>and</b>	§	
	§	
<b>2600 PARK LIVING, LTD.,</b>	§	<b>Case No. 07-80178</b>
	§	
<b>Debtors</b>	§	<b>Chapter 11</b>
	§	
	§	<b>JOINTLY ADMINISTERED</b>
	§	<b>UNDER CASE NO. 07-80177</b>

**JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11,  
TITLE 11 OF THE UNITED STATES CODE OF 2600 PARK LIVING, LTD.,  
AND GRAMERCY COURT, LTD., DEBTORS**

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Dated: June 14, 2007  
Houston, Texas

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EXHIBIT A. EXIT FINANCE AGREEMENT

**DEBTORS' AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11,  
TITLE 11, UNITED STATES CODE OF 2600 PARK LIVING, LTD. AND GRAMERCY  
COURT, LTD., DEBTORS**

**INTRODUCTION**

2600 Park Living, Ltd. and Gramercy Court, Ltd. hereby propose the following joint plan of reorganization for the resolution of their outstanding Claims and Interests (as defined herein). Reference is made to the Disclosure Statement (as defined herein) distributed contemporaneously herewith for a discussion of the history, business, properties, results of operations, projections for future operations, and risk factors for the Debtors, a summary and analysis of the Plan (as defined herein) and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code (as defined herein).

All holders of Claims and Interests are encouraged to read the Plan and Disclosure Statement in their entirety before voting to accept or reject the Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Rule 3019 of the Bankruptcy Rules (as defined herein), and Article XIV of the Plan, the Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan prior to its substantial confirmation.

**ARTICLE I. DEFINITIONS**

The following terms herein shall have the respective meanings defined below:

1.1. **"2600 Park Living"** means 2600 Park Living, Ltd., a Texas limited partnership and one of the Debtors in these Chapter 11 Cases.

1.2. **"Administrative Claim"** means a Claim for payment of an administrative expense of a kind specified in section 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(1) of the Bankruptcy Code, including, but not limited to, (a) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors, (b) Professional Fee Claims, (c) all fees and charges assessed against the Estates under 28 U.S.C. § 1930, (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c)(2)(A) of the Bankruptcy Code, (e) cure payments for executory contracts and unexpired leases that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 365 of the Bankruptcy Code, and (f) all fees and expenses payable under Section 14.2 of the Plan.

1.3. **"Administrative Claims Bar Date"** means the date designated by the Bankruptcy Court as the last date for asserting certain Administrative Claims.

1.4. **"Allowance Date"** shall mean (i) as to a Disputed Claim, the date on which such Claim becomes an Allowed Claim by Final Order and (ii) as to any other Claim that is not a Disputed Claim, the Initial Distribution Date.

1.5. **“Allowed”** means, with respect to any Claim, such Claim or any portion thereof and with respect to each Debtor (a) any Claim against such Debtor that has been listed by the Debtor in its Schedules, as liquidated in amount and not Disputed or contingent and for which no contrary Proof of Claim has been filed; or (b) as to which a Proof of Claim or application has been timely filed in a liquidated amount with the Bankruptcy Court pursuant to the Bankruptcy Code or any order of the Bankruptcy Court, or late-filed with leave of the Court after notice and a hearing, *provided* that (i) no objection to the allowance of a Claim under clause (a) or (b) above, or motion to expunge such Claim, has been interposed before any final date for the filing of such objections or motions set forth in this Plan, the Confirmation Order or other order of the Bankruptcy Court, or (ii) such Claim is held allowed by Final Order; *provided further* that any Claims allowed solely for the purpose of voting to accept or reject this Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed Claims” for the purpose of Distributions hereunder.

1.6. **“Avoidance Actions”** means any causes of action arising under sections 506, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

1.7. **“Ballot”** means the ballot for voting to accept or reject the Plan.

1.8. **“Bankruptcy Code”** means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.9. **“Bankruptcy Court”** means the United States Bankruptcy Court for the Southern District of Texas, Galveston Division, or in the event such court ceases to exercise jurisdiction over the Debtors’ chapter 11 cases, such court as may have jurisdiction with respect to the reorganization or liquidation of the Debtors under chapter 11 of the Bankruptcy Code.

1.10. **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure as amended by the Revised Interim Bankruptcy Rules, and as may be further amended from time to time, applicable to the cases, and any Local Rules of the Bankruptcy Court.

1.11. **“Bar Date”** means August 1, 2007, or such other date as may be set by the Bankruptcy Court as a deadline for Creditors to file proofs of claim (other than Administrative Claims and Professional Fee Claims).

1.12. **“Business Day”** means any day excluding Saturdays, Sundays or “legal holidays” (as defined in Bankruptcy Rule 9006(a)).

1.13. **“Cash”** means legal tender of the United States or equivalents thereof.

1.14. **“Chapter 11 Cases”** means the jointly administered chapter 11 cases of the Debtors.

1.15. **“Claim”** means (a) any right to payment from the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, known or unknown, or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from a Debtor, whether or not such right to an equitable remedy is reduced to

judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, known or unknown.

1.16. **“Claims Objection Deadline”** means the last day for filing objections to Disputed Claims, which day shall be the later of (a) 90 days after the Effective Date or (b) 60 days after the applicable Proof of Claim is filed.

1.17. **“Claims Reserve”** means that reserve created pursuant to Section 10.2 of the Plan.

1.18. **“Class”** means any group of substantially similar Claims classified in the Plan.

