

**IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:)
)
 SENTINEL TRUST COMPANY) NO. 4781
)
)

**ACTING COMMISSIONER-IN-POSSESSION'S AND SENTINEL TRUST RECEIVER'S
MOTION FOR FINAL ORDER OF COURT APPROVING A VOTE IN FAVOR OF
JOINT REORGANIZATION PLAN IN CHARLOTTE / ROSELAND BANKRUPTCY
PROCEEDING**

[ORAL ARGUMENT REQUESTED AS SET FORTH IN SECTION II]

I. INTRODUCTION

Through this Motion, the Acting Commissioner-in-Possession ("Commissioner") and Sentinel Trust Receiver ("Receiver") seek an final order of this Court approving the Receiver's voting the interest of the bondholders of the \$11,350,000 Housing Authority of the City of Charlotte, N.C. Multifamily Housing Revenue Bonds (Roseland I and II Project), Series 1998 Bond Issue ("Charlotte/Roseland Bond Issue") (bondholders of the Charlotte/Roseland Bond Issue are hereinafter referred to as "Bondholders") in favor of a First Amended Joint Plan of Reorganization ("First Amended Joint Plan") (copy of which is attached as **Exhibit 1**) in the pending bankruptcy matter In re: CP-CHA Roseland Limited Partnership #04-31630 (Bkry. Ct. W.D.N.C.) ("North Carolina bankruptcy proceeding"). The Commissioner and Receiver also request this Court to approve and otherwise authorize them to take all reasonable actions required to effectuate the First Amended Joint Plan.

II. REQUEST AND NEED FOR HEARING IN THE NEAR FUTURE

Votes in favor or against confirmation of the First Amended Joint Plan are to be received by Debtor's counsel on or before August 23, 2006. Objections filed in the North Carolina bankruptcy proceeding to the First Amended Joint Plan are due on or before that same date—August 23, 2006. The confirmation hearing relating to the First Amended Joint Plan in the North Carolina bankruptcy proceeding is set for August 30, 2006. Therefore, the Commissioner and Receiver request that a hearing date for this Motion be set as soon as practicable on the Court's calendar. The Commissioner and Receiver also request that they be given notice of the setting of such hearing far enough in advance (e.g., three (3) weeks) so that they can send out a notice of the setting to all interested parties, including the Bondholders, with enough time for responses/opposition to be filed prior to hearing.

III. RELEVANT BACKGROUND

On May 4, 2004, CP-CHA Roseland Limited Partnership ("Debtor") filed for Chapter 11 bankruptcy protection in Charlotte, North Carolina. Sentinel Trust Company was the indenture trustee for the Charlotte/Roseland Bond Issue which had provided financing for a low-income, multi-family residential rental project ("Roseland Project") owned by the Debtor. The Debtor has remained in possession of, and has operated, the Roseland Project during the pendency of the North Carolina bankruptcy proceeding. Sentinel Trust, on behalf of the Bondholders, holds the first priority lien interest in relation to the assets of the bankruptcy estate.

For several months, representatives of the Debtor, representatives of the Receiver and representatives of substantial Bondholder groups have been discussing, negotiating and finalizing a plan of reorganization of the Debtor. On April 19, 2006, the Debtor and the Receiver filed, in the North Carolina bankruptcy proceeding, their Disclosure Statement in Connection

with the Joint Plan of Reorganization (“Disclosure Statement”). The original Joint Plan was attached to that Disclosure Statement.

A hearing on the adequacy of the Disclosure Statement was set for May 24, 2006 before the U.S. Bankruptcy Court in Charlotte, North Carolina (“North Carolina Bankruptcy Court”). A deadline for objections to the Disclosure Statement was set for May 19, 2006, and no objections were filed. Just prior to the May 24, 2006 hearing, several changes to the Joint Plan, that had no effect upon the interests of the Bondholders, were agreed to by the Debtor and Receiver. At the May 24, 2006 hearing, the above-referenced changes were announced and discussed with the North Carolina Bankruptcy Court, which approved the Disclosure Statement as adequate in describing the Joint Plan. The North Carolina Bankruptcy Court instructed that the Joint Plan be amended to reflect the announced changes and that the Disclosure Statement be similarly amended. On June 1, 2006, the Debtor and Receiver filed with the North Carolina Bankruptcy Court their Amended Disclosure Statement in Connection with the First Amended Joint Plan of Reorganization (“Amended Disclosure Statement”), a copy of which is attached as **Exhibit 2** and, on the same day, filed their First Amended Joint Plan (i.e. **Exhibit 1**). On June 2, 2006, the North Carolina Bankruptcy Court issued an order that approved the Amended Disclosure Statement as adequate in describing the First Amended Joint Plan and authorized that it be sent to all creditors of the bankruptcy estate. See Order of North Carolina Bankruptcy Court attached as **Exhibit 3**.

The Amended Disclosure Statement and the First Amended Joint Plan has now been distributed so as to allow affected creditors and claimants the ability to vote for or against and/or object to the First Amended Joint Plan. As indenture trustee (because of the Sentinel Trust Receivership) and on behalf of the affected Bondholders, the Receiver will be called upon to

vote the Bondholders' interest -- the Class 2B Claim set forth in the First Amended Joint Plan. Again, that vote is due on August 23, 2006. Through this Motion, with notice being provided to all Bondholders currently of record in the Sentinel Trust books and records, the Receiver requests the Court's approval to vote the Bondholders' interest in favor of the First Amended Joint Plan.

IV. ARGUMENT IN SUPPORT OF VOTING FOR THE FIRST AMENDED JOINT PLAN

The Amended Disclosure Statement, which the North Carolina Bankruptcy Court has deemed adequate and authorized for distribution, has as its purpose to describe and otherwise disclose the material components of the First Amended Joint Plan. As can be appreciated by a review of the entire Amended Disclosure Statement and/or First Amended Joint Plan, many aspects of those documents do not impact upon Sentinel Trust or the Bondholders for which Sentinel Trust is the indenture trustee. However, many aspects of the Amended Disclosure Statement and First Amended Joint Plan do relate to Sentinel Trust and/or the Bondholders. The principal areas of importance as to Sentinel Trust and the Bondholders are further discussed below.

a) Sale of General Partner's Interest in Debtor and Disposition of Proceeds

A principal focus of the First Amended Joint Plan is establishment of a New General Partner/ Reorganized Debtor through the auction of the existing General Partner's Interest of the Debtor. A "stalking horse" minimum bid of \$800,000 (from the current manager of the Roseland Project, Interstate Realty Management Company) has been solidified, and the actual auction of that interest may exceed that amount. First Amended Joint Plan at Art. IV, § 4.2, p. 13. The proceeds from the auction will be used 1) to pay the administrative costs of the Debtor incurred in the North Carolina bankruptcy proceeding (which have been capped at

\$57,000 plus the costs of obtaining an opinion letter relating to the continuation of the tax-exempt status of the bonds), 2) to pay tax claims estimated at approximately \$182,000 less the amount currently held in a tax escrow account¹ and 3) to pay a total aggregate amount of \$10,000, pro rata, to holders of small unsecured general creditor claims (principally, vendors who provided services to the Roseland Project).² The remainder of the auction proceeds will be used to pay down the claim filed by Sentinel Trust on behalf of all of the Bondholders in the North Carolina bankruptcy proceeding (a total claim of approximately \$11.5 million) (“Sentinel Claim”).³ First Amended Joint Plan at Art. IV, § 4.5, p. 14.

The distribution of proceeds of the auction as set forth in the First Amended Joint Plan is in accordance with priorities superior to the Sentinel Claim (e.g., administrative claims) and is in accordance with encouraging small vendors to continue to do business with the Reorganized Debtor through making small payments to them (e.g., the \$10,000 aggregate amount paid pro rata on those small claims). After those payments are addressed, all remaining auction proceeds go toward payment of the Sentinel Claim. For these reasons, the Commissioner and Receiver assert that there should be nothing objectionable relating to the disposition of auction proceeds as set forth in the First Amended Joint Plan.

b) Successor Trustee is to Replace Receiver in North Carolina Bankruptcy Proceeding

¹ The Debtor states that an approximate amount of \$130,000 is in this tax escrow account. First Amended Joint Plan at Art. III, § 3.2, p. 5; Amended Disclosure Statement, Art. I, D, p. 7.

² The First Amended Joint Plan provides for payment of other priority tax claims and other priority claims from the auction proceeds, but those are believed, in good faith, to be *de minimus* or not to exist. First Amended Joint Plan at Art. II, § 2.4, p. 4; Art. III, § 3.1, pp. 4-5; Amended Disclosure Statement at Art. I, D, pp. 6-7.

³ The First Amended Joint Plan provides that the Debtor/Reorganized Debtor will not contest the Sentinel Claim. Therefore, the Sentinel Claim has been agreed to and is deemed “allowed” for purposes of the North Carolina bankruptcy proceeding and reorganization. First Amended Joint Plan at Art. III, § 3.2, p. 7; Art. XIV, § 14.6, p. 30; Amended Disclosure Statement at Art. III, B.5, p. 20.

A material part of the First Amended Joint Plan provides that, if the plan is confirmed, a Successor Trustee candidate, to replace the Receiver, will be located immediately and presented to the Bondholders for approval. A 25% vote of the Bondholders would effect the approval of the Successor Trustee and the replacement of the Receiver by that Successor Trustee. The First Amended Joint Plan also provides that, if efforts to secure a Successor Trustee are unsuccessful, the Receiver reserves all avenues of relinquishing the position of indenture trustee as to the Charlotte/Roseland Bond Issue. First Amended Joint Plan at Art. XIII, § 13.19, p. 8.

The installation of a Successor Trustee is a material aspect of the First Amended Joint Plan to the Receiver. Continuation of the indenture trustee position the Receiver presently holds will unduly impede the progression of this Receivership and will require that this Receivership stay open and pending much longer than is otherwise anticipated.⁴ Moreover, the appointment of a Successor Trustee would still provide Bondholders a fiduciary, whom they would have voted for and approved, to be involved in the reorganized progression of the Charlotte/Roseland matter so that their interests would remain protected. Therefore, the concept of a Successor Trustee replacing the Receiver provides no reason to oppose the First Amended Joint Plan.

c) Anticipated Further Payments on Sentinel Claim

Under the First Amended Joint Plan, going forward, all amounts paid from this Sentinel Trust Receivership ("Receivership"), in recognition of the claim made by the Receiver against funds that Sentinel Trust was to be holding on behalf of the Bondholders, would be paid over to the Successor Trustee in the North Carolina bankruptcy proceeding for distribution pro rata to

⁴ For example, and as discussed more fully herein, the First Amended Joint Plan calls for a potential forbearance period until February 1, 2016 within which the Reorganized Debtor would have to pay the Sentinel Claim in full. Under that scenario, and if not replaced, the Receiver would have to remain as indenture trustee until that 2016 timeframe, which would mean that this Receivership, in some form or fashion, would need to remain open for that period of time as well.

the Bondholders.⁵ Also, going forward, all of the surplus cash flow from the operations of the Roseland Project will be paid to a Successor Trustee and then on to the Bondholders until the large Sentinel Claim has been paid. First Amended Joint Plan at Art. III, § 3.2, pp. 6-7; Amended Disclosure Statement at Art. I, D, p. 8. The order of payment going forward, as set forth in the First Amended Joint Plan, recognizes the priority position of the Sentinel Claim in the North Carolina bankruptcy proceeding and, thus, supports a vote of the Bondholders' interest in favor of the First Amended Joint Plan.

d) Period of Forbearance From Foreclosing on the Roseland Project

The Amended Disclosure Statement explains, and the First Amended Joint Plan sets forth, that, if the Sentinel Claim is not paid in full by February 1, 2016, or if, after January 1, 2011, various blocks of Bondholders request and vote for such, then the Receiver or the Successor Trustee could foreclose on the Roseland Project property and pay the Bondholders pro rata with the foreclosure proceeds. First Amended Joint Plan at Art. IX, § 9.2, p. 20; Amended Disclosure Statement at Art. I, D, p. 8; Art. III, B.7, p. 21.

While the First Amended Joint Plan calls for a separately executed Forbearance Agreement (which is discussed infra), the concept of allowing a reorganized debtor a period of time protected from foreclosure is typical in Chapter 11 bankruptcy reorganizations. At this juncture, and probably for some time into the future, the Charlotte/Roseland Bond Issue is/will be in default, thus, giving the Receiver or Successor Trustee the ability to foreclose, absent agreement otherwise. So long as the Reorganized Debtor is complying with the provisions of the

⁵ In the First Amended Joint Plan, the anticipated distribution from this Receivership is characterized as the claim that the Receiver has regarding the Debt Service Reserve Fund, that should have been held by Sentinel Trust, in the approximate amount of \$450,000. See First Amended Joint Plan at Art. III, § 3.2, p. 6. As reflected in schedules attached to the Commissioner's and Receiver's Motion Seeking Approval of Schedule of Claim Determinations (filed January 31, 2006), the Receiver's claim on behalf of the Bondholders is \$436,709.91. See Motion Seeking Approval, Exhibit A at p. 2.

