

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:)	Chapter 11
)	
The Prospect-Woodward Home)	Case No. 21-10523 (BAH)
dba Hillside Village,)	
)	
Debtor. ¹)	
)	

**AMENDED CHAPTER 11 PLAN OF THE
PROSPECT-WOODWARD HOME DATED MARCH 14, 2022**

Dated: March 14, 2022

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I. Definitions and Construction of Terms

A. Definitions

“Accounts Receivable” means, as of the Effective Date, all accounts receivable for goods and services rendered by the Debtor, as defined further in the Stalking Horse APA.

“Administrative Agent” means Donlin Recano in its capacity as Administrative Agent to the Debtor.

“Administrative Expense Bar Date” means the date that is 30 calendar days after the Confirmation Date.

“Administrative Expense Claim” means any right to payment constituting actual and necessary costs and expenses of preserving the Estate under Bankruptcy Code sections 503(b) and 507(a)(2) including, without limitation: (a) Professional Fee Claims, (b) any fees or charges assessed against the Estate under section 1930 of title 28 of the United States Code, (c) all Claims arising under Bankruptcy Code section 503(b)(9), and (d) any superpriority claim under Bankruptcy Code section 507(b).

“Affiliate” means an “affiliate”, as defined in Bankruptcy Code section 101(2).

“Allowed” means, with reference to any Claim, proof of which was timely and properly Filed or, if no Proof of Claim was Filed, that (i) has been or hereafter is listed by the Debtor on its Schedules as liquidated in amount and not disputed or contingent and, in each case, as to which: (a) no objection to allowance has been interposed within the applicable period fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or the Bankruptcy Court; or (b) an objection has been interposed and such Claim has been allowed by the Bankruptcy Court, in whole or in part, by a Final Order or (ii) been previously allowed by the Bankruptcy Court.

“Amended Schedules Bar Date” has the meaning given to such term in the Bar Date Order.

“Assets” means all assets of the Debtor of any nature whatsoever, including, without limitation, all property of the Debtor’s Estate pursuant to Bankruptcy Code section 541, Cash, Avoidance Actions, Causes of Action, equipment, inventory, tax refunds, claims of right, interests and property, real and personal, tangible and intangible, and proceeds of any of the foregoing.

“Avoidance Actions” means any and all avoidance, recovery, subordination, or other actions or remedies which may be brought on behalf of the Debtor or the Estate under Bankruptcy Code sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 and under similar state law or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such actions or remedies.

“Ballot” means the voting form distributed to each Holder of an Impaired Claim entitled to vote on the Plan, on which the Holder is to indicate acceptance or rejection of the Plan in accordance with the voting instructions and make any other elections or representations required pursuant to the Plan.

“Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of New Hampshire, having jurisdiction over the Chapter 11 Case or, if such Court ceases to exercise jurisdiction over the Chapter 11 Case, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Case.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time.

“Bar Date Motion” means the *Ex Parte Motion of Debtor for Entry of an Order (I) Establishing Bar Dates for Filings Proofs of Claim and (II) Approving Form and Manner of Notice Thereof* [Docket No. 198].

“Bar Date Order” means the *Order (I) Establishing Bar Dates for Filings Proofs of Claim and (II) Approving Form and Manner of Notice Thereof* [Docket No. 241].

“Bar Date” means, with respect to any particular Claim, the specific date established by the Bankruptcy Court or as otherwise agreed between the Debtor and a claimant as the last day for filing Proofs of Claim against the Debtor.

“Bidding Procedures Order” means the *Order (A) Approving Bidding Procedures in Connection with the Sale of Substantially All of the Debtor’s Assets, (B) Approving the Form and Manner of Notice Thereof, (C) Authorizing the Debtor to Enter into the Stalking Horse Agreement, (D) Authorizing Payment of the Stalking Horse Payment as an Administrative Expense, (E) Scheduling an Auction and Sale Hearing, (F) Approving Procedures for the Assumption and Assignment of Contracts, and (G) Granting Related Relief* [Docket No. 206].