1.19. **“Collateral”** means any property or interest in property of the Debtors’ Estates subject to a Lien to secure the payment or performance of a Claim which Lien is not subject to avoidance under the Bankruptcy Code.

1.20. **“Confirmation Date”** means the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order.

1.21. **“Confirmation Hearing”** means the date established by the Bankruptcy Court to consider confirmation of the Plan.

1.22. **“Confirmation Order”** means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.23. **“Construction Loan Secured Claims”** means the Class 2 Secured Claims held by the various lenders represented by Compass Services, Inc. (or its affiliates and assigns) as agent.

1.24. **“Creditor”** means any Person who holds a Claim against any of the Debtors.

1.25. **“Cure”** means the distribution of Cash, or other such property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

1.26. **“Debtor(s)”** means, individually or collectively, 2600 Park Living or Gramercy.

1.27. **“Disbursing Agent”** means any entity, including the Debtors or the Reorganized Debtor, in its capacity as a disbursing agent under the Plan

1.28. **“Disclosure Statement”** means the disclosure document relating to the Plan, including, without limitation, all exhibits and schedules thereto as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.29. **“Disputed”** means with respect to any Claim, that such Claim has not been Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court, and:

(a) if no Proof of Claim has been filed, or deemed to have been filed, by the applicable Bar Date, which has been or hereinafter is listed on the Schedules as unliquidated, contingent, or disputed, and which has not been resolved by written agreement of the parties or an order of the Bankruptcy Court;

(b) if no Proof of Claim has been filed, or deemed to have been filed, by the applicable Bar Date, (i) for which a corresponding Claim has been listed on the Schedules as unliquidated, contingent or disputed, (ii) for which a corresponding Claim has been listed on the Schedules as other than unliquidated, contingent, or disputed, but the amount of such Claim as asserted in the Proof of Claim exceeds the amount of such Claim as listed in the Schedules, or (iii) as to which a Debtor has timely filed an objection or request for estimation in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules and any orders of the Bankruptcy Court, or which is otherwise disputed by a Debtor in accordance with applicable law, which objection, request for estimation, or dispute has not been withdrawn or determined by Final Order;

(c) for which a Proof of Claim was required to be filed by the Bankruptcy Code, the Bankruptcy Rules, or an order of the Bankruptcy Court, but as to which a Proof of Claim was not timely or properly filed;

(d) is a Claim for damages based upon the rejection by the Debtors of an executory contract or unexpired lease under section 365 of the Bankruptcy Code and as to which the applicable Bar Date has not passed; or

(e) is disputed in accordance with the provisions of the Plan.

1.30. **“Distribution”** means a distribution of Cash by the Disbursing Agent.

1.31. **“Effective Date”** means the first Business Day on which all the conditions precedent to the Effective Date specified in Section 11.1 of the Plan shall have been satisfied or waived as provided therein, *provided, however*, that if a stay of the Confirmation Order is in effect, the Effective Date shall be the first Business Day after such stay is no longer in effect.

1.32. **“Estate(s)”** means, individually, the estate of each Debtor in the Chapter 11 Case and, collectively, the estates of all Debtors in the Chapter 11 Case, created pursuant to section 541 of the Bankruptcy Code.

1.33. **“Exit Finance Agreement”** means that loan agreement between the Reorganized Debtor and the Exit Financing Lender, dated as of the Effective Date, substantially in the form attached as Exhibit A to the Plan.

1.34. **“Exit Financing Lender”** means the lender to be identified by the Debtors at or prior to the hearing on the Debtors’ Disclosure Statement.

1.35. **“Final Order”** means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case, the operation or effect of which has not been stayed, reversed, or amended and as to which order or judgment (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending.

1.36. **“General Unsecured Claim”** means an Unsecured Claim that is not (i) an Administrative Claim, (ii) Professional Fee Claim, (iii) Priority Tax Claim, or (iv) Priority Non-Tax Claim; but specifically shall included any and all other Claims not separately classified under the Plan.

1.37. **“Gramercy Court”** means Gramercy Court, Ltd., a Texas limited partnership and one of the Debtors in these Chapter 11 Cases.

1.38. **“Initial Distribution Date”** means the date on which initial distributions are made under the Plan, such date to occur on or as soon as practicable after the Effective Date, but in any case no later than fifteen (15) Business Days after the Effective Date.

1.39. **“Intercompany Claim”** means any Claim arising prior to the Petition Date against a Debtor by the other Debtor or by a non-Debtor subsidiary, affiliate or partner of a Debtor.

1.40. **“Interests”** means the ownership interest in 2600 Park Living.

1.41. **“Lien”** means a charge against or interest in property to secure payment of a debt or performance of an obligation.

1.42. **“Litigation Rights”** means the claims, rights of action, suits, or proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person, which are to be transferred to the Reorganized Debtor on the Effective Date and retained by the Reorganized Debtor pursuant to section 8.6 of the Plan.

1.43. **“Local Rules”** means the applicable local rules of the Bankruptcy Court.

1.44. **“Other Secured Claims”** means all Secured Claims other than the Compass Secured Claims.

1.45. **“Person”** means and includes natural persons, corporations, limited partnerships, general partnerships, joint ventures, associations, trusts, land trusts, business trusts, unincorporated organizations, or other legal entities or enterprises, irrespective of whether they are governments, agencies or political subdivisions.

1.46. **“Petition Date”** means April 3, 2007, the date on which the Debtors commenced their Chapter 11 Cases.