First Amended Joint Plan (e.g., payment of the Sentinel Claim with surplus cash flow, etc.), that Plan provides for a period of time for the Reorganized Debtor to operate without threat of foreclosure. That being considered, the providing of a forbearance period in the First Amended Joint Plan is reasonable and does not present a ground upon which to vote against it.

e) **“Cram Down” Provision**

Classes of creditors that have their rights to full payment impaired by the proposed reorganization (including the Bondholders) are entitled to vote, or have their representative (e.g., the Receiver on behalf of the Bondholders) vote, for or against the First Amended Joint Plan. However, the First Amended Joint Plan allows for a “cram down” approval if any particular class or classes of claimants do not approve the First Amended Joint Plan. See Amended Disclosure Statement at Art. I, E, p. 12; Art. IV, C, p. 34; First Amended Joint Plan at Art. IV, § 6.4, p. 14. The ability for a debtor to petition the pertinent bankruptcy court to consider approving a plan of reorganization irrespective of adverse votes of certain creditors is not unusual in bankruptcy settings. This type of redress is needed so as not to allow any class of claimants to frustrate a reorganization plan that, overall, is in the best interests of the bankruptcy estate and its creditors/claimants.

f) **Transfer of Ability to Initiate, Continue or Settle Avoidance Actions**

The First Amended Joint Plan states the soon after the Plan’s confirmation, the Debtor/Reorganized Debtor will assign to the Receiver, for the benefit of the Bondholders, the right to commence, continue or settle any avoidance actions. Amended Disclosure Statement at Art. III, C.2, p. 25; First Amended Joint Plan at Art. VII, § 7.3, p. 17. This language was also in the original Joint Plan which, as noted earlier, had been submitted in the North Carolina bankruptcy proceedings on April 19, 2006. Soon after that April 19th submission, representatives

of the Debtor, Receiver and Bondholder groups reviewed the avoidance actions and determined that none, which had already been filed or could be filed, were in the best interest of the bankruptcy estate to pursue.

g) **Bondholder Claims in This Receivership Would be Joined With Those in the North Carolina Bankruptcy Proceeding**

The First Amended Joint Plan also specifically states that, if the plan is confirmed, the Bondholder claims that have been filed in this Receivership action will be deemed withdrawn and considered consolidated with the Receiver's claim in this Receivership that was filed on behalf of the Bondholders. First Amended Joint Plan at Art. XIV, § 13.18, p. 28. Likewise, any monies to be distributed from this Receivership would be distributed to the Receiver,⁶ who made claim in this proceeding on behalf of all of the Bondholders. The Receiver will, in turn, forward any such distribution to the Successor Trustee in the North Carolina bankruptcy proceeding, who will, in turn, distribute that recovery, pro rata, to all Bondholders as part of the pay-down of the Sentinel Claim in that proceeding.

This provision accomplishes many goals of this Receivership. First, it streamlines treatment of the claims of the Bondholders into one proceeding -- the North Carolina bankruptcy proceeding -- wherein pro rata payments will be made to all Bondholders from remaining auction proceeds, from surplus cash flow of the reorganized Roseland Project and from payments from this Receivership estate to the Successor Trustee. Second, it relieves the Receiver of the administrative burden associated with proceeding with claims adjudication of those claims

⁶ The Receiver's claim within this Receivership has two components. First, the claim seeks reimbursement for the fees and expenses spent by the Receiver in relation to the Charlotte/Roseland Bond Issue default. Second, the claim seeks payment to the Receiver, on behalf of the Bondholders, of the amounts that should have been available in the Sentinel Trust Pooled Fiduciary Account. See January 31, 2006 Motion Seeking Approval at p. 11. Because the Receiver's claim for fees and expenses is of a higher priority, it will be paid first, and remaining funds would then be distributed to the Successor Trustee in the North Carolina bankruptcy proceeding in relation to the claim made in this Receivership by the Receiver on behalf of the Bondholders.

pending before it that relate to the Charlotte/Roseland Bond Issue. Third, the individuals⁷ who have made claims within this Receivership will not lose their claims to pro rata distribution of assets relating to the Roseland Project. Rather, those claims will be recognized and funds will be distributed by the Successor Trustee as part of the Sentinel Claim in the North Carolina bankruptcy proceeding.

h) Receiver's Involvement in Decisions Concerning Management Company

To the extent that protection of the Bondholders' interest in future payments is connected with the ongoing management of the Roseland Project, the First Amended Joint Plan provides that the Receiver -- or, perhaps, more appropriately, the Successor Trustee -- has impact upon decisions relating to the management company which manages the Roseland Project. For example, the Receiver's/Successor Trustee's approval is required prior to a change in the management company. The Receiver/Successor Trustee may, after three (3) years and upon request of the Bondholders, remove the management company. First Amended Joint Plan at Art. IV § 4.4, p. 14; Amended Disclosure Statement at Art. III, C.1(c), p. 25.

While it is anticipated that the Successor Trustee, as opposed to the Receiver, will be the one addressing management company issues on behalf of, or upon the request of, the Bondholders, it is significant that, in the First Amended Joint Plan, safeguards relating to the retention or termination of the management company exist and are held by the Receiver/Successor Trustee on behalf of the Bondholders. This also counsels in favor of approving the Receiver's vote in favor of the First Amended Joint Plan.

⁷ All of the claims made in the Sentinel Trust Receivership are made by Bondholders of the Charlotte/Roseland Bond Issue.

i) First Amended Joint Plan Envisions Discharge and Release of Debtor

The First Amended Joint Plan provides for the discharge of the Debtor and the release of claims as against the Debtor. First Amended Joint Plan at Art. X, §§ 10.1 & 10.3, pp. 20-22; Amended Disclosure Statement at Art. III, C.7 & C.8(d), pp. 30 & 31-32. This discharge and release of the debtor is standard in most reorganization plans, otherwise there is little, if any, incentive to try and reorganize. Title to the assets (i.e., the Roseland Project) passes to the Reorganized Debtor and the obligation to make Bondholder payments passes to the Reorganized Debtor. Because the interests of the Bondholders are being protected through other provisions of the First Amended Joint Plan (namely the Reorganized Debtor's recognition of and obligation to pay the Sentinel Claim), the fact that the First Amended Joint Plan would discharge and release the Debtor does not provide reasons to oppose confirmation of the First Amended Joint Plan.

j) This Court's Approval of the Receiver's Vote in Favor of Confirmation of the First Amended Joint Plan is a Condition Precedent to Confirmation of That Plan

The importance of this Court's approval of a vote by the Receiver in favor of the First Amended Joint Plan is self-evident. The First Amended Joint Plan will not become effective absent such approval. First Amended Joint Plan at Art. XI, § 11.2(d), p. 23; Amended Disclosure Statement at Art. III, C.8(g), p. 33.

k) The Court Should Approve the Receiver's Vote in Favor of Confirmation of the First Amended Joint Plan

The Receiver asserts that numerous reasons, already set forth, exist that support a vote in favor of the First Amended Joint Plan, including, but not limited to the following: 1) recognition of the Sentinel Claim in the North Carolina bankruptcy proceeding and payment of that claim going forward at an appropriate priority level (i.e., after administrative costs and certain tax

obligations), 2) replacement of the Receiver with a Successor Trustee, 3) withdrawal of Charlotte/Roseland based claims in this Receivership while transferring payment on all Bondholders' claims to the North Carolina bankruptcy proceeding and 4) reasonable protections for the Bondholders regarding foreclosure and management agreement issues.

In addition, the Amended Disclosure Statement sets forth that moving forward with the reorganization set forth in the First Amended Joint Plan would be in the best interests of the Bondholders and other bankruptcy estate claimants and would be preferable to other options available to the Bondholders -- i.e., conversion to a Chapter 7 bankruptcy and the liquidation of assets. See Amended Disclosure Statement at Art. IV, B, pp. 34-35.

Accordingly, the Receiver asserts that the Court should approve its voting the interests of the Bondholders in favor of the First Amended Joint Plan.

V. FORBEARANCE AGREEMENT

As noted earlier, the First Amended Joint Plan provides that the Receiver cannot foreclose upon the Roseland Project property until February 1, 2016 or January 1, 2011 (if demanded and approved by various blocks of the Bondholders). This "forbearance" from foreclosure will also be set forth in a separate Forbearance Agreement between the Debtor and the Receiver. See First Amended Joint Plan at Art. IV, § 4.1, pp. 12-13. The Forbearance Agreement will require the Debtor/Reorganized Debtor 1) to make monthly income and expense reports, 2) to provide annual capital and operating budgets for approval, 3) to establish a lockbox system for rental income on the Roseland Project and 4) to provide certification regarding the accuracy of reported numbers and not being in default under existing management agreements. Id. The First Amended Joint Plan further recites that the Forbearance Agreement will not materially change any of the provisions of the plan.

Through this Motion, the Receiver requests this Court's approval of the Receiver's signing of the Forbearance Agreement when presented. A forbearance agreement was a stringent requirement of the Debtor and is not unusual in reorganization plans. The Reorganized Debtor should have a chance, without threat of foreclosure looming over it, to endeavor to make the Roseland Project, as reorganized, profitable and to pay the surplus cash flow toward the Sentinel Claim. Indeed, as set forth in the Amended Disclosure Statement, there has been a substantial increase in the occupancy of the Roseland Project, which is yielding, and should continue to yield, increased revenues for the Reorganized Debtor. Amended Disclosure Statement at Art. II, D.1, p. 16-17. A forbearance agreement requiring reporting of financial status and establishing budgets is a reasonable safeguard to impose so that the Successor Trustee will be able to gauge whether further relief should be sought, whether the early January 2011 exit from the Forbearance Agreement should be exercised or whether breach of the Forbearance Agreement and/or First Amended Joint Plan is at issue. Accordingly, the Receiver requests this Court's approval to sign the Forbearance Agreement when presented.

VI. ESTABLISHMENT OF BIDDING PROCEDURES

The First Amended Joint Plan calls for the auction of the Debtor's General Partner's Interest. In relation to that auction, bidding procedures (e.g., contents of bid packets, deadlines, qualifying as a bidder, procedure for taking bids, consolidation of competing bids, etc.) need to be established. On May 24, 2006, the Debtor and Receiver filed a Joint Motion to Establish Bidding Procedures, a copy of which is attached as **Exhibit 4**. Attached to that motion is a document entitled "Notice of Terms and Conditions of Auction." That Notice sets forth reasonable procedures starting with the creation and sending of bid packets through the manner in which the auction will occur and the deal will close. That Notice is drafted to be signed by

counsel for the Debtor and counsel for the Receiver. No objections were filed regarding that May 24th filing, and on June 14, 2006, the North Carolina Bankruptcy Court had a hearing concerning approval of the Proposed Bidding procedures to establish Bidding Procedures and at that hearing granted the Motion and approved the proposed Bidding Procedures. Because of the reasonableness of those procedures (see Exhibit 4) and because the North Carolina Bankruptcy Court has already approved them, the Receiver requests this Court's approval to sign the Notice setting forth the bidding procedures.

VII. REQUEST THAT RECEIVER BE AUTHORIZED TO APPROVE NON-MATERIAL CHANGES IN THE FIRST AMENDED JOINT PLAN NOT AFFECTING BONDHOLDERS

Receiver's bankruptcy counsel has informed the Receiver that it is not unusual for changes to be discussed and often included in a reorganization plan at a confirmation hearing. These changes are usually ministerial and non-substantive, and/or address issues that relate only to creditors in lower priority classification within the bankruptcy estate. In anticipation of this occurring at or before the August 30, 2006 confirmation hearing, the Receiver requests authority from the Court to approve non-material changes that might be proposed to the First Amended Joint Plan that have no impact upon the Bondholders or Sentinel Trust.

VIII. SUPPORT OF BONDHOLDER GROUPS

As mentioned at the beginning of this Motion, various Bondholder groups have been involved in the crafting of and discussions concerning the First Amended Joint Plan. These Bondholder groups together comprise approximately 30% of the Charlotte/Roseland Bond Issue bondholders. Through letters from their counsel to undersigned counsel, those Bondholder groups have voiced support of the First Amended Joint Plan, including the attendant Forbearance Agreement and Joint Motion to Establish Bidding Procedures. They urge the Court to approve

1) the Receiver's vote in favor of the First Amended Joint Plan and 2) all other matters reasonably required of the Receiver in order to effectuate that plan. See letter from Richard A. Newman, Esq., counsel to Municipal Capital Appreciation Partners II, L.P., attached as **Exhibit 5** and letter from Jason D. Horwitz, Esq. counsel to Stark International, attached as **Exhibit 6**.

**IX. NOTICE TO CHARLOTTE / ROSELAND
BONDHOLDERS OF INSTANT MOTION**

Confirmation of the First Amended Joint Plan -- which the Receiver requests approval to vote in favor of -- would result in matters ranging from its replacement with a Successor Trustee in the North Carolina bankruptcy proceeding to the deeming as withdrawn or denied of claimants' claims in this Receivership in lieu of the Receiver's claim on the Bondholders' behalf being addressed pro rata in the North Carolina bankruptcy proceeding. For this reason, the Receiver is mailing a copy of this entire filing, including Exhibits, to all current Bondholders of the Charlotte/Roseland Bond Issue, as reflected in the books and records of Sentinel Trust. Upon this Motion being set for hearing, a Notice of Setting will be sent immediately to all of those Bondholders as well as those listed on the Certificate of Service below.

**X. REQUEST THAT COURT ORDER BE CERTIFIED
AS FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.**

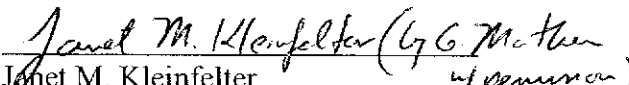
As noted at several junctures, this Court's approval of the Receiver's vote in favor of the First Amended Joint Plan is a condition precedent to the plan being confirmed. Therefore, finality as to the Court's order on this matter is needed (and is needed more than thirty (30) days prior to the August 23, 2006 deadline for casting ballots) so as to provide certainty in going forward with reliance on the Receiver's vote. Accordingly, the Receiver requests that the

Court's order addressing the relief requested in this Motion be certified as a final order regarding all matters contained therein. Rule 54.02 Tenn.R.Civ.P.