“Board” means the Board of Trustees of the Debtor.

“Bond Claims” means collectively, the Bondholder Secured Claim and the Bondholder Deficiency Claim, which Claims are Allowed in the total amount of \$64,642,667.12 pursuant to the Final Cash Collateral Order.

“Bond Documents” means, collectively, the Bond Indenture, the Loan and Security Agreement, the Forbearance Agreement, and any other document or agreement delivered as security for, or in respect to, the Bonds.

“Bond Indenture” means that certain Bond Indenture dated as of June 1, 2017 between the Issuer and the Original Bond Trustee.

“Bond Trustee” means UMB Bank, N.A., in its capacity as successor trustee under the Bond Indenture.

“Bondholder Deficiency Claim” means the Allowed General Unsecured Claim of the holders of the Bonds for the difference between (a) \$64,642,667.12 and (b) the amount of the Bondholder Secured Claim.

“Bondholder Secured Claim” means the Allowed Secured Claim of the holders of the Bonds in the amount of the value paid to the Bond Trustee, for the benefit of the holders of the Bonds pursuant to the Plan.

“Bonds” means, collectively, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2017D Bonds.

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

“Case Website” means the website maintained by Donlin Recano where parties are able to view the Plan, Disclosure Statement, and other documents related to the Chapter 11 Case at <https://www.donlinrecano.com/hvk>.

“Cash Collateral Motion” means the *Emergency Ex Parte Motion of Debtor for Entry of Interim and Final Orders (I) Authorizing the Use of Cash Collateral, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay, (IV) Setting a Final Hearing, and (V) Granting Related Relief* [Docket No. 22].

“Cash” means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer, or any other customary payment method.

“Causes of Action” means any Claim, cause of action (including Avoidance Actions), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, or franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law.

“Chapter 11 Case” means the chapter 11 case initiated by the Debtor’s filing on the Petition Date of a voluntary petition for relief in the Bankruptcy Court under chapter 11 of the Bankruptcy Code. The Chapter 11 Case is administered by the Bankruptcy Court under Case No. 21-10523.

“Claim” shall have the meaning set forth in Bankruptcy Code section 101(5).

“Claims and Balloting Agent” means Donlin Recano in its capacity as claims and balloting agent for the Plan.

“Claims and Noticing Agent” means Donlin Recano in its capacity as claims and noticing agent to the Debtor.

“Claims Bar Date” has the meaning given to such term in the Bar Date Order.

“Claims Objection Deadline” means the deadline for objecting to a Claim asserted against or in the Debtor, which shall be on the date that is the later of (a) 90 days after the Effective Date, and (b) such other date as may be specifically fixed by order of the Bankruptcy Court.

“Claims Register” means the official register of Claims maintained by Donlin Recano.

“Class” means any group of substantially similar Claims classified by the Plan pursuant to Bankruptcy Code sections 1122 and 1123(a)(1).

“Clerk” means the Clerk of the Bankruptcy Court.

“Collateral” means any property or interest in property of the Estate subject to a Lien, charge or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

“Committee” means the official committee of unsecured creditors appointed by the U.S. Trustee in the Chapter 11 Case pursuant to Bankruptcy Code section 1102(a).

“Community” means the continuing care retirement community operated by the Debtor.

“Company” means The Prospect-Woodward Home dba Hillside Village.

“Confirmation Date” means the date on which the Confirmation Order is entered on the Docket.

“Confirmation Hearing” means the hearing held by the Bankruptcy Court to consider (a) approval of the Disclosure Statement as providing adequate information pursuant to Bankruptcy Code section 1125, and (b) confirmation of the Plan pursuant to Bankruptcy Code section 1129, as such hearing may be adjourned or continued from time to time.

“Confirmation Order” means the Order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1129.