1.47. **“Plan”** means this joint plan of reorganization under chapter 11 of the Bankruptcy Code and all exhibits annexed hereto or referenced herein, as the same may be amended, modified, or supplemented from time to time.

1.48. **“Priority Non-Tax Claim”** means any Claim other than an Administrative Claim or a Priority Tax Claim, entitled to priority in payment under section 507(a) of the Bankruptcy Code.

1.49. **“Priority Tax Claim”** means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.50. **“Professional”** means a professional employed in the Debtors’ chapter 11 cases under section 327 or 1103 of the Bankruptcy Code or otherwise and any professional seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code.

1.51. **“Professional Fee Claim”** means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services rendered after the Petition Date and prior to and including the Effective Date.

1.52. **“Professional Fee Reserve”** means the Cash reserved on the Effective Date in accordance with Section 14.1 of the Plan to be held in a segregated account to be used solely for the payment of Professional Fee Claims in accordance with the terms of the Plan.

1.53. **“Proof of Claim”** means a proof of claim filed with the Bankruptcy Court in connection with the Chapter 11 Cases.

1.54. **“Property”** means that property of the Debtors located at 2600 and 2601 Gramercy, Houston, Harris County, Texas, also known as and doing business as “Gramercy Park Apartments.”

1.55. **“Ratable Portion”** means, with reference to any Distribution on account of any Claim in any Class, a Distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Claim bears to the aggregate amount of Claims in the same Class.

1.56. **“Rejection Claim Bar Date”** means that date designated as the last day for filing claims for damages resulting from the rejection of an executory contract or unexpired lease, as set forth in Section 6.3 of the Plan.

1.57. **“Reorganized Debtor(s)”** means, individually, any reorganized Debtor or its successor and, collectively, all reorganized Debtors or their successors, on or after the Effective Date, in each case.

1.58. **“Schedules”** means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors under section 521 of the Bankruptcy Code, Bankruptcy Rule 1007 and the Official Bankruptcy Forms of the Bankruptcy Rules as such

schedules and statements have been or may be supplemented or amended through the Confirmation Date.

1.59. **“Secured Claim”** means a Claim that is secured by a Lien which is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which an Estate has an interest or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent the value of the Claim holder’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined by a Final Order pursuant to Section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to Section 553 of the Bankruptcy Code, or as otherwise agreed upon in writing by the Debtors or the Reorganized Debtor and the holder of such Claim.

1.60. **“Unsecured Claim”** means a Claim that is not a Secured Claim.

## **ARTICLE II. PROVISION FOR PAYMENTS OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS**

### *2.1. Administrative Claims.*

On the Initial Distribution Date or ten (10) days after the Claim Allowance Date, whichever is later, and except as otherwise provided herein, each holder of an Allowed Administrative Claim, including but not limited to Professional Fee Claims, will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim (i) Cash equal to the unpaid portion of such Allowed Administrative Claim or (ii) such other treatment as to which the Debtors and such holder have agreed upon in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

### *2.2. Priority Tax Claims.*

Each holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash equal to the unpaid portion of such Allowed Priority Tax Claim on the Initial Distribution Date, or (ii) such other treatment as to which the Debtors and such holder have agreed upon in writing.

## **ARTICLE III. CLASSIFICATION OF CLAIMS**

### *3.1. Classification.*

Pursuant to section 1122 of the Bankruptcy Code, a Claim is placed in a particular Class for purposes of voting on the Plan and receiving Distributions under the Plan only to the extent the particular Claim has not been paid or released before the Effective Date. A Claim may

be and is classified in other Classes to the extent that any portion of the Claim falls within the description of such other Classes.

3.2. *Unclassified Claims.*

In accordance with Bankruptcy Code section 1123(a)(1), Administrative Claims, Professional Fee Claims, and Priority Tax Claims are not classified under the Plan, and the treatment of those Claims is set forth in Article II of the Plan.

3.3. *Identification of Classes.*

Classes of Claims against and Interests in the Debtors are Classified as follows:

Class 1 – Priority Non-Tax Claims

Class 2 – Compass Secured Claims

Class 3 – Secured Lien Claims

Class 4 – Other Secured Claims

Class 5 – General Unsecured Claims

Class 6 – Interests in 2600 Park Living

3.4. *Unimpaired Classes.*

Claims and Interests in Classes 1, 3, 4, 5, and 6 are not impaired under the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, holders of Claims and Interests within Classes 1, 3, 4, 5 and 6 are conclusively presumed to have accepted the Plan, and therefore are not entitled to vote to accept or reject the Plan.

3.5. *Impaired Class.*

Claims in Class 2 are impaired under the Plan. Claimholders in Class 2 are entitled to vote to accept or reject the Plan.

**ARTICLE IV. PROVISIONS FOR TREATMENT OF  
CLAIMS AND EQUITY INTERESTS**

4.1. *Priority Non-Tax Claims (Class 1).*

On the Initial Distribution Date, each holder of an Allowed Class 1 Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 1 Other Priority Claim, either (i) Cash equal to the unpaid portion of such Allowed Class 1 Claim or (ii) such other treatment as to which the Debtors and such holder have agreed upon in writing.

4.2. *Construction Loan Secured Claims (Class 2).*

Each holder of an Allowed Class 2 Claim will receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Claim its Ratable Portion of its Allowed Claim, calculated after applying Debtors' rights to setoff, and paid as follows: on the Initial Distribution Date or ten (10) days after the Claim Allowance Date, whichever is later, each of such holders shall receive its Ratable Portion of \$25,000,000.