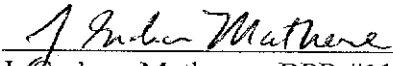
XI. CONCLUSION

For the reasons set forth herein, the Commissioner and Receiver request a final order, pursuant to Rule 54.02 Tenn.R.Civ.P., granting all of the relief requested herein.

Respectfully submitted,


Janet M. Kleinfelder *(by G. Matherne
w/ permission)*
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*Counsel for Receivership Management, Inc.,
Receiver of Sentinel Trust Company*

MOVANTS HAVE REQUESTED ORAL ARGUMENT ON THIS MOTION. ORAL ARGUMENT, HOWEVER, HAS NOT YET BEEN SET. UPON THE SETTING OF THIS MOTION FOR ORAL ARGUMENT, NOTICE WILL BE GIVEN AS SOON AS PRACTICABLE.

CERTIFICATE OF SERVICE

This is to certify that on June 15th, 2006 a copy of the foregoing Motion has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

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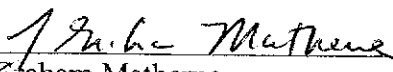
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All Charlotte/Roseland Bondholders who/
which the books and records of Sentinel Trust
Company indicate are current Bondholders of
the Charlotte/Roseland Bond Issue at the
addresses shown in those books and records



J. Graham Matherne

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division**

In re:

LIMITED PARTNERSHIP,

Case Number: 04-31630

Debtor.

Chapter 11

Tax ID No: 95-4716512

**FIRST AMENDED JOINT PLAN OF THE DEBTOR AND RECEIVERSHIP
MANAGEMENT, INC., RECEIVER FOR SENTINEL TRUST COMPANY, FOR
REORGANIZATION OF CP-CHA ROSELAND LIMITED PARTNERSHIP
PURSUANT TO 11 U.S.C. § 1121(a)**

Charlotte, North Carolina

Dated: June 1, 2006.

GRIER FURR & CRISP, PA

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*ATTORNEYS FOR RECEIVERSHIP MANAGEMENT, INC., IN ITS
CAPACITY AS APPOINTED RECEIVER FOR SENTINEL TRUST COMPANY*



**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
Charlotte Division**

In re:

CP-CHA ROSELAND
LIMITED PARTNERSHIP,

Debtor.

Case Number: 04-31630

Chapter 11

Tax ID No: 95-4716512

**FIRST AMENDED JOINT PLAN OF THE DEBTOR AND RECEIVERSHIP
MANAGEMENT, INC., RECEIVER FOR SENTINEL TRUST COMPANY, FOR
REORGANIZATION OF CP-CHA ROSELAND LIMITED PARTNERSHIP
PURSUANT TO 11 U.S.C. § 1121(a)**

PREAMBLE

CP-CHA Roseland Limited Partnership, the debtor and debtor-in-possession (the "Debtor") in the bankruptcy case under Chapter 11 of the Bankruptcy Code that is pending before the Bankruptcy Court (Case No. 04-31630) (the "Chapter 11 Case"), and Receivership Management, Inc., the Receiver for Sentinel Trust Company pursuant to appointment by the Commissioner of the Tennessee Department of Financial Institutions in the state court receivership action pending in the Chancery Court for Lewis County, Tennessee in a case entitled "In re: Sentinel Trust Company," Docket No. 4781, hereafter referred to as (the "State Court Receivership Case"), hereby submit this First Amended Joint Plan of Reorganization of CP-CHA Roseland Limited Partnership, pursuant to § 1121(a) of the Bankruptcy Code pursuant to Title 11 of the United States Code, 11 U.S.C. § 101 et seq.

ARTICLE I

Background to and Concept of the Joint Plan

1.1 This First Amended Joint Plan of Reorganization (the "Joint Plan") reflects a consensual arrangement between the Debtor, a limited partnership organized and existing pursuant to the laws of the State of North Carolina, and the Debtor's primary secured creditor, Sentinel Trust Company ("Sentinel") acting through its Receiver, Receivership Management, Inc.¹ The Debtor's principal assets consist of a multifamily residential rental project known as Roseland I and II that includes 44 two-story brick buildings containing 504 one, two, and three

¹ On May 18, 2004, the Commissioner of the Tennessee Department of Financial Institutions took emergency possession of Sentinel Trust Company pursuant to Tenn. Code Ann. § 45-2-1502(b)(1) & (c)(1) and appointed Receivership Management, Inc. as Receiver of Sentinel Trust Company (the "Receiver"). References herein to Sentinel encompass the Receiver.

bedroom units, comprising approximately 50 acres of real property, together with the buildings, improvements, personal property, equipment and related facilities located thereon (the "Project"). The Project provides housing for low-income tenants. Since June 2003, the Project has been managed by Interstate Realty Management Company ("IRM"), which has extensive experience operating and managing low-income housing developments. In the period since the Petition Date, occupancy at the Project has grown from 57% to 80%.

1.2 The Joint Plan provides for an auction of the general partner interest in the Reorganized Debtor, which auction shall be contingent on Bankruptcy Court approval of a Forbearance Agreement and the Reorganized Debtor's covenant to continue to operate the Project as low-income housing pursuant to Section 42 of the Internal Revenue Code until at least February 1, 2016, unless a recapture bond is posted. The minimum bid shall be an \$800,000 stalking horse bid from IRM, with no bid protection or break-up fee allowed. Administrative Claims and the Tax Claim, as defined herein, shall be paid in full from the proceeds realized through the auction (the "Auction Proceeds"). Sentinel will receive payments on the Allowed Sentinel Claim through February 1, 2016 to be funded by distributions of Auction Proceeds and Surplus Cash Flow. Convenience Class creditors holding allowed general unsecured claims will receive *pro-rata* distributions from a portion of the Auction Proceeds with any deficiency treated as an unsecured claim. The claim of the City of Charlotte, which holds a Deed of Trust and security interests in the Project, will be paid in full through distributions of Surplus Cash Flow after the Allowed Sentinel Claim has been satisfied in full. Once the Allowed Sentinel Claim and the Allowed City of Charlotte Claim have been paid in full, creditors holding general unsecured claims, including the Convenience Class deficiency amounts, but excluding the portion of the Convenience Class claims satisfied out of Auction Proceeds, will receive *pro-rata* distributions from Surplus Cash Flow based on the provisions outlined in this Joint Plan, including the provisions relative to the treatment of Insider Unsecured Claims.

ARTICLE II

Provisions for Payment of Allowed Administrative Claims; Administrative Claims Bar Date; Provisions for Payment of Allowed Priority Tax Claims

2.1 Administrative Claims and Priority Tax Claims are Not Classified in this Joint Plan. The treatment of and consideration to be received by holders of Allowed Administrative Claims and Allowed Priority Tax Claims pursuant to this Article II of the Joint Plan shall be in full and complete satisfaction, settlement, release, and discharge of such Claims. The Debtor's obligations with respect to such Allowed Administrative and Priority Tax Claims shall be satisfied in accordance with the terms of this Joint Plan.

2.2 Administrative Claims Bar Date. Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims, including all applications for final allowance of compensation and reimbursement of expenses of Professionals incurred before the Confirmation Date, must be filed and served on counsel for the Debtor and the Bankruptcy Administrator no later than thirty (30) days after the Effective Date. Any Person required to file and serve a request for payment of an Administrative Claim and who fails to timely file and serve such request, shall be forever barred, estopped, and enjoined from asserting such Claim or participating in distributions under the Joint Plan on account thereof. The Administrative Claims

Bar Date shall not apply to fees and expenses of Professionals incurred after the Confirmation Date.

2.3 Treatment of Administrative Claims. Allowed Administrative Claims are not impaired by the Joint Plan. Except to the extent the holder of an Allowed Administrative Claim agrees otherwise, each holder of an Allowed Administrative Claim shall be paid, with respect to such Allowed Claim, the full amount thereof in Cash (or such other form as is agreed upon by any holder of an Allowed Administrative Claim) as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim, except that Allowed Administrative Claims arising in the ordinary course of business shall, if due at a later date pursuant to their terms, be paid when otherwise due. The total amount of Allowed Claims in this Class shall not exceed \$57,000. In addition, the reasonable cost of obtaining an opinion letter from nationally recognized bond counsel pursuant to Section 11.2 herein shall be treated as an Administrative Claim, and that cost shall be in addition to this \$57,000 maximum amount for Allowed Administrative Claims.

2.4 Treatment of Priority Tax Claims. Allowed Priority Tax Claims are not impaired by the Joint Plan. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Reorganized Debtor, (a) Cash in an amount equal to such Allowed Priority Tax Claim on the later of (i) Consummation, (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or (iii) as soon thereafter as is practicable, or (b) equal annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at a fixed annual rate equal to 6.5%, over a period through the sixth (6th) anniversary of the date of assessment of such Allowed Priority Tax Claim, or upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

ARTICLE III

Designation of and Provisions for Treatment of Claims and Interest Holders

A Claim or Interest holder is included in a particular Class or designation only to the extent that such Claim or Interest holder qualifies within the description of that Class or designation, and is in a different class or designation to the extent that the remainder of such Claim or Interest holder qualifies within the description of such different Class or designation. The Claims against and interest holders in the Debtor are designated, and shall be treated, as follows:

3.1 Class 1 - Allowed Other Priority Claims. There are no Other Priority Claims. To the extent that any Other Priority Claims are presented and are determined to be Allowed Claims entitled to priority in payment pursuant to §§ 507(a)(2) through 507(a)(7) of the Bankruptcy Code, such Claims will comprise Class 1. Except to the extent the holder of an Other Priority Claim that is an Allowed Claim agrees otherwise, each holder of an Other Priority Claim shall be paid, with respect to such Allowed Claim, the full amount thereof in Cash (or such other form as is agreed upon by any holder of an Other Priority Claim that is an Allowed Claim) as soon as

practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim. The Debtor estimates that the total amount of Other Priority Claims, if any, will be *de minimis* on the Effective Date. The Debtor expects to have sufficient funds to pay all Other Priority Claims that become Allowed Claims in full on the Effective Date.

The Claims in Class 1 are not impaired by the Joint Plan. Solicitation of acceptances from holders of Other Priority Claims is not required and is not being undertaken. Holders of Other Priority Claims are deemed to accept the Joint Plan.

3.2 Class 2 – Allowed Secured Claims. Allowed Secured Claims are classified into subclasses as described below:

Class 2A – Allowed Secured Real Property Tax Claim.

Description - The Secured Claim of the Mecklenburg County NC Tax Collector (the “Tax Claim”) for pre- and post-petition real property Taxes due on the following parcels: 145-201-03; 145-201-04; 145-201-05; and 145-201-06. The Tax Claim is secured by the Debtor’s real property pursuant to N.C. Gen. Stat. § 105-355(a).

Treatment - Except to the extent the Tax Collector agrees otherwise, the Debtor shall pay the allowed amount of the Tax Claim within 90 days of the Effective Date. The Debtor anticipates that as of the Effective Date, it will have approximately \$130,000 available in its Tax Escrow Account, which amount shall be used to partially satisfy the amount of Taxes due. The remainder of the Tax Claim shall be funded with Auction Proceeds.

Upon payment of the Class 2A Claim, the Debtor’s secured obligation for real property Taxes shall be deemed satisfied in full. The Debtor may prepay the allowed amount of the Tax Claim without penalty.

Status - Not Impaired. Not entitled to vote for or against the Joint Plan.

Allowed Amount - To be determined based on allowance of multiple proofs of claim filed by the Tax Collector, including a claim for \$181,743.29, which sum included amounts for pre- and post-petition real property taxes and interest thereon. In addition, the Tax Claim will include the *pro-rata* amount due for post-petition Taxes as of the Effective Date.

Class 2B -- Secured Allowed Sentinel Claim.

Description -

The Allowed Sentinel Claim shall be the claim of Sentinel as indenture trustee for bond indebtedness secured by the Project under an Indenture of Trust dated December 30, 1998, between Sentinel and The Housing Authority of the City of Charlotte, North Carolina, as the issuer (the "Indenture"). The Allowed Sentinel Claim is evidenced by a Deed of Trust recorded in Mecklenburg County, Book 10149, page 813-833; two financing statements recorded in the office of the Register of Deeds of Mecklenburg County and two financing statements recorded in the office of the Secretary of State of North Carolina. The Receiver also holds a claim in the State Law Receivership Case in respect of the debt service reserve fund, as reflected in the books and records of Sentinel Trust, of approximately \$450,000 (the "Debt Service Reserve Fund") which is part of the Allowed Sentinel Claim.

Treatment -

Sentinel has made the election to have the full amount of its claim treated as a secured claim based on 11 U.S.C. § 1111(b). The Allowed Sentinel Claim shall be paid through (a) the Auction Proceeds Payment and (b) distributions of Surplus Cash Flow with the full amount of principal and accrued interest due on December 31, 2015. The bonds underlying the Allowed Sentinel Claim shall continue to accrue interest at the applicable rates. Sentinel shall apply the Debt Service Reserve Fund as the Receiver's claim in the State Court Receivership Case is funded and available to bondholders to the redemption of Bonds ratably by principal amount outstanding.

If, (a) as of February 1, 2016, the Allowed Sentinel Claim has not been paid in full, including accrued interest, or (b) if at any time beginning after January 1, 2011, a majority of the bondholders (or 2/3 of the bondholders voting) in response to a request from holders of in excess of 25% of the bonds who so request and provides recapture protection for the limited partners under Section 42 of the Internal Revenue Code, Sentinel may foreclose on the Deed of Trust and apply the proceeds of the foreclosure first to satisfy the Allowed Sentinel Claim. Any remaining proceeds ("Surplus Foreclosure Proceeds") shall be distributed first to satisfy the Class 2C Claim and then *pro-rata* to the holders of general unsecured claims in Class 3A, 3B, 4A, 4B and 4C Claims as provided for herein.