“Confirmation” means confirmation of the Plan pursuant to Bankruptcy Code section 1129.

“Consummation” means the occurrence of the Effective Date.

“Contested Claim Reserve” means, collectively, the SBW Reserve and the Mechanics Lien Reserve.

“Contingent” means, with respect to any Claim, or any portion thereof, except as otherwise provided herein, any contingent or unliquidated Claim asserted or which may be asserted against the Debtor.

“Covenant” means Covenant Living Services.

“Creditor” means any Person that is the Holder of a Claim against the Debtor.

“CRO” means the Chief Restructuring Officer of the Debtor, Toby Shea.

“Cure” or “Cure Claim” means any Claim (unless waived or modified by the applicable counterparty) against the Debtor based upon the Debtor’s defaults under an Executory Contract or an Unexpired Lease assumed by the Debtor under Bankruptcy Code section 365, other than a default that is not required to be cured pursuant to Bankruptcy Code section 365(b)(2).

“Debtor” means the Debtor in the Chapter 11 Case, The Prospect-Woodward Home d/b/a Hillside Village.

“Deficiency Claim” means a General Unsecured Claim for the difference between (a) the aggregate amount of an Allowed Claim and (b) the value received on account of the portion of such Allowed Claim that is a Secured Claim.

“Disallowed” means, when used in reference to a Claim, all or that portion, as applicable, of any Claim that has been disallowed under the Plan, the Bankruptcy Code, applicable law or by Final Order.

“Disclosure Statement” means that certain *Disclosure Statement for the Amended Chapter 11 Plan of the Prospect-Woodward Home dated as of March 14, 2022*.

“Disputed” means any Claim, or any portion thereof, that is (a) listed on the Schedules as unliquidated, disputed, and/or contingent for which no Proof of Claim in a liquidated and non-contingent amount has been Filed, or (b) the subject of an objection or request for estimation Filed by the Debtor or the Plan Administrator or any other party in interest in accordance with applicable law and which objection has not been withdrawn, resolved, or overruled by a Final Order.

“Distribution” means any distribution to the Holders of Allowed Claims.

“Docket” means the docket in the Chapter 11 Case maintained by the Clerk.

“Donlin Recano” means Donlin, Recano & Company, Inc.

“Effective Date” means the date on which the conditions specified in Article VIII.B of the Plan have been met or satisfied.

“Entity” means an “entity” as defined in Bankruptcy Code section 101(15).

“Entrance Fee Deposits” means (i) if any, entrance fee deposits on hand, including reservation deposits on hand, subject to Residency Agreements, (ii) deferred entrance fee arrangements and promissory notes issued by any prospective Resident or Resident for the payment of entrance fee or reservation deposits, subject to Residency Agreements, and (iii) Option Deposits subject to the Option Agreements.

“Estate Releases” has the meaning ascribed to such term in Article IX.C of the Plan.

“Estate” means the estate of the Debtor created upon the commencement of the Chapter 11 Case pursuant to Bankruptcy Code section 541.

“Excluded Assets” means any Cash on hand as of the Effective Date, less the amounts reserved to fund the Wind Down Budget and the Contested Claim Reserve.

“Exculpated Parties” means, individually and collectively, in each case solely in their capacity as such, each and all of: (a) the Debtor; (b) the Committee and its members; (c) the Bond Trustee; (d) the beneficial owners of the Bonds; (e) SBW; and (f) with respect to each of the foregoing Entities, each of their directors, trustees, officers, attorneys, investment bankers, accounts, consultants and other Professionals.

“Executory Contract” means any executory contract or unexpired lease as of the Petition Date between the Debtor and any other Person or Persons, specifically excluding contracts and agreements entered into pursuant to the Plan.

“File, Filed, or Filing” means file, filed, or filing with the Bankruptcy Court in the Chapter 11 Case.