4.3. *Secured Lien Claims (Class 3).*

Each holder of an Allowed Class 3 Claim shall, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 3 Claim, in the sole and absolute discretion of the Debtors, be entitled to receive on the Initial Distribution Date, or ten (10) days after the Claim Allowance Date, whichever is later, any one or a combination of any of the following: (i) Cash in an amount equal to such Allowed Secured Claim, (ii) deferred Cash payments totaling at least the Allowed amount of such Allowed Secured Claim, of a value, as of the Effective Date, of at least the value of such holder's interest in the Estates' interests in the Collateral securing the Allowed Secured Claim, (iii) payments or Liens amounting to the indubitable equivalent of the value of such holder's interest in the Estates' interests in the Collateral securing the Allowed Secured Claim, or (iv) such other treatment as the Debtors and such holder shall have agreed upon in writing.

4.4. *Other Secured Claims (Class 4).*

Each holder of an Allowed Class 4 Claim shall, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Class 4 Claim, in the sole and absolute discretion of the Debtors, be entitled to receive on the Initial Distribution Date, or ten (10) days after the Claim Allowance Date, whichever is later, any one or a combination of any of the following: (i) Cash in an amount equal to such Allowed Secured Claim, (ii) deferred Cash payments totaling at least the allowed amount of such Allowed Secured Claim, of a value, as of the Effective Date, of at least the value of such holder's interest in the Estates' interests in the Collateral securing the Allowed Secured Claim, (iii) receive payments or Liens amounting to the indubitable equivalent of the value of such holder's interest in the Estates' interest in the Collateral securing the Allowed Secured Claim, or (iv) receive such other treatment as the Debtors and such holder shall have agreed upon in writing.

4.5. *General Unsecured Claims (Class 5).*

On the Initial Distribution Date, or ten (10) days after the Claim Allowance Date, whichever is later, each holder of an Allowed Class 5 Claim will be paid in full in Cash; *provided, however,* that Allowed Class 4 Claims with respect to liabilities incurred by the Debtors in the ordinary course of business will be paid in the in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

4.6. *Interests in 2600 Park Living (Class 6).*

The holders of the Interests shall receive, in complete settlement, satisfaction, and discharge of such Interests, 100% of the equity ownership in the Reorganized Debtor.

4.7. *Reservation of Rights Regarding Claims.*

Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtors' or the Reorganized Debtor's rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

**ARTICLE V. SUBSTANTIVE CONSOLIDATION**

5.1. *Motion for Substantive Consolidation.*

This Plan constitutes a motion by the Debtors pursuant to section 105(a) of the Bankruptcy Code for substantive consolidation of the Debtors.

5.2. *Effect of Substantive Consolidation.*

Pursuant to the Confirmation Order, the Bankruptcy Court shall approve the substantive consolidation of the Debtors for the purpose of implementing this Plan, including for purpose of voting, confirmation, and Distributions to be made under the Plan. Pursuant to such Confirmation Order: (i) all assets and liabilities of the Debtors will be deemed merged, (ii) all guaranties by one of the Debtors of the obligations of the other Debtor will be deemed eliminated so that any Claim against either of the Debtors and any guaranty thereof executed by the other Debtor and any joint or several liability of either of the Debtors will be deemed to be one obligation of the Debtors, and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases of either of the Debtors will be deemed filed against the Debtors and will be deemed one Claim against and a single obligation of the Debtors. No attempt shall be made by the Debtors to differentiate, separate or segregate the assets and liabilities of any of the Debtors. This consolidation shall not result in, or cause, the imposition of Liens upon any asset unless specifically provided in this Plan.

**ARTICLE VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

6.1. *Assumed Contracts and Leases.*

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party unless such contract or lease (i) was previously assumed or rejected by such Debtor; (ii) previously expired or terminated pursuant to its own terms; or (iii) is the subject of a pending motion to reject filed by the Debtor on or before the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365(a) of the

Bankruptcy Code approving the contract and lease assumptions described above, as of the Effective Date.

6.2. *Payments Related to Assumption of Contracts and Leases.*

Any monetary amounts by which each executory contract and unexpired lease is to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor party to the contract or lease, by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the Reorganized Debtor to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption.

6.3. *Rejection Claim Bar Date.*

Except as otherwise provided in the Plan, in any contract, instrument, release or other agreement or document entered into in connection with the Plan, or in a Final Order of the Bankruptcy Court, none of the executory contracts or unexpired leases to which the Debtors are party shall be rejected under the Plan; *provided, however*, that the Debtors reserve the right, at any time prior to the Effective Date, to seek to reject any executory contract or unexpired lease to which either Debtor is a party and to file a motion requesting authorization for the rejection of any such executory contract or unexpired lease.

If the rejection by a Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against either Debtor or the Reorganized Debtor or the properties of any of them unless a Proof of Claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors within thirty (30) days after entry of the order authorizing the rejection of such executory contract or unexpired lease.

**ARTICLE VII. CLAIM OBJECTION PROCEDURES AND  
TREATMENT OF PROOFS OF CLAIM**

7.1. *Right to Object to Claims.*

The Debtors or Reorganized Debtor, as then applicable, shall have the exclusive right to object to the allowance of any Proof of Claim filed.