The Debtor may prepay the Allowed Sentinel Claim including accrued interest without penalty. Upon payment of the Allowed Sentinel Claim including accrued interest, the Debtor's secured obligation to Sentinel shall be deemed satisfied in full.

Upon confirmation, the Debt Service Reserve Requirement under the Indenture shall be reduced, pursuant to the Forbearance Agreement, to

the amount of the claim being maintained by the Sentinel Receiver in the State Court Receivership Case, and once that case is closed, to zero.

Status - Impaired. Entitled to vote for or against the Joint Plan.

Allowed Amount - The Allowed Sentinel Claim shall be the claim filed by Sentinel in the amount of \$11,538,243.44 plus interest, attorneys' fees and expenses. See Section 7.1 herein.

Class 2C – Allowed Secured City of Charlotte Claim.

Description - The Allowed City of Charlotte Claim shall be the claim by the City of Charlotte that is evidenced by a Deed of Trust recorded in Mecklenburg County, Book 11019, page 434.

Treatment - The City of Charlotte has made the election to have the full amount of its claim treated as a secured claim based on 11 U.S.C. § 1111(b). Except to the extent that the holder of the Allowed Class 2C Claim agrees otherwise, after the Class 2A and 2B Claims have been satisfied in full, the Class 2C Claim will be paid through distributions of Surplus Cash Flow.

Provided that the Class 2A and 2B Claims have been paid in full, the Debtor may prepay the Allowed City of Charlotte Claim without penalty. Upon payment of the Allowed City of Charlotte Claim, the Debtor's secured obligation to the City of Charlotte shall be deemed satisfied in full.

If Sentinel forecloses, any Surplus Foreclosure Proceeds shall be distributed first to satisfy the Class 2C Claim and then pro-rata to the holders of general unsecured claims in Class 3A, 3B, 4A, 4B and 4C Claims as provided for herein.

Status - Impaired. Entitled to vote on the Joint Plan.

Allowed Amount - The City of Charlotte has filed a proof of claim in the amount of \$481,182.39.

3.3 Class 3 – Allowed General Unsecured Claims. Allowed General Unsecured Claims are classified into subclasses as described below:

Class 3A – Allowed Convenience Class Claims of \$5,000 or Less.

- Description - Pursuant to 11 U.S.C. § 1122(b), Class 3A shall consist of Allowed General Unsecured Claims of \$5,000 or less not included in any other Class, including, without limitation claims of \$5,000 or less for the following: (i) Claims for goods and services delivered prior to the Petition Date; (ii) any unsecured deficiency claim of a Claimant holding a lien against the Debtor's property or a Secured Claim but specifically excluding the Allowed Sentinel Claim; (iii) any Claim arising from a judgment against a Person in any Avoidance Action except as to claims of insiders including IRM; (iv) Claims arising out of the rejection of any executory contract except as to claims of insiders including IRM; and (v) all Allowed Claims not included in any other class and not secured by a charge against or interest in property in which the Debtor's estate has an interest. Claimants in other classes may voluntarily opt in to Class 3A by reducing their claims to \$5,000.
- Treatment - Except to the extent that a holder of an Allowed Class 3A Claim agrees otherwise, Class 3A Claimants will be paid their *pro-rata* distribution of \$10,000 in cash from the Auction Proceeds. Such payment shall be made within 90 days of the Effective Date. After the Allowed Sentinel Claim and the Allowed City of Charlotte Claim have been paid in full, the remainder of Class 3A Claims will be paid *pari-passu* with the Class 3B claims at 85% through *pro-rata* distributions of Surplus Cash Flow. Should Sentinel foreclose on the Project as provided for herein and realize Surplus Foreclosure Proceeds in excess of the amounts required to satisfy the Allowed Sentinel Claim and the Allowed City of Charlotte Claim, distributions shall be made *pari-passu* with the Class 3B Claims on a *pro-rata* basis up to 85% of the allowed amount.
- Status - Impaired. Entitled to vote for or against the Joint Plan.
- Allowed Amount - Approximately \$53,432.

Class 3B – Allowed General Unsecured Claims.

- Description - Class 3B shall consist of Allowed General Unsecured Claims not included in any other Class, including, without limitation claims exceeding \$5,000 for the following: (i) Claims for goods and services delivered prior to the Petition Date; (ii) any unsecured deficiency claim of a Claimant holding a Secured Claim but specifically excluding the Allowed Sentinel Secured Claim; (iii) any Claim arising from a judgment against a Person in any Avoidance Action except as to claims of insiders including IRM; (iv) Claims arising out of the rejection of any executory contract except as to claims of insiders including IRM; and (v) all Allowed Claims not included in any other class and not secured by a charge against or interest in property in which the Debtor's estate has an interest.
- Treatment - Except to the extent that the holders of Class 3B Claims agree otherwise, after the Allowed Sentinel Claim and the Allowed City of Charlotte Claim have been paid in full by, Class 3B Claims including accrued interest will be paid *pari-passu* with the Class 3A Claims at 85% through *pro-rata* distributions of Surplus Cash Flow. Should Sentinel foreclose on the Project as provided for herein and realize Surplus Foreclosure Proceeds in excess of the amount required to satisfy the Allowed Sentinel Claim and the Allowed City of Charlotte Claim, distribution shall be made to the holders of Class 3B Claims *pari-passu* with the Class 3A Claims on a *pro-rata* basis up to 85% of the allowed amount.
- Status - Impaired. Entitled to vote for or against the Joint Plan.
- Allowed Amount - Amount to be determined. General unsecured claims exceeding \$5,000 total approximately \$67,110.30.

3.4 Class 4 – Allowed Insider General Unsecured Claims. Class 4 Claims are classified into three subclasses:

Class 4A – Allowed Deferred Management Fee Claims.

- Description - The Allowed Deferred Management Fee Claim shall consist of the post-petition management fees deferred by IRM. IRM agreed to reduce its management fees from 6% to 4.8% of actual collections for the period between the Petition Date and Confirmation. The remaining 1.2% of management fees earned but deferred from the Petition Date to the date of Confirmation comprises the Class 4A Claim.
- Treatment - Subject to the availability of future Surplus Cash Flow after the Allowed Sentinel Claim and the Allowed City of Charlotte Claim have been paid in full and distribution has been made to satisfy Class 3A and 3B Claims,

as provided herein, and except to the extent that the holders of the Class 4A claim agree otherwise, Class 4C Claims will be paid at 85% from distributions of Surplus Cash Flow. Should Sentinel foreclose on the Project as provided herein and realize Surplus Foreclosure Proceeds in excess of the amount required to satisfy the Allowed Sentinel Claim, the Allowed City of Charlotte Claim, and the Class 3A and 3B Claims, the Allowed Deferred Management Fee Claim shall receive a *pro-rata* distribution *pari-passu* along with the holders of the Class 4B Claims.

Status - Impaired. Entitled to vote for or against the Joint Plan.

Allowed Amount - To be determined based on the allowance of a proof of claim from IRM.

Class 4B – Allowed IRM Claims.

Description - The Allowed IRM Claims shall consist of the pre-petition claims of the Debtor's management company, IRM, including claims for pre-petition management fees, advances for salaries, and the like.

Treatment - Subject to the availability of future Surplus Cash Flow after the Allowed Sentinel Claim and the Allowed City of Charlotte Claim have been paid in full and distribution has been made to satisfy the Class 3A and 3B Claims, and except to the extent that the holders of the Class 4B Claims agree otherwise, Class 4B Claims will be paid at 85% *pari-passu* with the Class 4A Claims from distributions of Surplus Cash Flow. Should Sentinel foreclose on the Project as provided for herein and realize Surplus Foreclosure Proceeds in excess of the amount required to satisfy the Allowed Sentinel Claim, the Allowed City of Charlotte Claim, and the Class 3A and 3B Claims, the Allowed IRM claims shall receive a *pro-rata* distribution along *pari-passu* with the holders of the Class 4A Claims.

Status - Impaired. Entitled to vote for or against the Joint Plan.

Allowed Amount - Estimated at \$308,486; allowed amount to be determined based on the allowance of a proof of claim from IRM.

Class 4C – Allowed Insider Subordinated Unsecured Claims.

- Description - The Allowed Insider Subordinated Unsecured Claims shall consist of Claims of the Debtor’s insiders against the Estate, exclusive of the Class 4A and 4B Claims, not secured by a charge against or interest in property in which the Estate has an interest, including, but not limited to the CP Claim, and any claims of insiders for indemnification by the Debtor, including any such claims of IRM. The Claims of Class 4C will be subordinated to the claims by Class 2 and Class 3 Claimants, Class 4A and 4B Claims, and no distribution shall be made on Class 4C Claims until the Claimants in those classes have been paid as provided for in this Joint Plan.
- Treatment - Except to the extent that the holders of the Class 4C Claims agree otherwise, after payment of the Class 2A, 2B, 2C, 3A, 3B, 4A and 4B Claims as provided for herein, Class 4C Claimants will be paid up to 75% of the Class 4C Claim amounts through distributions from available Surplus Cash Flow. In the event that Sentinel forecloses and the 2C, 3A, 3B, 4A and 4B Claims are paid as provided for herein from Surplus Foreclosure Proceeds, distribution of up to 75% of the allowed claim amount shall be made to the holders of the Class 4C Claims.
- Status - Impaired. Entitled to vote for or against the Joint Plan.
- Allowed Amount - The Allowed Insider Subordinated Unsecured Claims are estimated at \$833,852.

3.5 Class 5 – Partner Interests. Class 5 Partner Interests are classified into subclasses as described below:

Class 5A – General Partner Interest.

- Description - The General Partner Interest in the Debtor is held by Pressley Road, LLC as general partner of the Debtor. The members of Pressley Road, LLC are Century Pacific Equity Corporation (“CPEC”) and The Housing Authority of the City of Charlotte, North Carolina (“CHA”). CPEC has consented to the Joint Plan, and the consent of CHA is being sought.
- Treatment - The General Partner Interest will be subject to Auction as further described in this Joint Plan. The General Partner Interest shall be transferred to the New General Partner upon Consummation of this Joint Plan.
- Status - Impaired. CPEC consents to the Joint Plan. The consent of CHA is being sought.

Allowed Amount - Unknown.

Class 5B – Limited Partner Interest.

Description - The Limited Partner Interest in the Debtor is held by CP Atlantic Housing Fund I, LP as limited partner in the Debtor.

Treatment - The Limited Partner Interest shall remain in place upon confirmation provided that the General Partner or New General Partner may admit additional limited partners in dilution of the existing limited partner and may retain any amounts paid by the holder of the Limited Partner Interest. Because the Joint Plan provides for the auction of the General Partner Interest in the Debtor as a means of generating funds to be applied to creditor claims, and to maximize the proceeds that this process may produce, the Joint Plan provides that the New General Partner may admit new limited partner interests and retain the proceeds of such transactions (whether such proceeds are greater or lesser than the amount of the New General Partner's Winning Bid with respect to the Auction). The New General Partner's election to admit additional limited partners would result in the dilution of the current Limited Partner Interest, which could occur at any time following the consummation of the Plan.

Status - Impaired. Consents to the Joint Plan.

Allowed Amount - Unknown.

ARTICLE IV
Execution of the Joint Plan

4.1 Forbearance Agreement. The Auction contemplated in this Joint Plan shall be conditioned on entry of an order by the Bankruptcy Court approving a Forbearance Agreement. At least twenty-four (24) hours before the hearing on confirmation of this Joint Plan, counsel for Sentinel shall serve on the Debtor and any other appropriate parties a proposed Forbearance Agreement. The parties shall have ten (10) days from the receipt of the proposed Forbearance Agreement to comment on its terms and to negotiate any differences. In the event that the parties are unable to certify to the Bankruptcy Court by the eleventh day after receipt of the proposed Forbearance Agreement that it is agreed to, the Bankruptcy Court shall conduct a hearing as soon as possible to determine the contents of the Forbearance Agreement.

The aforesaid Forbearance Agreement shall provide for (a) monthly income and expense reporting, (b) annual capital and operating budget approval by Sentinel, by majority vote of the bondholders responding (failing which the prior year's budget shall continue, grossed up as to expenses by the Consumer Price Index), (c) a lockbox upon the request of Sentinel, and (d) certificates of the New General Partner and property manager as to the accuracy of reported

numbers and no default under management agreement. The terms of the Forbearance Agreement will not materially change any of the provisions of this Joint Plan.

4.2 Auction of General Partner Interest. Following the hearing on confirmation of this Joint Plan and at least five (5) days after Bankruptcy Court approval of the Forbearance Agreement, the General Partner Interest shall be auctioned subject to certain conditions. Accordingly, the Debtor and Sentinel shall request Bankruptcy Court approval of consensual bidding procedures, which, once approved, shall govern the process for soliciting, qualifying, and selecting the Winning Bidder for the General Partner Interest. The Bankruptcy Court shall determine the Winning Bidder based on the Bankruptcy Court-approved bidding procedures.

Subject to the approval of the Bankruptcy Court, the Winning Bidder (unless it is IRM or any affiliate of the existing General Partner) shall be entitled to customary and ordinary course protections and oversight of the Project, including but not limited to reviewing financial issues during the time period after the approval of the Winning Bidder until the Winning Bidder pays the Auction Proceeds into the Debtor's estate or it is determined that the Winning Bidder cannot do so. The Winning Bidder shall be entitled on shortened notice to the Debtor and Sentinel to request from the Bankruptcy Court such other and further protections as deemed necessary and proper.