“Final Cash Collateral Order” means the *Final Order (I) Authorizing the Debtor to Use Cash Collateral; (II) Granting Adequate Protection; and (III) Granting Related Relief* [Docket No. 236].

“Final Decree” means the order entered pursuant to Bankruptcy Code section 350, Bankruptcy Rule 3022, and Local Rule 5009-1 closing the Chapter 11 Case.

“Final Order” means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction that has been entered on the docket in the Chapter 11 Case (or the docket of such other court) that is not subject to a stay and has not been modified, amended, reversed or vacated and as to which (a) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing pursuant to Bankruptcy Rule 9023 has expired and as to which no appeal, petition for certiorari or other proceedings for a new trial, reargument or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was timely and properly appealed, or certiorari shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired.

“First Day Declaration” means the *Declaration of Toby Shea, Chief Restructuring Officer, in Support of the Debtor’s First Day Pleadings* [Docket No. 24].

“Forbearance Agreement” means that certain Forbearance Agreement dated as of June 14, 2021 between the Debtor and the Bond Trustee.

“General Bar Date” means, pursuant to the Bar Date Order, the date by which Proofs of Claim by non-Governmental Units must be submitted: December 28, 2021 at 5:00 p.m. (prevailing Eastern Time).

“General Unsecured Claims” means a Deficiency Claim and any Claim asserted against the Debtor which is not included within the other specifically defined Classes hereunder.

“Governmental Bar Date” means, pursuant to the Bar Date Order, the date by which Proofs of Claim on behalf of Governmental Units must be submitted: February 28, 2022 at 5:00 p.m. (prevailing Eastern Time).

“Governmental Unit” means a “governmental unit” as defined in Bankruptcy Code section 101(27).

“Grandbridge” means Grandbridge Real Estate Capital, LLC, the real estate broker retained by the Debtor.

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996.

“Holder” means the beneficial holder of any Claim.

“Impaired” means, with respect to any Class, a Class that is impaired within the meaning of Bankruptcy Code sections 1123(a)(4) and 1124.

“Insider” means an “insider,” as defined in Bankruptcy Code section 101(31).

“Intercreditor Agreement” means that certain intercreditor agreement dated April 22, 2019 between the Bond Trustee and SBW.

“Interim Approval and Procedures Order” means the order of the Bankruptcy Court conditionally approving the Disclosure Statement for solicitation purposes only and authorizing the Debtor to solicit the Plan.

“Interim Distribution Motion” means the *Motion of Debtor for Entry of an Order Authorizing Interim Distribution of Sale Proceeds to Bond Trustee* [Docket No. 338].

“Interim Distribution Order” means the *Order Authorizing Interim Distribution of Sale Proceeds to Bond Trustee* [Docket No. 425].

“Issuer” means the New Hampshire Health and Education Facilities Authority.

“Lien” has the meaning set forth in Bankruptcy Code section 101(37).

“Loan and Security Agreement” means that certain Loan and Security Agreement and Mortgage (Security Agreement) dated as of June 1, 2017 between the Debtor and Issuer and assigned by the Issuer to the Bond Trustee.

“Local Rules” means the Local Bankruptcy Rules, Interim Bankruptcy Rules, Administrative Orders and Local Bankruptcy Forms for the United States Bankruptcy Court for the District of New Hampshire

“MacMillin” means MacMillin Company, LLC.

“Mechanics Lien Claim” means any Claim asserted on behalf of any Mechanics Lienholders against the Debtor.

“Mechanics Lien Dispute” means any dispute between the Bond Trustee and the Mechanics Lienholders to determine the priority of their respective Liens.

“Mechanics Lien Reserve” means that certain reserve in the amount of \$8,891,970.98 for payment of the Allowed Mechanics Lien Claims.

“Mechanics Lienholders” means, collectively, MacMillin, American Builders and Contractors Supply Co., Denron Plumbing & HVAC, LLC, J.N.R. Gutters, Inc., Pro Stock Kitchens LLC, Wallace Building Products Corporation, and Wayne J. Griffin Electric, Inc.