7.2. *Deadline for Claim Objections.*

All Claim objections must be filed with the Bankruptcy Court no later than the Claim Objection Deadline; otherwise such Claims shall be deemed allowed in accordance with section 502 of the Bankruptcy Code.

7.3. *Settlement of Claim Objections.*

Notice of any proceedings with respect to a Claim objection, including a settlement or withdrawal, will be sufficient if served by the Debtors or Reorganized Debtor, as applicable, on the holder of the Claim to which such Claim objection has been made. Rule 9019 of the Bankruptcy Rules will not apply to the settlement or withdrawal of any Claim objection after the Effective Date.

**ARTICLE VIII. MEANS OF IMPLEMENTATION**

8.1. *Distributions.*

On the Distribution Date, the Reorganized Debtor shall make or cause to be made to the holders of Allowed Claims the Distributions provided in Section 9.1 hereof. Disputed Claims shall be resolved in accordance with Section 10.1 hereof and, if a Disputed Claim becomes an Allowed Claim by Final Order, distributions shall be made on account of such Claim in accordance with Section 10.3 hereof.

8.2. *Merger.*

On the Effective Date, Gramercy Court will merge with and into 2600 Park Living, with 2600 Park Living being the surviving partnership (the "Merger"). As a result of the Merger, on the Implementation Date, (a) the surviving partnership shall have all of the rights, privileges, immunities, and powers of a partnership under the applicable laws of the State of Texas, and shall be subject to all of the duties and liabilities of a partnership under applicable state law; (b) except as otherwise provided in the Plan, the surviving partnership shall possess all of the rights, privileges, immunities, licenses, and franchises, whether of a public or private nature, of Gramercy Court and 2600 Park Living; and all property, real, personal, and mixed, and all debts due on whatever account, and all other choses in action, and all and every other interest of or belonging to or due to Gramercy Court and 2600 Park Living shall be taken and deemed to be transferred to and vested in the surviving partnership without further act or deed; (c) except as otherwise provided in the Plan, the surviving partnership shall thenceforth be responsible for and liable for all liabilities and obligations of each of Gramercy Court and 2600 Park Living, all executory contracts assumed by Gramercy Court shall be deemed to be assigned to and assumed by 2600 Park Living, and, with respect to any Claim existing or action or proceeding pending by or against either of the merging Debtors, the surviving partnership shall be deemed substituted for such Debtor for all such purposes. Except as otherwise provided herein, the Merger shall in no way modify in any way the rights of holders of Claims under the Plan; nor shall the Merger create any liabilities against any of the Debtors that did not exist prior to the Implementation Date or operate to create in favor of any Person any right against any of the Debtors that such Person did not have prior to the Implementation Date.

8.3. *Funding.*

On the Effective Date, the Exit Finance Agreement, together with new promissory notes evidencing obligations of the Reorganized Debtor thereunder, and all other documents, instruments, and agreements to be entered into, delivered, or confirmed thereunder on the

Effective Date, shall become effective. The new promissory notes issued pursuant to the Exit Financing Agreement and all obligations under the Exit Financing Agreement and related documents shall be repaid as set forth in the Exit Financing Agreement and related documents.

8.4. *Management of the Reorganized Debtor.*

The existing management of 2600 Park Living shall continue in the same capacities after the Effective Date for the Reorganized Debtor.

8.5. *Revesting of Assets; Release of Liens.*

Except as otherwise provided herein, the property of each Debtor's Estate, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall revert in the Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtor may operate its business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of the Reorganized Debtor shall be free and clear of all Claims, except as specifically provided in the Plan or the Confirmation Order.

8.6. *Preservation of Rights of Action.*

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, on the Effective Date, each Debtor or the Reorganized Debtor shall transfer to Reorganized Debtor all Litigation Rights that such Debtor or the Reorganized Debtor may hold against any Person. The Reorganized Debtor may enforce, sue on, settle, or compromise (or decline to do any of the following) all such Litigation Rights. The Reorganized Debtor or its successor(s) may pursue such retained Litigation Rights as appropriate, in accordance with the best interests of Reorganized Debtor or its successor(s) who hold such rights in accordance with applicable state and federal law and consistent with the terms of the Plan.

(a) *Possible Litigation by the Debtors or the Reorganized Debtor.*

(i) G.T. Leach Litigation.

On April 2, 2007, a judgment of over \$1.8 million was entered against Gramercy Court in *G.T. Leach Builders, L.L.C. v. Gramercy Court, Ltd. and Treetops Management Inc.*, in the District Court of Harris County, Texas, 61st Judicial District, Case No. 2006-35906 ("G.T. Leach Litigation"). Gramercy Court intends to file a motion for new trial. The deadline to file a motion for new trial was prior to or within thirty (30) days after the judgment. The Debtors filed for bankruptcy on April 3, 2007. Upon filing for bankruptcy, the G.T. Leach Litigation was stayed. Accordingly, Gramercy Court now has thirty (30) days from the date the automatic stay is lifted or modified to file its motion for new trial.

8.7. *Effectuating Documents; Further Transactions.*

Tracy Suttles, the sole limited partner and sole member and officer of each sole general partner, of each of the Debtors, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and any other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

**ARTICLE IX. PROVISIONS GOVERNING  
DISTRIBUTIONS**

9.1. *Distributions for Claims Allowed as of Effective Date.*

Except as otherwise provided herein or as order by the Bankruptcy Court, all Distributions to holders of Allowed Claims as of the Effective Date shall be made on or as soon as practicable after the Initial Distribution Date. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 10.3 of the Plan.