The Bidding Procedures shall outline the terms of the Auction, which shall include the following: (a) the closing on the sale of the General Partner Interest shall take place within ten (10) days of entry of an Order determining the winning bid and (b) the minimum bid shall be a \$800,000 stalking horse bid from IRM, with no bid protection or break-up fee allowed. The Bidding Procedures shall provide that the Auction will take place at least five (5) days after entry of an order approving the Forbearance Agreement at a time and place that are mutually agreeable to Sentinel and the Debtor and as approved by the Bankruptcy Court. The Debtor and Sentinel shall request Bankruptcy Court approval of the Winning Bidder.

After the Auction the Bankruptcy Court will conduct a hearing to determine the Winning Bidder and enter an order approving the winning bid. Within ten (10) days of the entry of the order approving the winning bid, the Winning Bidder shall pay into the Estate the Auction Proceeds, in exchange for which it shall receive the New General Partner Interest in the Reorganized Debtor and shall become responsible for carrying out all of the provisions of this Joint Plan as the New General Partner. The Forbearance Agreement, as previously approved by the Court, shall be executed by the parties within ten (10) days of the Effective Date.

4.3 Low-Income Housing. The New General Partner shall agree to maintain the Project as low-income housing consistent with the terms of the Debtor's Loan Agreement with the City, the Land Use Restriction Agreement recorded with at Book 10149, Pages 775-812, of the Mecklenburg County Register of Deeds Office, and the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits recorded at Book 13691, Pages 421-434, of the Mecklenburg County Register of Deeds Office until February 1, 2016 or such earlier date following which no recapture would be due under Section 42 of the Internal Revenue Code. The Land Use Restriction Agreement and the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits shall remain in full force and effect in accordance with their terms.

4.4 Management of the Project. The New General Partner, at any time post-confirmation, shall have the right to remove the Project's property manager with or without cause and without penalty. Additionally, Sentinel, at any time beginning three years after Confirmation of this Joint Plan, shall have the right to remove the Project's property manager with or without cause and without penalty, including but not limited to for failure to achieve budget projections, upon the request of a majority of the bondholders (or 2/3 of the bondholders voting) after request for such a vote is made by holders of not less than 25% of those bonds outstanding. The consent of Sentinel shall be required prior to the engagement of a replacement property manager by the New General Partner. In the event that (a) the Project's property manager is removed, terminated or otherwise no longer continues to provide services to the Project, and (b) the New General Partner fails to engage a replacement property manager acceptable to Sentinel or the Substitute Trustee within 10 days of such removal, termination or discontinuation of services, Sentinel may engage a replacement property manager upon the request of a majority of the bondholders (or 2/3 of the bondholders voting) after request for such a vote is made by the holders of not less than 25% of those bonds outstanding. Any action by Sentinel in removing the property manager or consenting to a replacement property manager shall not be construed as the exercise of dominion or control over the New General Partner or Debtor.

Following Confirmation, the property manager shall manage the Project in accordance with the terms of the management agreement, which shall be filed at least twenty-four (24) hours prior to the hearing on confirmation of this Joint Plan, unless such agreement is terminated in accordance with this Joint Plan. The essential terms of that agreement include: management fees limited to 5.5% of cash collected, duration until February 1, 2016, and termination by New General Partner on 30-days notice without penalty or as otherwise provided in this Section 4.4.

4.5 Distribution of Auction Proceeds. The Auction Proceeds shall be applied as follows: (a) the amount required to pay Allowed Administrative Claims, including the reasonable expense of obtaining the opinion letter referenced in Section 11.2 herein and Allowed Priority Tax Claims; (b) the amount required to pay the allowed amount of the Tax Claim, less the amount available in the Tax Escrow Account; (c) the total aggregate sum of \$10,000 to fund *pro-rata* distributions to holders of Allowed Class 3A Claims as set forth herein; and (d) the remainder to Sentinel on account of the Allowed Sentinel Claim. This Chapter 11 Case shall remain open until distributions from Surplus Cash Flow on the Class 2B Claim have commenced, at which time this Joint Plan shall be substantially consummated.

4.6 Distribution Reserve. Beginning after the close of the first fiscal year following the Effective Date, the Reorganized Debtor shall make quarterly distributions of Surplus Cash Flow to the Distribution Reserve to fund distributions to Sentinel, and as provided herein, to the holders of the Class 2C, 3A, 3B, 4A, 4B and 4C Claims. Distributions to claimants, including Sentinel, shall be made from the Distribution Reserve on an annual basis.

ARTICLE V
Unexpired Leases and Executory Contracts

5.1 Each contract of the Debtor listed on Schedule 5.1 to this Joint Plan shall be assumed as of the Effective Date unless the Debtor, prior to Confirmation, notifies the Court and the other parties to such contract that the contract will be rejected, and the Confirmation Order shall constitute an order pursuant to § 365 of the Bankruptcy Code authorizing the approval of the assumption of such agreements as of the Effective Date.

The Debtor has determined the amounts of cure payments the Debtor shall be required to make for each identified Assumed Agreement listed on Schedule 5.1 to the Joint Plan. On March 25, 2005, the Debtor filed Notice of the cure amounts. None of the parties to the Assumed Agreements filed objections to these cure amounts; therefore, the cure amounts shall be binding on the counterparty to each Assumed Agreement. IRM's pre-petition claim shall only be paid in accordance with § 3.4 and if the New General Partner so elects, IRM's existing contract may be rejected with rejection damages treated as part of Class 4B.

The Debtor may reach agreements with parties to certain Assumed Agreements providing for the deferral of cure payments that would otherwise be due by reason of such assumption and for the payment of interest on such deferred amounts.

5.2 The Confirmation Order will provide that any contract assumed pursuant to this Article or previously assumed pursuant to § 365 of the Bankruptcy Code will be in force upon cure of any defaults requiring cure under § 365 of the Bankruptcy Code. In addition to the contracts listed on Schedule 5.1, the IRM agreement may be assumed if the Winning Bidder elects to have such contract assumed, in which case the Winning Bidder shall be solely responsible for payment of the cure claim with respect to the IRM agreement. Unless the Winning Bidder so elects, the IRM agreement will be deemed rejected and any claim for rejection damages thereunder shall be treated as provided in Section 3.4 with respect to Class 4B.

5.3 Any contract not assumed either pursuant to this Article or by the Confirmation Order, pursuant to § 365 of the Bankruptcy Code shall be deemed assumed.

5.4 Except to the extent a prior order of the Bankruptcy Court provided for an earlier date, in which case such earlier date shall control, all proofs of claim with respect to Claims arising from the Debtor's rejection of unexpired leases and other executory contracts shall be filed with the Bankruptcy Court within thirty (30) days after the date of service of notice of entry of an order of the Bankruptcy Court approving such rejection and requiring the filing of a proof of claim in connection therewith, including the Confirmation Order. Any Claims not filed within such times shall be released, discharged, and forever barred from assertion against the Estate and the Reorganized Debtor.

ARTICLE VI
**Acceptance or Rejection of This Joint Plan;
Effect of Rejection by One or More Classes**

6.1 Impaired Classes to Vote. Except as otherwise required by the Bankruptcy Code or the Bankruptcy Court, any holder of a Claim that is impaired under this Joint Plan is entitled

to vote to accept or reject this Joint Plan if, at any time prior to the Voting Deadline, (i) its Claim has been Allowed, (ii) its Claim has been temporarily allowed for voting purposes only by order of the Bankruptcy Court pursuant to Bankruptcy Rule 3018 (in which case such Claim may be voted in such temporarily allowed amount), (iii) its Claim has been scheduled by the Debtor (but only if such Claim is not scheduled as disputed, contingent, or unliquidated) and no objection to such Claim has been filed, or (iv) it has filed a proof of claim on or before the applicable bar date (or such later date as the Bankruptcy Court may have established with respect to any particular Claim, but not later than the date of the order approving the Disclosure Statement accompanying this Joint Plan), and such Claim is not a Disputed Claim. Notwithstanding the foregoing, a holder of a Disputed Claim which has not been temporarily allowed as provided above may nevertheless vote such Disputed Claim in an amount equal to the portion, if any, of such Claim shown as fixed, liquidated, and undisputed in the Schedules.

Holders of Claims in Classes 2B, 2C, 3A, 3B, 4A, 4B, and 4C are entitled to vote on the Joint Plan. The holders of the Class 5A Claim and one member of the holder of the Class 5B Claim, CPEC, have consented to this Joint Plan, and the consent of CHA is being sought.

6.2 Acceptance By Class of Creditors. A class of Creditors shall have accepted this Joint Plan if this Joint Plan is accepted by at least two thirds (2/3) in amount and more than one half (1/2) in number of the Allowed Claims of such Class that have voted and either accepted or rejected this Joint Plan.

6.3 Acceptance By Holders of Partner Interests. The holder of the General Partner Interest has accepted this Joint Plan in accordance with Section 3.5 above. The holders of the Limited Partner Interests consent to the Joint Plan in accordance with Section 3.5 above.

6.4 Cramdown. In the event that one or more classes of impaired Claims does not accept or is deemed not to have accepted this Joint Plan, the Debtor and Sentinel request that the Bankruptcy Court confirm this Joint Plan in accordance with § 1129(b) of the Bankruptcy Code. The Debtor and Sentinel reserve the right to amend the Joint Plan, if necessary, in order to satisfy the requirements of § 1129(b) of the Bankruptcy Code.

ARTICLE VII

Procedures for Resolving Disputed Claims and Avoidance Actions

7.1 Filing of Objections to Claims. Following the Effective Date, the Reorganized Debtor shall be authorized to object to Claims, or to succeed or otherwise join any objection filed by the Debtor prior to the Effective Date, so as to have the Bankruptcy Court determine the amounts to be allowed, if any, of such Claims and thus paid pursuant to the Joint Plan. However, Debtor agrees that the Sentinel claim shall be an Allowed Claim, defined herein as the "Allowed Sentinel Claim"; provided, however, that neither the Debtor nor the New General Partner will be obligated to restore any deficiency in the Debt Service Reserve Fund arising in the event that the amount awarded Receiver's claim in the State Law Receivership Case is less than the amount required to be on deposit in the Debt Service Reserve Fund as of the Petition Date. Objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of such Claims no later than one hundred and twenty (120) days after the Effective Date; provided, however, that

this deadline may be extended by the Bankruptcy Court upon the entry of an order by the Bankruptcy Court extending such deadline. An objection to the allowance of a Claim by the Reorganized Debtor must be filed with the Bankruptcy Court and served upon the holder of the subject Claim(s) and all parties who have requested notice in this Chapter 11 Case.

Notwithstanding the foregoing, unless an order of the Bankruptcy Court specifically provides for a later date, any proof of claim for pre-petition debts of the Debtor filed after the Claims Bar Date shall be automatically disallowed in full as a late-filed claim, without any action by the Reorganized Debtor necessary, unless and until the party filing such Claim obtains (i) the written consent of the Reorganized Debtor to file such Claim late, or (ii) approval from the Bankruptcy Court upon notice to the Reorganized Debtor that permits the late filing of the Claim, in which event, the Reorganized Debtor shall have one hundred and twenty (120) days from the date of such written consent or order to object to such Claim, which deadline may be extended by the Bankruptcy Court upon motion of the Reorganized Debtor.

7.2 Prosecutions of Objections to Claims. Prior to the Effective Date, the Debtor shall litigate to judgment, propose settlements of, or withdraw objections to such Disputed Claims asserted against it as the Debtor may choose. From and after the Effective Date, the Reorganized Debtor shall litigate to judgment, propose settlements of, or withdraw objections to all Disputed Claims. Prior to the expiration of thirty (30) days from the date of service of any such objection to Claims, the Claimant(s) whose Claim(s) was the subject of the objection must file a response to the objection with the Bankruptcy Court and serve the response upon the Reorganized Debtor. If a Claimant(s) whose Claim(s) was the subject of the objection fails to file and serve its response to the objection within the 30-day response deadline, the Bankruptcy Court may grant the relief requested in the objection against the non-responding Claimant(s) without further notice or hearing. All proposed settlements of Disputed Claims shall be subject to the approval of the Bankruptcy Court after notice and opportunity for a hearing (as that term is used in § 102(1) of the Bankruptcy Code).

7.3 Avoidance Actions. The Debtor specifically reserves and retains the right to bring Avoidance Actions following Confirmation of the Joint Plan. On the Effective Date, the Debtor and the Reorganized Debtor shall assign to Sentinel for the benefit of bondholders the sole right to commence, continue, or settle any Avoidance Action, including any Avoidance Action brought by the Debtor prior to the Effective Date that remains unsettled as of the Effective Date. All proposed settlements of Avoidance Actions where the settlement amount of the claim in question is greater than \$5,000 shall be subject to the approval of the Bankruptcy Court after notice and opportunity for a hearing (as that term is used in § 102(1) of the Bankruptcy Code). All proposed settlements of Avoidance Actions where the settlement amount of the claim in such Avoidance Action is \$5,000 or less may be entered into by Sentinel without further notice, hearing, or order of the Court. The net proceeds from the Avoidance Actions, after payment of fees and expenses incurred by Sentinel in successfully prosecuting the Avoidance Actions, shall be deposited in the Distribution Reserve.

The Debtor has not conducted an in-depth analysis of the pre-petition transfers that may be subject to avoidance pursuant to §§ 542, 543, 544, 545, 546, 547, 548, 549, 550, and/ or 551 of the Bankruptcy Code. In general, transfers made to creditors within 90 days of the Petition Date may be subject to avoidance. Other transfers that may be avoidable include payments to

insiders, which may include payments to IRM, that were made within one year before the Petition Date. Lists of transfers made within the applicable time periods appear in the Debtor's Statement of Financial Affairs filed in the Debtor's case on June 3, 2004.