“Net Sale Proceeds” means the Purchase Price, net of the (a) the success fees for Grandbridge and OnePoint Partners related to the sale process; (b) the Contested Claim Reserve and (c) the Wind Down Reserve.

“OnePoint Partners” means OnePoint Partners, LLC, who was retained by the Debtor to provide a chief restructuring officer and related financial advisory services.

“Option Agreement” means an option deposit agreement entered into between the Debtor and a Resident or prospective Resident.

“Option Deposits” means the amount paid under the Option Agreements held in escrow as of the Effective Date.

“Original Bond Trustee” means U.S. Bank National Association as bond trustee.

“Other Secured Claims” means any Secured Claim which is not a Bondholder Secured Claim, SBW Secured Claim, or Mechanics Lienholder Claim.

“Person” means a “person” as defined in Bankruptcy Code section 101(41).

“Petition Date” means August 30, 2021, the date on which the Debtor Filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code.

“Plan Administrator” means Jamie Spencer, the Person appointed pursuant to Article V of the Plan.

“Plan Proponent” means the Debtor.

“Plan Supplement” means the appendix of schedules and exhibits to be filed with the Bankruptcy Court at least ten calendar days prior to the Voting Deadline, as may be modified and/or supplemented. The Plan Supplement shall include, the Wind Down Budget, identification of potential Causes of Action, if necessary, an updated version of the liquidation, and such other documents as the Debtor deems appropriate.

“Plan” means this chapter 11 plan including, without limitation, all exhibits, supplements, appendices, and schedules hereto, either in their present form or as the same may be altered, amended, or modified from time to time.

“Priority Claims” means any Claim entitled to priority pursuant to Bankruptcy Code section 507(a) other than Administrative Expense Claims and Priority Tax Claims.

“Priority Tax Claims” means Claims of a Governmental Unit against the Debtor entitled to priority pursuant to Bankruptcy Code sections 507(a)(8) or 502(i).

“Pro Rata” means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in the same Class.

“Professional Fee Claims Bar Date” means the date that is 45 days after the Effective Date for Professional Fee Claims to be Filed.

“Professional Fee Claims” means all Claims for compensation and reimbursement of expenses by Professionals to the extent Allowed by the Bankruptcy Court.

“Professional” means any professional Person employed in the Chapter 11 Case pursuant to Bankruptcy Code sections 327, 328, 363, or 1103 pursuant to an Order of the Bankruptcy Court and who is to be compensated for services rendered pursuant to Bankruptcy Code sections 327, 328, 329, 330, 331, or 363.

“Proof of Claim” means a proof of Claim Filed against the Debtor in accordance with the Bar Date Order or any other order by the Bankruptcy Court requiring for the fixing of Claims.

“Purchase Price” means the amount paid by Covenant to the Debtor pursuant to the Stalking Horse APA in the anticipated amount of \$33,000,000.00.

“Purchased Assets” means acquired assets under the Stalking Horse APA.

“Purchaser” means Covenant.

“Rejection Claims” means any Claim arising from, or relating to, the rejection of an executory contract or unexpired lease pursuant to Bankruptcy Code section 365(a) by the Debtor, as limited, in the case of a rejected unexpired lease, by Bankruptcy Code section 502(b)(6).

“Related Parties” means, with respect to any Person, such Person’s current and former Affiliates, partners, subsidiaries, officers, directors, principals, employees, agents, managed funds, advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, together with their respective successors and assigns, in each case in their capacity as such.

“Released Parties” means, individually and collectively, in each case solely in their capacity as such, each and all of: (a) the Debtor; (b) the Committee and its members; (c) the Bond Trustee; (d) the beneficial owners of the Bonds; (e) SBW; and (f) with respect to each of the foregoing Entities, each of their directors, trustees, officers, attorneys, investment bankers, accounts, consultants and other Professionals.