9.2. *Interest on Claims.*

Unless otherwise specifically provided for in the Plan, the Confirmation Order or any Final Order of the Bankruptcy Court, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

9.3. *Means of Cash Payment.*

Cash payments made pursuant to the Plan shall be in U.S. funds, by the means agreed to by the payor and the payee, including by check or wire transfer or, in the absence of such agreement, such commercially reasonable manner as the payor shall determine in its sole discretion.

9.4. *Delivery of Distributions.*

Distributions to holders of Allowed Claims shall be made by the Disbursing Agent (a) at the addresses set forth on the Proofs of Claim filed by such holders (or at the last known address of such holders if no Proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notice of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim, or (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of a change of address.

9.5. *Setoffs.*

The Reorganized Debtor may, but shall not be required to, set off against any Claim (and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim) claims of any nature whatsoever that the Debtors or the Reorganized Debtor may have against the holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or Reorganized Debtor may have against such holder.

9.6. *Prepayment.*

Except as otherwise provided in the Plan, any ancillary documents entered into in connection herewith, or the Confirmation Order, the debtors shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; *provided, however*, that any such prepayment shall not be violative of, or otherwise prejudice, the relative priorities and parties among the Classes of Claims.

9.7. *No Distribution in Excess of Allowed Amount of Claim.*

Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution of value in excess of the Allowed amount of such Claim (excluding payments on account of interest due and payable from and after the Effective Date pursuant to the Plan).

9.8. *Allocation of Distributions.*

All Distributions received under the Plan by holders of Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

**ARTICLE X. PROCEDURES FOR RESOLVING  
DISPUTED, CONTINGENT, AND UNLIQUIDATED  
CLAIMS AND DISTRIBUTIONS WITH RESPECT  
THERE TO**

10.1. *Prosecution of Objections to Claims.*

(a) *Objections to Claims.*

All objections to Claims must be filed and served on the holders of such Claims by the Claims Objection Deadline. If an objection has not been filed to a Proof of Claim or a scheduled Claim by the Claims Objection Deadline, the Claim to which the Proof of Claim or scheduled Claim relates shall be treated as an Allowed Claim, if such Claim has not been allowed earlier. The Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any

Claim at any time during litigation concerning any objection to any claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanisms.

(b) *Authority to Prosecute Objections.*

After the Confirmation Date, only the Reorganized Debtor shall have the authority to file objections, settle, compromise, withdraw or litigate to judgment objections to Claims. From and after the Effective Date, the Reorganized Debtor may settle or compromise any Disputed Claim without the approval of the Bankruptcy Court. The Debtors expressly reserve the right to compromise and settle (subject to the approval of the Bankruptcy Court) Claims against them and Litigation Rights or other claims that they may have against other Persons up to and including the Effective Date.

10.2. *Treatment of Disputed Claims; Disputed Claims Reserves.*

(a) *Disputed Claims.*

Notwithstanding any other provisions of the Plan, no payments or Distributions shall be made on account of a Disputed Claim or, if less than the entire Claim is a Disputed Claim, the portion of a Claim that is Disputed, until such Claim becomes an Allowed Claim.

(b) *Reserves for Disputed Claims.*

The Debtors shall establish a separate Disputed Claims Reserve, to be managed by the Reorganized Debtor, for the treatment of Disputed Claims. The Debtors shall deposit into the Disputed Claims Reserves an amount equal to the Ratable Portion of the current Distribution allocable to Disputed Claims, as if such Claims were Allowed Claims. The Disputed Claims Reserve shall be held in trust by the Reorganized Debtor for the benefit of the holders of Allowed Claims whose Distributions are unclaimed and holders of Disputed Claims pending a determination of their entitlement thereto under the terms of the Plan.

10.3. *Distributions on Account of Disputed Claims Once They are Allowed.*

At such time as a Disputed Claim becomes an Allowed Claim, any Distributions reserved for such Allowed Claim shall be released from the Disputed Claims Reserve and delivered to the holder of such Allowed Claim in an amount proportionate to the Allowed amount of any such Claim. In the event that the Disputed Claim is disallowed in its entirety, the Distributions provided for such Claim shall be available for appropriate Distribution to the holders of other Allowed Claims, as applicable.

10.4. *Unclaimed Distributions and Uncashed Checks.*

If a Distribution to any Claimant is returned as undeliverable, the Reorganized Debtor shall use reasonable efforts to determine such Claimant's then-current address. After reasonable efforts, if the Reorganized Debtor cannot determine such Claimant's then-current address, then unless and until the Reorganized Debtor are notified of such Claimant's then-current address, no further Distributions shall be made to such Claimant, unless and until the Reorganized Debtor is notified of such Claimant's then-current address. All such Distributions shall be set aside and held in a segregated interest-bearing account. All claims for undeliverable Distributions must be made on or before the later of the second (2nd) anniversary of the Effective Date of the Plan, or the ninetieth (90th) day following the date on which such Claim is Allowed. After such date, all unclaimed Distributions shall revert to the Reorganized Debtor pursuant to section 347(b) of the Bankruptcy Code, and the Claim of any holder, or successor to such holder, with respect to such Distribution will be discharged and forever barred. Checks issued in respect of Allowed Claims will be null and void if not negotiated within six (6) months after the date of issuance thereof. In no event shall any unclaimed Distribution escheat to any state.