ARTICLE VIII

Distributions and Treatment of Disputed Claims

8.1 Establishment of Reserves. Beginning after the close of the first fiscal year following the Effective Date or as soon thereafter as practicable, the Reorganized Debtor shall establish the Distribution Reserve, which shall be held in a segregated bank account.

8.2 Disbursing Agent. Except as otherwise provided in the Joint Plan, the Reorganized Debtor, or an agent employed by the Reorganized Debtor, shall serve as the "disbursing agent" and shall make all distributions provided for under the Joint Plan.

8.3 Making of Distributions and Payments. The Reorganized Debtor shall make the payments and distributions expressly required with respect to Allowed Administrative Claims, Allowed Priority Tax Claims, Other Priority Claims that are Allowed Claims, Allowed Secured Claims and Allowed General Unsecured Claims at such time or times as are provided for in Article III of the Joint Plan. The Reorganized Debtor shall make the payments to the Distribution Reserve, and the Reorganized Debtor shall make distributions expressly required to be made with respect to Allowed Secured Claims, Allowed Unsecured Claims, Allowed Insider General Unsecured Claims and Allowed Insider Subordinated Unsecured Claims at such times or times as are provided for in Article III of the Joint Plan.

8.4 Payment or Distribution Upon Resolution of Disputed Claims. Except as the Debtor or the Reorganized Debtor, as applicable, may otherwise agree with respect to any Disputed Claim, no payments or distributions shall be made with respect to any portion of a Disputed Claim unless and until (a) all objections to such Disputed Claim have been resolved or determined by a Final Order of the Bankruptcy Court, or (b) the Bankruptcy Court shall have entered an order treating any portion of a Disputed Claim as an Allowed Claim. Payments and distributions to each holder of a Disputed Claim to the extent that it ultimately becomes an Allowed Claim shall be made in accordance with the provisions of this Joint Plan with respect to the class of Claims to which such Allowed Claim belongs. A Disputed Claim that is estimated for purposes of allowance and distribution pursuant to § 502(c) of the Bankruptcy Code and which is estimated and Allowed at a fixed amount by Final Order of the Bankruptcy Court shall thereupon be an Allowed Claim for all purposes in the amount so estimated and Allowed.

8.5 Delivery of Distributions; Unclaimed Property. Distributions and deliveries to holders of Allowed Claims shall be made at the addresses set forth on the proofs of claim filed by such holders (or at the last known addresses of such holders if no proof of claim is filed or if the Reorganized Debtor has been notified of a change of address). If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Reorganized Debtor is notified in writing of such holder's then current address, at which time all missed distributions shall be made to such holder without interest (except to the extent that such missed distributions have become unclaimed property). All claims for undeliverable distributions shall be made on or before the earlier of the second (2nd) anniversary of the

applicable Distribution Date and the Final Distribution Date, and after such date, such undeliverable distributions shall be unclaimed property. All unclaimed property attributable to any General Unsecured Claim or Insider Unsecured Claim shall revert to Sentinel, and the claim of any holder with respect to such unclaimed property shall be discharged and forever barred and, in the case of a Claim, shall no longer be deemed an Allowed Claim.

Checks issued by the Reorganized Debtor with respect to Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissue of any check shall be made, in writing, to the Reorganized Debtor by the record holder of the Allowed Claim with respect to which such check was originally issued. Any funds with respect to such a voided check shall be deemed as undeliverable or unclaimed distribution and shall revert to the Reorganized Debtor for distribution to Sentinel or Successor Trustee.

8.6 Method of Payment. Payments of Cash required pursuant to this Joint Plan shall be made by check drawn on a domestic bank or by wire transfer from a domestic bank at the election of the Person making such payment.

8.7 Payment Dates. Whenever any payment or distribution to be made under this Joint Plan shall be due on a day other than a Business Day, such payment or distribution shall instead be made, without interest, on the immediately following Business Day.

8.8 Rounding. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole cent, with one half cent being rounded up to the nearest whole cent.

8.9 Payments of Less Than Five (5) Dollars. If a Cash payment otherwise provided for by this Joint Plan with respect to an Allowed Claim would be less than five dollars (\$5.00) (whether in the aggregate or on any Distribution Date provided for in this Joint Plan), notwithstanding any contrary provision of this Joint Plan, the Reorganized Debtor shall not be required to make such payment.

8.10 Setoff. The Reorganized Debtor may, but shall not be required to, setoff against any Claim (and the distributions to be made pursuant to this Joint Plan with respect to such Claim), claims of any nature whatsoever that the Debtor, its Estate, or the Reorganized Debtor may have, against the holder of such Claim. Notwithstanding the foregoing, the failure to effect such a setoff will not constitute a waiver or release by the Reorganized Debtor of any such claim against such holder.

ARTICLE IX

Means for Implementing the Joint Plan

9.1 The Debtor has sufficient Cash on hand to provide for the treatment of any Other Priority Claims that are Allowed Claims as depicted in Article III above. The Reorganized Debtor shall pay Allowed Administrative Claims, including the reasonable expense of obtaining the opinion letter referenced in Section 11.2 herein, any Allowed Priority Tax Claims, the Allowed Class 2A Claim, less the amount available in the Tax Escrow Account, and the total aggregate sum of \$10,000 to fund *pro-rata* distributions to holders of Allowed Class 3A Claims through distributions of the Auction Proceeds. The Allowed Sentinel Claim shall be paid

through (a) the Auction Proceeds Payment and (b) annual distributions from the Distribution Reserve funded by Surplus Cash Flow. Once the Allowed Sentinel Claim is paid in full, distributions from the Distribution Reserve shall be made to satisfy the Allowed City of Charlotte Claim. After that Class 2C Claim has been paid, distributions from the Distribution Reserve shall be made *pro-rata* to the holders of Class 3A and 3B Claims until those claims are paid at 85%. Class 4A and 4B Claims will receive *pro-rata* distribution of Surplus Cash Flow up to 75% of the allowed claim amounts once the Class 3A and 3B Claims have been paid as provided for herein. After payment of all Class 2 and Class 3 Claims has been made, and the Class 4A and 4B Claims have been paid as provided for herein, distributions from the Distribution Reserve on the Class 4C Claims be made until those claims are paid as provided for in the Joint Plan.

9.2 In the event that the Allowed Sentinel Claim has not been paid in full by February 1, 2016 or (b) if at any time beginning after January 1, 2011, a majority of the bondholders (or 2/3 of the bondholders voting) in response to a request from holders of in excess of 25% of the bonds who so request and provides recapture protection for the limited partners under Section 42 of the Internal Revenue Code, Sentinel may elect to foreclose on the its Deed of Trust. Should such a foreclosure result in a sale price exceeding the amount due to Sentinel at the time of the sale, the Surplus Foreclosure Proceeds shall be distributed to satisfy the Class 2C Claim held by the City of Charlotte. After the Class 2C Claim has been paid, any Surplus Foreclosure Proceeds shall be distributed *pro-rata* to the holders of general unsecured claims in Class 3A and 3B. Once the Class 3A and 3B Claims have been paid pursuant to this Joint Plan, the Class 4A and 4B Claims will receive *pro-rata* distributions from the Surplus Foreclosure Proceeds. Only after all Class 2, Class 3, Class 4A and 4B Claims are paid pursuant to this Joint Plan shall distributions be made on the Class 4C Claims. Prior to February 1, 2016, the Reorganized Debtor may refinance or otherwise prepay the Bonds so long as it pays the Allowed Sentinel Claim including accrued interest in full. Upon payment of the Allowed Sentinel Claim including accrued interest, the Allowed Sentinel Claim shall be deemed satisfied in full. Thereafter, once payment of the Allowed City of Charlotte Claim has been made, that Claim shall be deemed satisfied in full.

ARTICLE X

Effects of Confirmation

10.1 **Discharge of Debtor.** The consideration distributed under this Joint Plan shall be in exchange for, and in complete satisfaction, discharge, release, and termination of all Claims of any nature whatsoever against the Estate or the Debtor. In addition, except as otherwise provided herein, upon the Effective Date, the Debtor shall be deemed discharged and released pursuant to § 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including but not limited to demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in §§ 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (a) a proof of claim based upon such debt is filed or deemed filed under § 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under § 502 of the Bankruptcy Code; or (c) the holder of a Claim based upon such debt has accepted this Joint Plan.

The Confirmation Order shall be a judicial determination of discharge and termination of all liabilities of and all Claims against the Estate and Debtor and all liens on the Property and security interests in the Property, except as otherwise specifically provided in this Joint Plan. On the Confirmation Date, as to every discharged Claim and other debt of the Debtor, the holder of such Claim or other debt of the Debtor shall be permanently enjoined and precluded from asserting against the Reorganized Debtor, or against their assets or properties or any transferee thereof, any other or further Claim or other debt of the Debtor based upon any document, instrument, or act, omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date except as expressly set forth in this Joint Plan. In the event that, after the Confirmation Date, any Person asserts, against the Reorganized Debtor or any of their subsidiaries or affiliates, any right to payment or equitable remedy for breach of performance which gives rise to a right of payment, which right was not asserted prior to the Confirmation Date but is based on any act, fact, event, occurrence, or omission, by or relating to the Debtor, as the Debtor existed before the Confirmation Date, and in the further event that such right is determined by a court of competent jurisdiction not to have been discharged pursuant to the provisions of Bankruptcy Code § 1141 and this Joint Plan, and that such right may be asserted against the Reorganized Debtor, then, in such circumstances the holder of such right shall be entitled to receive from the Reorganized Debtor value equivalent to the value such holder would have received if such right had been asserted against the Debtor before the Confirmation Date and only to the extent such right would have been allowed or allowable as a Claim. Nothing in this Section 10.1 shall have the effect of excepting from discharge any Claim that is or would be discharged pursuant to Bankruptcy Code § 1141 or this Joint Plan.

Pending substantial Consummation of this Joint Plan, the stay imposed by § 362 of the Bankruptcy Code will remain effective.

10.2 Cancellation of Certain Existing Securities and Agreements. On the Effective Date, except as otherwise provided in this Joint Plan, (i) any and all notes, documents, agreements or other evidence of indebtedness underlying the Priority Claims, Secured Claims, and General Unsecured Claims shall be cancelled and shall be null and void, and the obligations thereunder shall be discharged. The holder of any such documents cancelled pursuant to this provision shall have no rights arising from or relating to such documents, including, without limitation, any subordination or subrogation rights, except the right to receive distributions provided for in the Joint Plan.

10.3 Release of Certain Claims and Actions. As of and on the Effective Date, the Debtor, its Estate, and all Persons or entities who have held, hold, or may hold Claims against, or Partner Interests in the Debtor and any of its successors, assigns, or representatives shall be deemed to have waived, released, and discharged all rights or claims, whether based upon tort, contract or otherwise, which they possessed or may possess prior to the Effective Date against the Debtor, its present and former general or limited partners, employees, agents, representatives, and attorneys and any of their successors or assigns, except as otherwise provided for in the Joint Plan (including the documents filed as Schedules to the Joint Plan) or the Confirmation Order; provided, however, that the foregoing release shall not apply to performance or nonperformance under the Joint Plan or related instruments, securities, agreements, or documents, or to any action or omission that constitutes actual fraud or criminal behavior.

Further, The Housing Authority of the City of Charlotte (“CHA”) has requested a general release on behalf of the Debtor and its successors of any liability, claims, actions and causes of action that the Debtor or its successors may hold against CHA. It does not appear that granting CHA a general release will have a material affect on Creditors. A proposed general release approved by CHA shall be filed with the Bankruptcy Court at least five (5) days prior to the hearing on confirmation of this Joint Plan, and the Bankruptcy Court shall determine the final terms of any such release in the context of the hearing on confirmation.

The Confirmation Order shall contain a permanent injunction to effectuate the releases granted in this Section 10.3.

10.4 Exculpation. Except as otherwise provided in the Joint Plan, to the fullest extent permitted by § 1125(e) of the Bankruptcy Code, the Debtor, the Reorganized Debtor, and their respective present and former partners, officers, directors, employees, representatives, counsel, or agents shall be deemed released by each of them against the other and by the holders of Claims and Partner Interests and from any and all claims, obligations, rights, causes of action, and liabilities for any act or omission in connection with, or arising out of, the Chapter 11 Case, including, without limiting the generality of the foregoing, the Disclosure Statement, the pursuit and approval of the Disclosure Statement, the pursuit of Confirmation of the Joint Plan, the Consummation of the Joint Plan or the administration of the Joint Plan or the property to be distributed under the Joint Plan, except for willful misconduct or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Joint Plan and under the Bankruptcy Code.

10.5 Exemption from Certain Taxes. To the full extent allowed pursuant to § 1146(c) of the Bankruptcy Code, the consummation of the transactions contemplated by this Joint Plan shall not subject the Debtor or the Reorganized Debtor to any state or local stamp tax or similar tax.

10.6 Partnership Agreement. The Agreement of Limited Partnership of CP-CHA Roseland Limited Partnership dated December 22, 1998 shall be modified on or about the date of Consummation of this Joint Plan to reflect the admission of the Winning Bidder as the New General Partner and may be modified or restated thereafter so long as such modification or restatement is consistent with this Joint Plan.

10.7 Re-vesting of Assets; No Further Supervision. The assets of the Debtor and all property of the Estate shall be preserved and re-vest in the Reorganized Debtor, in each case free and clear of all Claims and Partner Interests, but subject to the obligations of the Reorganized Debtor as specifically set forth in this Joint Plan. This Joint Plan does not contain any restrictions or prohibitions on the conduct of the business of the Reorganized Debtor. The Reorganized Debtor may use, operate and deal with their assets, and may conduct and change their businesses, without any supervision by the Bankruptcy Court or the Bankruptcy Administrator, and free of any restrictions imposed on the Debtor by the Bankruptcy Code or by the Bankruptcy Court during the Chapter 11 Cases.