“Releasing Parties” means, individually and collectively, (a) each Holder of a Claim that (i) votes to accept the Plan, (ii) is conclusively deemed to have accepted the Plan, (iii) votes to

reject the Plan and elects to opt into the releases contained in the Plan, or (iv) abstains from voting and elects to opt into the releases contained in the Plan; and (b) as to each of the foregoing Entities in the foregoing clause (a), each such Entities' and their affiliates' current and former officers, directors, principals, members, partners, managers, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and all other professionals and retained Professionals (in each case as to the foregoing Entities and their Affiliates in clause (a), solely in their capacity as such).

"Remaining Assets" means any Assets left in the Estate after the Sale Closing Date, including the Wind Down Reserve.

"Residency Agreement" means those certain residency and care agreements entered into by and between the Debtor and a Resident and any related documents thereto.

"Resident" means any Person which resides at the Community and are parties to Residency Agreements or Option Agreements.

"Sale Closing Date" means the date on which the Sale Closing occurred, February 15, 2022.

"Sale Closing" means the date the Debtor closes the transaction which will transfer the Purchased Assets to Covenant pursuant to the Sale Order.

"Sale Motion" means the *Motion of the Debtor for Entry of (I) An Order (A) Approving Bidding Procedures in Connection with the Sale of Substantially All of the Debtor's Assets, (B) Approving the Form and Manner of Notice Thereof, (C) Authorizing the Debtor to Enter into the Stalking Horse Agreement, (D) Authorizing Payment of the Stalking Horse Payment as an Administrative Expense, (E) Scheduling an Auction and Sale Hearing, (F) Approving Procedures for the Assumption and Assignment of Contracts, and (G) Granting Related Relief; and (II) An Order (A) Approving the Asset Purchase Agreement Between the Debtor and the Successful Bidder, (B) Authorizing the Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief* [Docket No. 10].

"Sale Order" means the *Order (A) Approving Asset Purchase Agreement Between the Debtor and the Successful Bidder; (B) Authorizing the Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims, Encumbrances, and Interests; (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief* [Docket No. 317].

"Sale" means the sale of the Purchased Assets pursuant to the Stalking Horse APA from the Debtor to Covenant as approved by the Sale Order.

"SBW Claims" means, collectively, the SBW Secured Claim and the SBW Deficiency Claim, which claims are Allowed in the total amount of \$1,876,289.39 pursuant to the Final Cash Collateral Order and the Proof of Claim filed by SBW.

"SBW Construction Loan Agreement" means that certain Construction Loan Agreement dated as of April 22, 2019 between the Debtor and SBW.

“SBW Construction Loan Security Agreement” means that certain Construction Loan Security Agreement dated as of April 22, 2019 between the Debtor and SBW.

“SBW Deficiency Claim” means the Allowed General Unsecured Claim of SBW for the difference between (a) \$1,876,289.39 and (b) the amount of the SBW Secured Claim.

“SBW Documents” means the SBW Construction Loan Agreement, SBW Construction Loan Security Agreement, and any other document or agreement delivered as security for, or in respect to, the Bonds or the Debtor’s obligations under any of such documents.

“SBW Loan” means the line of credit of up to \$3,000,000 pursuant to the SBW Agreement.

“SBW Reserve” means that certain reserve in the amount of \$1,226,543.17 held in reserve by the Debtor for payment of the Allowed SBW Secured Claim and as otherwise stated in the Plan.

“SBW Secured Claim” means the Allowed Secured Claim of SBW in the amount of the value paid to SBW pursuant to the Plan.

“SBW” means Savings Bank of Walpole.

“Scheduled” means with respect to any Claim, the status and amount, if any, of such Claim as set forth in the Schedules.

“Schedules” means the schedules of assets and liabilities and the statements of financial affairs Filed by the Debtor under Bankruptcy Code section 521 and Bankruptcy Rule 1007, and all amendments and modifications thereto.