**ARTICLE XI. CONDITIONS PRECEDENT TO  
CONFIRMATION AND CONSUMMATION OF THE PLAN**

11.1. *Conditions Precedent to Effective Date.*

The following conditions precedent must be satisfied or waived on or prior to the Effective Date in accordance with Section 11.2 of the Plan:

(a) the Confirmation Order, in form and substance reasonably acceptable to the Debtors shall have been entered by the Clerk of the Bankruptcy Court, and there shall not be a stay or injunction in effect with respect thereto;

(b) the Exit Financing Agreement shall have been finalized, and the Exit Financing Lender shall have paid to the Debtors \$31,000,000 under the Exit Financing Agreement in accordance with the terms of the Plan and the Exit Financing Agreement;

(c) all authorizations, consents and agreements required, if any, in connection with the consummation of the Plan shall have been obtained;

(d) the Debtors shall have in place as of the Effective Date liability insurance;

(e) the Debtors shall have established the Disputed Claim Reserve in the amount attributable to the Ratable Portion that would have been paid to the holder of the Disputed Claim on the Initial Distribution Date had that Claim been Allowed; and

(f) the Debtors shall have created the Professional Fee Reserve in accordance with Section 14.1 of this Plan.

11.2. *Waiver of Conditions.*

Each of the conditions precedent identified in section 11.1, other than 11.1(a) and 11.1(f), hereof may be waived, in whole or in part, by the Debtor in writing. Any such waivers of a condition precedent in section 11.1 hereof may be effected at any time, without notice, without leave or order of the Bankruptcy Court and without any formal action.

**ARTICLE XII. DEFAULTS**

12.1. *Events of Default.*

An event of default shall have occurred if the Debtors or any other Person takes any action, fails to take any action, or fails to refrain from taking an action prevented, required, or otherwise set forth in the Plan.

12.2. *Remedies for Defaults.*

Subject to section 1112 of the Bankruptcy Code, should an event of default occur by the Debtors or any other Person, at least one other party-in-interest (including the Debtor) must provide written notice of the default to the defaulting party and serve copies of the notice to all parties identified on the Post-Confirmation Service List. If the default is not cured within ten (10) Business Days after service of the notice of default, the notifying party may present an *ex parte* order to the Bankruptcy Court setting the date and time when the defaulting party must appear before the Bankruptcy Court and show cause why it should not be held in contempt of the Confirmation Order. If the defaulting party is to be found in default of the Plan, the Bankruptcy Court shall:

(a) assess the costs of the Debtors or other party-in-interest proceeding on the order to show cause against the defaulting party; and

(b) designate a person to appear, sign or accept on behalf of the defaulting party the documents required under the Plan in accordance with Federal Rule of Civil Procedure 70, or enter such other order compelling compliance with the Plan that may be necessary and that does not materially alter the terms of the Plan as confirmed.

**ARTICLE XIII. RETENTION OF JURISDICTION**

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Chapter 11 Cases, the Plan and the Confirmation Order pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) to hear and determine pending applications for the assumption, assumption and assignment, or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) to enforce all agreements, assumed, if any, and to recover all property of the estate wherever located;

(c) to determine any and all adversary proceedings, applications and contested matters, including, without limitation, under sections 544, 545, 548, 549, 550, 551, and 553 of the Bankruptcy Code;

(d) to ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;

(e) to hear and determine any timely objections to Administrative Claims or to Proofs of Claim, including, without limitation, any objections to the classification of any Claim, and to allow or disallow any Disputed Claim in whole or in part;

(f) to determine the validity, extent and priority of all Liens, if any, against properties of the Estates;

(g) to determine all assertions of an ownership interest in, the value of, or title to, any property of the Estates;

(h) to determine any tax liability of the Estates in connection with the Plan, actions taken, distributions or transfers made thereunder;

(i) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(j) to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(k) to consider any amendments to or modifications of the Plan, or to cure any defect or omission, or reconcile any inconsistency, in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(l) to hear and determine all applications under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

(m) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

(n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(o) to hear and determine any other matter not inconsistent with the Bankruptcy Code;

(p) to hear and determine all disputes involving the existence, scope, and nature of the discharges granted under the Plan and the Confirmation Order;

(q) to issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan;

(r) to determine such other matters as may be provided in the Confirmation Order; and

(s) to enter final decrees closing the Chapter 11 Cases.

#### **ARTICLE XIV. MISCELLANEOUS PROVISIONS**

##### *14.1. Professional Fee Claims; Expense Reimbursement.*

Each Professional retained or requesting compensation in the Chapter 11 Cases pursuant to section 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code shall be required to file and serve an application for allowance of final compensation and reimbursement of expenses in the Chapter 11 Case on or before thirty (30) days after the Effective Date. Objections to any application made under this section 14.1 shall be filed on or before twenty (20) days after the filing of such application and served on the Reorganized Debtor, the United States Trustee and the requesting Professional.

If no objection is filed and served with respect to a Professional's request for compensation and reimbursement of expenses, such Professional Fee Claim shall be paid by the Reorganized Debtor on the sixtieth (60th) day after the Effective Date. Otherwise, such Professional Fee Claim shall be paid by the Reorganized Debtor at such time as the objection is resolved or settled by Final Order of the Bankruptcy Court.