10.8 Authority to Implement. The Debtor and the Reorganized Debtor are hereby authorized to take all necessary steps and perform all necessary acts to consummate the terms and conditions of this Joint Plan.

10.9 Injunction. Provided that the Effective Date occurs, the entry of the Confirmation Order shall permanently enjoin all Persons that have held, currently hold, or may in the future hold a Claim or other debt or liability against the Estate from taking any of the following actions on account of such Claim: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind against the Debtor, the Estate, or the Reorganized Debtor; (b) enforcing, levying, attaching, collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the Estate, or the Reorganized Debtor; (c) creating, perfecting, or enforcing in any manner directly or indirectly, any lien, charge, or encumbrance of any kind against the Debtor, the Estate, or the Reorganized Debtor; and (d) proceeding in any manner in any place whatsoever against the Debtor, the Estate, or the Reorganized Debtor, funds, or reserves held or maintained by any of the aforementioned entities pursuant to this Joint Plan, in any way that does not conform to, or comply, or is inconsistent with, the provisions of this Joint Plan.

Holders of Claims shall not, under any circumstances, be entitled to specific performance or other injunctive, equitable, or other prospective relief.

ARTICLE XI **Conditions Precedent**

11.1 Conditions Precedent to Confirmation. The Joint Plan shall not be confirmed unless and until the Bankruptcy Court has entered the Confirmation Order in a form and substance satisfactory to the Debtor and Sentinel and until the specific conditions set out below are satisfied.

11.2 Conditions Precedent to Effective Date. The Joint Plan shall not become effective and operative unless and until (a) the Bankruptcy Court enters an order approving the Forbearance Agreement; (b) the Debtor supplies Sentinel with an opinion of nationally recognized bond counsel acceptable to Sentinel to the effect that implementation of the Plan and the Forbearance Agreement will not adversely affect the tax exemption of the Bonds; (c) the Reorganized Debtor ratifies the Bond Documents, as modified by a Forbearance Agreement implementing the relevant terms of this Joint Plan; (d) Sentinel obtains consent in the State Court Receivership Case to vote its Claims in support of confirmation; and (e) the Effective Date occurs. The Effective Date shall occur eleven (11) days after the Confirmation Order has been entered, without any modifications or alterations, and no stay of the Confirmation Order shall be in effect.

11.3 Notice of the Effective Date. On or before ten (10) Business Days after the Effective Date, the Reorganized Debtor shall mail (or cause to be mailed) to all parties in interest in the Chapter 11 Case a form of notice that informs all holders of Claims of the (a) entry of the Confirmation Order; (b) occurrence of the Effective Date; (c) assumption of the Assumed Agreement(s) pursuant to the Joint Plan; (d) rejection of all other executory contracts not assumed pursuant to the Joint Plan, as well as the deadline for the filing of Claims arising from

such rejection; (e) procedures for changing an address of record pursuant to this Joint Plan; and (f) such other matters as the Debtor deems to be appropriate.

11.4 Non-Occurrence of the Effective Date. If the Confirmation Order is entered but the Effective Date does not occur within thirty (30) days thereafter, unless otherwise ordered by the Bankruptcy Court, (a) the Confirmation Order shall be deemed vacated; (b) all bar dates and deadlines established by the Joint Plan or the Confirmation Order shall be deemed vacated; (c) the Chapter 11 Case will continue as if confirmation of the Joint Plan had not occurred; and (d) the Joint Plan will be of no further force and effect, with the result that the Debtor and other parties in interest will be returned to the same position as if confirmation had not occurred. The failure of the Effective Date to occur shall not affect the validity of any order entered in the Chapter 11 Case other than the Confirmation Order.

11.5 Consummation. Consummation of this Joint Plan shall occur upon the Effective Date and the payment of the Auction Proceeds, which shall be made within ten (10) days of the entry of an order approving the Winning Bidder.

ARTICLE XII

Retention of Jurisdiction

From and after the Effective Date, the Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 Case for the following purposes:

- (a) To determine any and all objections to the allowance of Claims;
- (b) To determine any and all applications for the rejection, assumption, or assumption and assignment, as the case may be, of executory contracts or unexpired leases to which the Reorganized Debtor is a party or with respect to which the Reorganized Debtor may be liable, and to hear and determine, and if necessary, to liquidate any and all Claims arising therefrom;
- (c) To determine any and all applications for the determination of any priority of any Claim including Claims arising from any event that occurred prior to the Petition Date or from the Petition Date through the Effective Date and for payment of any alleged Administrative Claim, Priority Tax Claim, Other Priority Claim, Secured Claim, General Unsecured Claim, or Subordinated Unsecured Claim;
- (d) To determine any and all applications, motions, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date or filed thereafter;
- (e) To determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or Consummation of this Joint Plan or in connection with the obligations of the Reorganized Debtor under this Joint Plan, and to enter such orders as may be necessary or appropriate to implement any distributions to holders of Allowed Claims;

- (f) To consider any modification, remedy any defect or omission, or reconcile any inconsistency in this Joint Plan, the Forbearance Agreement, or any order of the Bankruptcy Court, including the Confirmation Order, all to the extent authorized by the Bankruptcy Code;
- (g) To issue such orders in aid of execution of this Joint Plan to the extent authorized by § 1142 of the Bankruptcy Code;
- (h) To determine such other matters as may be set forth in the Confirmation Order, or as may arise in connection with this Joint Plan or the Confirmation Order;
- (i) To hear and determine any claim or controversy of any nature arising from or in connection with any agreement made a part of this Joint Plan and to enter such orders as may be appropriate to enforce, modify, interpret, or effectuate such agreements;
- (j) To determine any suit or proceeding brought by the Reorganized Debtor or its assignee, on behalf of the Estate, to (a) recover property under §§ 542, 543 or 553 of the Bankruptcy Code or to avoid any transfer or obligation under §§ 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, or (b) by the Reorganized Debtor to otherwise collect or recover on account of any claim or cause of action that the Reorganized Debtor or the Estate may have (provided that the Bankruptcy Court's jurisdiction with respect to such matters shall be nonexclusive);
- (k) To consider and act on the compromise and settlement of any Claim against or cause of action by or against the Estate;
- (l) To estimate Claims pursuant to § 502(c) of the Bankruptcy Code;
- (m) To hear and determine any dispute or controversy relating to any Allowed Claim or any Claim alleged or asserted by any Person to be an Allowed Claim;
- (n) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed to the Professionals under the Bankruptcy Code or this Joint Plan;
- (o) To administer and enforce the injunctions contained in this Joint Plan, and any related injunction or decree contained in the Confirmation Order; and
- (p) To hear and determine any other matter related hereto and not inconsistent with the Bankruptcy Code.

ARTICLE XIII
Miscellaneous Provisions

13.1 Modification of Payment Terms. The Reorganized Debtor reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the holder of such

Claim at any time after the Effective Date upon the written consent of the Creditor whose Allowed Claim treatment is being adversely affected.

13.2 Filing of Additional Documents. On or before the Effective Date, the Debtor shall file with the Bankruptcy Court such agreements and other documents, if any, as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Joint Plan and the other agreements referred to herein.

13.3 Compliance with Tax Requirements. In connection with this Joint Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities and all distributions hereunder shall be subject to such withholding and reporting requirements.

13.4 Setoffs. The Reorganized Debtor may (but shall not be required to) if it is in the best interests of the Estate, setoff or recoup against any Claim claims of any nature whatsoever that the Estate may have against the holder of such Claim, to the extent such claim may be setoff or recouped under applicable law, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtor or the Estate of any such claim that it may have against such holder.

13.5 Retiree Benefits. To the extent the Debtor provides any benefits to retirees, such benefits shall continue from and immediately after the Effective Date at the levels established pursuant to § 1114(e)(1)(B) or (g) of the Bankruptcy Code, at any time prior to the Confirmation Date, to the extent that the Debtor has obligated itself to provide retiree benefits at such levels. The Reorganized Debtor reserves the rights to modify, amend, freeze, or terminate such Retiree Benefits to the full extent permitted by law.

13.6 Payment of Certain Professional Fees/Expenses. The Reorganized Debtor shall assume responsibility for the payment of all fees and expenses of Professionals retained by the Estate and accruing after the Effective Date.

13.7 Section Headings. The section headings contained in this Joint Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of this Joint Plan.

13.8 Waiver. The Debtor reserves the right, in its sole discretion, to waive any provision of this Joint Plan to the extent such provision is for the sole benefit of the Debtor and the Estate.

13.9 Notices. Except as otherwise provided in the Bankruptcy Code, any notice required or permitted to be provided under the Joint Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight courier service, freight prepaid, to be addressed as follows:

If to the Debtor:

Eric Maman
CP-CHA Roseland Limited Partnership
1801 Century Park East, Suite 1200
Los Angeles, CA 90067

With a copy to:

Joseph W. Grier, III
A. Cotten Wright
Grier Furr & Crisp, PA
101 N. Tryon Street, Suite 1240
One Independence Center
Charlotte, NC 28246

And a copy to:

B. Gail Reese
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
(Until a Successor Trustee is elected)

13.10 Severability. If prior to or at the time of Confirmation, the Bankruptcy Court holds that any term or provision of the Joint Plan is invalid, void, or unenforceable, 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 so altered or interpreted. In the event of any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Joint Plan may, at the option of the Debtor and Sentinel, remain in full force and effect and not be deemed affected. However, the Debtor and Sentinel reserve the right not to proceed to Confirmation or Consummation of the Joint Plan if any such ruling occurs. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Joint Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

13.11 Joint Plan Controls. To the extent the Joint Plan is inconsistent with the Disclosure Statement or any other document, agreement, pleading, or understanding, the provisions of this Joint Plan shall control; provided, however, that the Confirmation Order shall control to the extent there is any inconsistency between the Joint Plan and the Confirmation Order.

13.12 Reservation of Rights. If the Joint Plan is not confirmed by the Bankruptcy Court or any other Court of competent jurisdiction for any reason, the rights of all parties in interest in this Chapter 11 Case are and shall be reserved in full. Any concession reflected or provision

contained herein, is made for the purposes of the Joint Plan only, and if the Joint Plan does not become effective, no party in interest in this Chapter 11 Case shall be bound or deemed prejudiced by any such concession.

13.13 Governing Law. Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under this Joint Plan shall be governed by and construed and enforced in accordance with the laws of the State of North Carolina.

13.14 Exemption from Transfer Taxes. Pursuant to § 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or partnership securities under the Joint Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Joint Plan, shall not be subject to any stamp tax or other similar tax.

13.15 Amendment of Joint Plan. This Joint Plan may be amended by the Debtor and Sentinel as provided for in § 1127 of the Bankruptcy Code.

13.16 Revocation of Joint Plan. The Debtor and Sentinel reserve the right to revoke and withdraw this Joint Plan prior to entry of the Confirmation Order. If the Debtor and Sentinel revoke or withdraw this Joint Plan, then this Joint Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Estate or any other Person or to prejudice in any manner the rights of the Debtor, Sentinel, or any Person in any further proceedings involving the Debtor.

13.17 Implementation. The Debtor and the Reorganized Debtor shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of this Joint Plan, including, without limitation, any transaction contemplated by the Disclosure Statement as approved by the Bankruptcy Court. Nothing contained in this Section shall be construed to prohibit, limit, restrict, or condition the Debtor's authority in any lawful manner to sell or otherwise dispose of any other assets.

13.18 Effect on State Law Receivership Case. In the event that the Plan is confirmed, Bondholders will be required to withdraw any claims filed in the State Law Receivership Case and all Bondholder claims or monies held by the trustee under the Indenture shall be deemed consolidated with and superseded by the claims of the Receiver filed on behalf of the Bondholders in the State Law Receivership Case.

13.19 Successor Trustee. It is understood that notwithstanding the terms of the Indenture, immediately upon confirmation of the Plan, a successor trustee candidate will be located and presented to the Bondholders, or 25% of the Bondholders, for approval. Sentinel reserves all avenues of relinquishing the position of trustee, including the petitioning of the Bankruptcy Court for such relief, if initial efforts to have a Successor Trustee approved are unsuccessful.

13.20 Trust Indenture. Unless specifically addressed by this Joint Plan or modified by the terms of the Forbearance Agreement, the terms of the Indenture shall remain unaffected by confirmation of this Joint Plan.

ARTICLE XIV
Definitions

A. As used in this Joint chapter 11 plan, the following terms shall have the respective meanings specified below:

14.1 **Administrative Claim.** Any cost or expense of administration of the Chapter 11 Case (a) required to be asserted by filing an application with the Bankruptcy Court on or before the Administrative Bar Date, or (b) Allowed under § 503(b) of the Bankruptcy Code, except to the extent the holder of such Claim agrees to be treated differently. Administrative Claims include, but are not limited to, (i) any actual and necessary expenses of preserving the Estate incurred during the Chapter 11 Case, (ii) any actual and necessary expenses of operating the Debtor's business incurred during the Chapter 11 Case, (iii) any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business(es) as a debtor in possession, or for the acquisition or lease of property by, or for the rendition of services to, the Debtor as debtor in possession, excluding obligations under assumed executory contracts and unexpired leases that are not cure payments, (iv) obligations pursuant to executory contracts assumed by the Debtor pursuant to an order of the Bankruptcy Court, (v) all Claims as provided by § 507(b) of the Bankruptcy Code, (vi) all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court, (vii) any Allowed Contingent Claims which are granted administrative priority status by Final Order of the Bankruptcy Court, (viii) all fees payable and unpaid under § 1930 of Title 28, United States Code, and (ix) any fees or charges assessed against the Estate under chapter 123 of Title 28, United States Code.