“Secured Claims” means Claims which are: (a) secured by a valid and perfected lien in collateral which is enforceable pursuant to applicable law, the amount of which is equal to or less than the value of such collateral (i) as set forth in the Plan, (ii) as agreed to by the Holder of such Claim and the Debtor, or (iii) as determined by a Final Order in accordance with Bankruptcy Code section 506(a); or (b) subject to a valid right of setoff under Bankruptcy Code section 553.

“Series 2017A Bonds” means those certain Series 2017A Bonds issued by the Issuer pursuant to the Bond Indenture.

“Series 2017B Bonds” means those certain Series 2017B Bonds issued by the Issuer pursuant to the Bond Indenture.

“Series 2017C Bonds” means those certain Series 2017C Bonds issued by the Issuer pursuant to the Bond Indenture.

“Series 2017D Bonds” means those certain Series 2017D Bonds issued by the Issuer pursuant to the Bond Indenture.

“Solicitation Package” means the packages to be distributed to creditors, including the beneficial owners of the Bonds, for solicitation of votes on the Plan.

“Stalking Horse APA” means that certain Asset Purchase Agreement by and between the Debtor and Covenant dated August 17, 2021, a copy of which is attached to the Sale Motion.

“Stalking Horse Bidder” means Covenant in its role as stalking horse under the Bidding Procedures Order.

“Superior Court Action” means the action by the Mechanics Lienholders in Superior Court.

“Superior Court” means the Cheshire County Superior Court of New Hampshire.

“Tax Code” means the Internal Revenue Code, as amended.

“Third Party Release” means the release given by each of the Releasing Parties to the Released Parties as set forth in Article IX.D of the Plan.

“Trade Claim” means an unsecured Claim asserted against the Debtor which relates to payment for goods or services as an operational expense or for the general support of the Debtor, as determined by the Debtor, to conform with RSA 293-B.

“Trade Distribution” means Cash in the aggregate amount of \$63,181.31, which shall be used to make distributions to Holders of Allowed Trade Claims.

“Treasury Regulations” means the regulations, including temporary regulations or any successor regulations, promulgated under the United States Internal Revenue Code, as amended from time to time.

“U.S. Trustee Fees” means the quarterly fees payable to the U.S. Trustee pursuant to section 1930 of Title 28 of the U.S. Code.

“U.S. Trustee” means the Office of the United States Trustee for the District of New Hampshire.

“Unclaimed Distribution” means a Distribution that is not claimed by a Holder of an Allowed Claim on or prior to the Unclaimed Distribution Deadline.

“Unexpired Lease” means a lease to which the Debtor is a party that is subject to assumption, assumption or assignment or rejection under Bankruptcy Code section 365

“Unimpaired” means, with respect to a Class of Claims, a Claim that is “unimpaired” within the meaning of Bankruptcy Code section 1124.

“Voting Classes” means Classes 2, 3, 4, and 7.

“Voting Deadline” means April 14, 2022 at 4:00 p.m.

“Voting Record Date” means the date established by the Bankruptcy Court pursuant to the Interim Approval and Procedures Order.

“Wind Down Budget” means the budget included in the Plan Supplement, as agreed upon between the Debtor, the Committee, the Bond Trustee, and SBW, or ordered by the Bankruptcy Court for (i) costs related to the Debtor’s business operations through the Effective Date; (ii) payment of Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, U.S. Trustee Fees, Allowed Other Secured Claims, and Allowed Priority Unsecured Claims; and (iii) costs for the orderly wind down of the Estate in accordance with the Plan.

“Wind Down Reserve” means the amount in Cash that will remain in the Estate from the Purchase Price pursuant to the Wind Down Budget.