On or prior to the Confirmation Date, each Professional seeking compensation or reimbursement under section 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code shall provide the Debtors with a written estimate of the amount of its requested compensation and reimbursement through the Effective Date. On the Effective Date, the Debtors shall establish the Professional Claims Reserve in an amount equal to the aggregate amount of such estimated compensation or reimbursements, unless otherwise previously paid by the Debtors. The funds in the Professional Claims Reserve shall be used solely for the payment of Allowed Professional Fee Claims. If a Professional fails to submit an estimate of its fees in accordance with this section 14.1, the Reorganized Debtor shall not pay such Professional's Allowed Professional Fee Claim from the Professional Claims Reserve but rather shall pay such claim from any other source available to the Reorganized Debtor.

##### *14.2. Administrative Claims.*

All requests for payment of an Administrative Claim (other than as set forth in Sections 14.1 of the Plan) must be filed with the Bankruptcy Court and served on counsel for the Debtor no later than forty-five (45) days after the Effective Date. Unless the Debtors object to an

Administrative Claim within forty-five (45) days after receipt, such Administrative Claim shall be deemed Allowed in the amount requested. In the event the Debtors object to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim which is paid or payable by a Debtor in the ordinary course of business.

14.3. *Payment of Statutory Fees.*

All fees payable under section 1930, chapter 123, title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. Any such fees accrued after the Effective Date will be paid by the Reorganized Debtor in the ordinary course of business.

14.4. *Modifications and Amendments.*

The Debtors may alter, amend, or modify the Plan or any Exhibit pursuant to section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, the Debtors may, pursuant to section 1127(b) of the Bankruptcy Code institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, any Exhibit, or the Confirmation Order, *provided, however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or the order of the Bankruptcy Court.

14.5. *Severability of Plan Provisions.*

Except as otherwise provided herein, in the event that, prior to the Effective Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, then if requested by the Debtors or the Reorganized Debtor, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms. Notwithstanding the foregoing or any other provision of the Plan, to the extent section 4 of the Plan or any part thereof is held by the Bankruptcy Court to be invalid, void or unenforceable, then the Plan shall be deemed null and void for all purposes.

14.6. *Discharge of the Debtors.*

Except to the extent otherwise provided herein, the treatment of all Claims against the Debtors hereunder shall be in exchange for and in complete satisfaction, discharge and release of all Claims against the Debtors of any nature whatsoever, known or unknown,

including, without limitation, any interest accrued or expenses incurred thereon from and after the Petition Date, or against their Estates or properties or interests in property. Except as otherwise provided herein, upon the Effective Date, all Claims against the Debtors will be satisfied, discharged, and released in full exchange for the consideration provided hereunder. ***Except as otherwise provided herein, all entities shall be precluded from asserting against the Debtors or the Reorganized Debtor or its respective properties or interests in property, its officers, management, guarantors and affiliates, any other Claims based upon any act or omission, guaranty or surety agreement, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.***

14.7. *Binding Effect.*

The Plan shall be binding upon and inure to the benefit of the Debtors, all present and former holders of Claims against the Debtors, and their respective successors and assigns, including, but not limited to, the Reorganized Debtor, and all other parties-in-interest in the Chapter 11 Cases.

14.8. *Revocation, Withdrawal, or Non-Consummation.*

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim of Class of Claims), assumption or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for the consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or other Person, (ii) prejudice in any manner the rights of any Debtor or any Person in any further proceedings involving a Debtor, or (iii) constitute an admission of any sort by any Debtor or any other Person.

14.9. *Notices.*

Any notice, request, or demand required or permitted to be made or provided to or upon a Debtor or Reorganized Debtor under the Plan shall be made (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first-class mail, or (v) facsimile transmission, and (b) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

2600 Park Living, Ltd., *et al.*  
Attn: Tracy Suttles  
7500 Bellaire Blvd., #201  
Houston, Texas 77036-5021  
Attn: Tracy Suttles  
Telephone: (713) 777-1111

Facsimile: (713) 777-7924

*with copies to:*

Andrews Kurth LLP  
600 Travis, Suite 4200  
Houston, Texas 77002-2910  
Attn: David Zdunkewicz, Esq.  
Telephone: (713) 220-4200  
Facsimile: (713) 220-4285

14.10. *Term of Injunctions or Stays.*

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Confirmation Date.

14.11. *Computation of Time.*

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

14.12. *Ratification.*

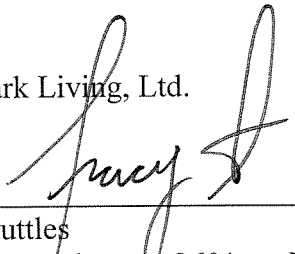
The Confirmation Order shall ratify all transactions effectuated by the Debtors during the pendency of their Chapter 11 Cases.

14.13. *Governing Law.*

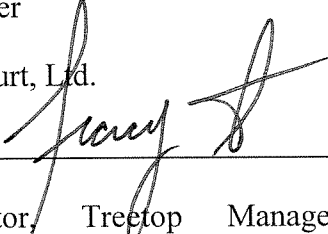
Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Texas shall govern the construction and implementation of the Plan, (except as may be provided otherwise in any such agreements, documents, or instruments) any agreements, documents, and instruments executed in connection with the Plan, and any partnership governance matters with respect to the Debtors; in each case without giving effect to the principles of conflicts of law thereof.

Dated: June 14, 2007

2600 Park Living, Ltd.

By:   
\_\_\_\_\_  
Tracy Suttles  
Sole Member, 2601 Management, LLC  
General Partner

Gramercy Court, Ltd.

By:   
\_\_\_\_\_  
Tracy Suttles  
Sole Director, Treetop Management, Inc.  
General Partner

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