14.2 **Administrative Claims Bar Date.** The date thirty (30) days after the Effective Date or such other date(s), if any, as determined by order of the Bankruptcy Court, by which all requests for allowance of Administrative Claims must be filed with the Bankruptcy Court. The Administrative Claims Bar Date shall not apply to fees and expenses of Professionals incurred after the Confirmation Date.

14.3 **Allowed Administrative Claim.** All or that portion of any Administrative Claim that is or has become an Allowed Claim.

14.4 **Allowed Claim.** Any Claim against the Debtor (i) proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claims against the Debtor or, if no proof of claim is filed, which has been or hereafter is listed by the Debtor in his Schedules, as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by this Joint Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (ii) in favor of any Person arising from a judgment against such Person in any Avoidance Action (if the effect of such judgment gives such Person an Allowed General Unsecured Claim). A Disputed Claim shall be an Allowed Claim if, and only to the extent that, a Final Order has been entered allowing such Disputed Claim. The term "Allowed," when used to modify a reference in this Joint Plan to any Claim or class of Claims, shall mean a Claim (or any Claim in any such Class) that is allowed (e.g., an Allowed Secured

Claim is a Claim that has been Allowed to the extent of the value of any interest in property of the Estate securing such Claim, as determined by the Bankruptcy Court pursuant to § 506(a) of the Bankruptcy Code). Unless otherwise specified in this Joint Plan or in the Final Order of the Bankruptcy Court allowing such Claim, "Allowed Claim" shall not include interest on the amount of such Claim from and after the Petition Date.

14.5 Allowed Priority Tax Claims. Any Priority Tax Claims that are Allowed Claims.

14.6 Allowed Sentinel Claim. The claim of Sentinel as indenture trustee for bond indebtedness secured by the Project under an Indenture of Trust dated December 30, 1998, between Sentinel and The Housing Authority of the City of Charlotte, North Carolina, as the issuer, pursuant to which, Sentinel filed a proof of claim in the amount of \$11,538,243.44 plus interest, attorneys' fees and expenses, which claim the Debtor and Sentinel agree constitutes an Allowed Claim.

14.7 Assumed Agreement. Each of the Debtor's unexpired leases and other executory contracts that are (i) listed on Schedule 5.1 to the Joint Plan, and (ii) described in Section 5.1 of the Joint Plan, which are being assumed by the Debtor at Confirmation Date pursuant to § 365(a) of the Bankruptcy Code. Schedule 5.1 to the Joint Plan may be amended by the Debtor before entry of the Confirmation Order.

14.8 Auction. The auction of the General Partner Interest which shall be conducted after entry of an order approving the Forbearance Agreement.

14.9 Auction Proceeds. The amount of the Winning Bid, which shall be paid into the Estate within ten (10) days of the entry of an order approving the Winning Bidder.

14.10 Auction Proceeds Payment. Any Auction Proceeds remaining following payment of the Allowed Administrative Claims, including the reasonable expense of obtaining the opinion letter referenced in Section 11.2 herein, the Allowed Priority Tax Claims, the allowed amount of the Tax Claim, less the amount available in the Tax Escrow Account, and a \$10,000 total distribution on Convenience Class Claims, which shall be distributed to Sentinel on account of the Allowed Sentinel Claim.

14.11 Avoidance Action. Any and all actions which a trustee, debtor-in-possession, or other appropriate party in interest may assert on behalf of the Estate under the Bankruptcy Code, including actions pursuant to §§ 542, 543, 544, 545, 546, 547, 548, 549, 550, and/ or 551 of the Bankruptcy Code.

14.12 Ballot. The document used in voting on the Joint Plan that must be executed and delivered by holders of Claims entitled to vote on the Joint Plan.

14.13 Bankruptcy Administrator. The United States Bankruptcy Administrator for the Western District of North Carolina.

14.14 Bankruptcy Code. The Bankruptcy Reform Act of 1978, as amended, and memorialized in Title 11 of the United States Code, 11 U.S.C. § 101 et seq.

14.15 Bankruptcy Court. The United States Bankruptcy Court for the Western District of North Carolina, having jurisdiction over the Chapter 11 Case.

14.16 Bankruptcy Rules. The Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as applicable to the Chapter 11 Case.

14.17 Bidding Procedures. The Bankruptcy Court-approved procedures for soliciting and qualifying bids for the General Partner Interest and for conducting the Auction.

14.18 Bonds. The bonds issued pursuant to that certain Indenture of Trust dated December 30, 1998, between Sentinel and The Housing Authority of the City of Charlotte, North Carolina, as the issuer (the Indenture of Trust and the other documents related to the issuance of the Bonds being, collectively, the "Bond Documents").

14.19 Business Day. Any day other than a Saturday, Sunday, or other day on which commercial banks in the State of North Carolina are authorized or required by law to close.

14.20 Cash. Cash and readily marketable securities or instruments including, without limitation, readily marketable direct obligations of the United States of America or agencies or instrumentalities thereof, time certificates of deposit issued by any bank, and commercial paper.

14.21 Claim. Any right to payment from the Estate, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, and arising at any time before the Effective Date or relating to any event that occurred before the Effective Date; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Estate, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured, and arising at any time before the Effective Date or relating to any event that occurred before the Effective Date.

14.22 Claims Bar Date. September 7, 2004, the date established by the Bankruptcy Clerk's Office as the last date for filing proofs of claim in this Chapter 11 Case.

14.23 Class. Means a classification of Allowed Claims for the purposes of treatment and distributions under this Joint Plan.

14.24 Confirmation Date. The date upon which the Bankruptcy Court enters the Confirmation Order confirming this Joint Plan.

14.25 Confirmation Order. An order of the Bankruptcy Court, in form and substance satisfactory to the Debtor, confirming this Joint Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

14.26 Consummation. The occurrence of both the Effective Date, as outlined in Section 11.2 herein, and payment of the Auction Proceeds, which shall take place within 10 days after entry of an order approving the Winning Bidder.

14.27 Contingent Claim. A Claim that is either contingent or unliquidated on or immediately before the Confirmation Date.

14.28 Convenience Class Claims. Class 3A claims consisting of Allowed General Unsecured Claims of \$5,000 or less not included in any other Class as further defined in Section 3.3 herein.

14.29 CP Claims. Claims filed by Century Pacific Equity Corporation, managing member of the Debtor's General Partner, Pressley Road, LLC, and Century-Pacific Management Corporation, a corporation organized and existing under the laws of the State of California, and the former manager of the Project.

14.30 Creditor. Any Person that holds a Claim against the Estate.

14.31 Debtor. CP-CHA Roseland Limited Partnership, a limited partnership formed and existing pursuant to the laws of the State of North Carolina.

14.32 Disclosure Statement. The "Disclosure Statement in Connection with the Joint Plan of Reorganization of the Debtor and Receivership Management, Inc., in its capacity as Receiver for Sentinel Trust Company, for Reorganization of CP-CHA Roseland Limited Partnership, Pursuant to Section 1121(a) of the Bankruptcy Code" filed with the Bankruptcy Court with respect to the Joint Plan, pursuant to § 1125 of the Bankruptcy Code, either in its present form or as may be altered, amended, or modified from time to time.

14.33 Disputed Claim. A Claim which is the subject of a timely objection interposed by the Debtor, if at such time such objection remains unresolved; provided, however, that the Bankruptcy Court may determine the amount of a Disputed Claim for purposes of allowance pursuant to § 502(c) of the Bankruptcy Code; provided, further, that the Debtor, in its sole discretion, may elect to treat the portion of a Disputed Claim, if any, that is not in dispute as an Allowed Claim, with the disputed portion remaining a Disputed Claim.

14.34 Distribution Date. With respect to any Allowed Claim, each date on which a distribution is made with respect to such Allowed Claim, including the Effective Date and the date of Consummation, on which distributions of Cash and other assets are to be made by the Estate including a distribution to the Distribution Reserve, for ultimate distribution to holders of Allowed General Unsecured Claims and Allowed Subordinated Unsecured Claims.

14.35 Distribution Reserve. The interest bearing reserve account(s) established by the Reorganized Debtor pursuant to Section 8.1 of this Joint Plan, from which all Cash distributions under the Joint Plan to holders of Class 2B, 4A and 4B Claims shall be made.

14.36 Effective Date. The Business Day on which all of the conditions set forth in Section 11.2 of this Joint Plan shall have been satisfied or waived.

14.37 Estate. The bankruptcy estate of the Debtor, including all interests in property that the Debtor holds. The property of the Estate shall be vested in the Reorganized Debtor upon the occurrence of the Effective Date of the Joint Plan.

14.38 Final Distribution. The distribution made to holders of Claims pursuant to the Joint Plan, which, after making such distribution, the Reorganized Debtor determines to be the final distribution to be made to Claimants pursuant to the Joint Plan.

14.39 Final Distribution Date. The date on which final distributions are made under the Joint Plan, that will occur after the latter to occur of (a) all Disputed Claims and Avoidance Actions that are pursued and prosecuted by the Reorganized Debtor has been resolved by Final Order and (b) the Debtor has made its final payment, as contemplated by Article IV of the Joint Plan.

14.40 Final Order. An order which is no longer subject to appeal, certiorari proceeding or other proceeding for review or rehearing, and as to which no appeal, certiorari proceeding, or other proceeding for review or rehearing shall then be pending.

14.41 Forbearance Agreement. The agreement described in Section 4.1 of this Joint Plan.

14.42 General Partner. Pressley Road, LLC, the general partner in CP-CHA Roseland Limited Partnership. The members of Pressley Road, LLC are Century Pacific Equity Corporation and The Housing Authority of the City of Charlotte, North Carolina.

14.43 General Partner Interest. The general partner interest in the Debtor, CP-CHA Roseland Limited Partnership, which shall be the subject of the Auction.

14.44 General Unsecured Claim. Any Unsecured Claim, other than an Administrative Claim, an Other Priority Claim, or a Priority Tax Claim. Allowed General Unsecured Claims include, without limitation, Allowed Unsecured Deficiency Claims, and any Claim in favor of any Person arising from a judgment against such Person in any Avoidance Action (if the effect of such judgment gives such Person an Allowed General Unsecured Claim).

14.45 Insider Unsecured Claim. A Claim of any of the Debtor's insiders against the Estate not secured by a charge against or interest in property in which the Estate has an interest, including, but not limited to, the CP Claims and the IRM Claims.

14.46 IRM. Interstate Realty Management Company, which currently provides management services for the Project.

14.47 IRM Claims. Claims filed by Interstate Realty Management and its affiliates exclusive of deferred management fees incurred post-petition.

14.48 Joint Plan. This "First Amended Joint Plan of Reorganization of the Debtor and Receivership Management, Inc., in its capacity as Receiver for Sentinel Trust Company, for Reorganization of CP-CHA Roseland Limited Partnership, Pursuant to Section 1121(a) of the Bankruptcy Code," either in its present form or as it may be amended or modified from time to time in any manner permitted by the Bankruptcy Code or Bankruptcy Rules.

14.49 Limited Partner. CP Atlantic Housing Fund I, LP, the limited partner in CP-CHA Roseland Limited Partnership.

14.50 Limited Partner Interest. The limited partner interest held by CP Atlantic Housing Fund I, LP, in the Debtor, CP-CHA Roseland Limited Partnership.

14.51 New General Partner. The individual or entity that is designated the Winning Bidder and, as such, pays the Auction Proceeds into the Estate.

14.52 Other Priority Claims. Any Claim to the extent entitled to priority in payment under §§ 507(a)(2) through 507(a)(7) of the Bankruptcy Code.

14.53 Partner Interest. Any general or limited partner interest in the Debtor prior to the Petition Date, including without limitation all rights of any character whatsoever relating to such interests in the Debtor.

14.54 Person. An individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated organization, or a government, governmental unit or any subdivision thereof or any other entity.

14.55 Petition Date. May 4, 2004, the date of the commencement of the Chapter 11 Case.

14.56 Priority Tax Claim. Any Claim arising prior to the Petition Date entitled to priority in payment under § 507(a)(8) of the Bankruptcy Code.

14.57 Professional. Any attorney, accountant, appraiser, auctioneer, or other professional person retained and employed by the Estate in the Chapter 11 Case in accordance with §§ 327 and/or 328 of the Bankruptcy Code.

14.58 Project. The multifamily residential rental project for low-income tenants known as Roseland I and II, that includes 44 two-story brick buildings containing 504 one, two, and three bedroom units, comprising approximately 50 acres of real property together with the buildings, improvements, personal property, equipment and related facilities located thereon.

14.59 Reorganized Debtor. The Debtor, as reorganized, discharged, and re-vested with all of the assets of the Estate pursuant to this Joint Plan.

14.60 Schedules. The Schedules of Assets and Liabilities and Statements of Financial Affairs, and any amendments thereto, filed by the Debtor with the Bankruptcy Court in accordance with § 521(l) of the Bankruptcy Code.

14.61 Secured Claim. A Claim to the extent of the value, of any interest in property of the Estate securing such Claim, as determined pursuant to §§ 506(a) or 1111(b) of the Bankruptcy Code. To the extent that the value of such interest is less than the amount of the Claim which has the benefit of such security, such Claim is an Unsecured Deficiency Claim unless, in any such case, the class of which such Claim is a part makes a valid and timely election under § 1111(b) of the Bankruptcy Code to have such Claim treated as a Secured Claim to the extent allowed.