B. Interpretation; Application of Definitions; and Rules of Construction

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter genders. Unless otherwise specified, each section, article, schedule, or exhibit reference in the Plan is to the respective section in, article of, schedule to, or exhibit to the Plan. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. The rules of construction contained in Bankruptcy Code section 102 shall apply to the construction of the Plan. A term used herein that is not defined herein but that is used in the Bankruptcy Code shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Unless otherwise provided, any reference in the Plan to an existing document, exhibit, or schedule means such document, exhibit, or schedule as may be amended, restated, revised, supplemented, or otherwise modified. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

II. Unclassified Claims

A. Administrative Expense Claims

Requests for payment of Administrative Expense Claims must be Filed no later than the applicable Administrative Expense Bar Date. Holders of Administrative Expense Claims that do not File requests for the allowance and payment thereof on or before the applicable Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtor or the Estate.

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment or has been paid by the Debtor prior to the Effective Date, in full and final satisfaction, settlement, and release of and in exchange for release of each Allowed Administrative Expense Claim, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash from the Wind Down Reserve: (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable; (b) if an Administrative Expense Claim is Allowed after the Effective

Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due; or (c) at such time and upon such terms as set forth in an order of the Bankruptcy Court; provided, however, that any Administrative Expense Claims which have been assumed by Covenant pursuant to the Stalking Horse APA shall not be an obligation of the Debtor; provided further that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor, as debtor in possession, or liabilities arising under obligations incurred by the Debtor, as debtor in possession, in accordance with the Wind Down Budget and to the extent such obligations have not been assumed by Covenant, shall be paid by the Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

For the avoidance of doubt, an Administrative Expense Claim asserted by SBW shall be paid from the SBW Reserve if Allowed.

B. Professional Fee Claims

All Professionals or other Persons requesting compensation or reimbursement of Professional Fee Claims for services rendered before the Effective Date (including compensation requested by any Professional or other entity for making a substantial contribution in the Chapter 11 Case) shall File an application for final allowance of compensation and reimbursement of expenses no later than the Professional Fee Claims Bar Date.

The Final Fee Hearing to determine the allowance of Professional Fee Claims shall be held as soon as practicable after the Professional Fee Claims Bar Date. The Debtor's counsel shall File a notice of the Final Fee Hearing. Such notice shall be posted on the Case Website, and served upon counsel for the Committee, counsel for Bond Trustee, all Professionals, the U.S. Trustee, and all parties on the Debtor's Bankruptcy Rule 2002 service list.

Allowed Professional Fee Claims of the Professionals shall be paid: (i) as soon as is reasonably practicable following the later of (a) the Effective Date and (b) the date upon which the order relating to any such Allowed Professional Fee Claims is entered by the Bankruptcy Court; or (ii) upon such other terms as agreed by the Holder of such an Allowed Professional Fee Claims. Allowed Professional Fee Claims shall be paid in full in Cash from by the Debtor.

C. Priority Tax Claims

Except to the extent that the Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment with the Debtor, each Holder of an Allowed Priority Tax Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Priority Tax Claim an amount of Cash equal to the full unpaid amount of such Allowed Tax Claim on (a) the Effective Date, or (b) the first Business Day after the date which is 30 days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable.

D. U.S. Trustee Fees

All U.S. Trustee Fees due and payable prior to the Effective Date shall be paid by the Debtor on or before the Effective Date in accordance with Bankruptcy Code section 1129(a)(12). On and after the Effective Date, until the earliest of the Chapter 11 Case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code, the Plan Administrator shall pay any and all U.S. Trustee Fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee.

III. Classification and Treatment of Claims

A. Classification of Claims

Pursuant to Bankruptcy Code sections 1122 and 1123(a)(1), Claims are classified for all purposes, including, without express or implied limitation, voting, confirmation and distribution pursuant to the Plan, as set forth herein. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Except to the extent that the Debtor and a Holder of an Allowed Claim or Allowed Interest, as applicable, agree in writing to less favorable treatment for such Allowed Claim or Allowed Interest, as applicable, such Holder shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Holder's Allowed Claim or Allowed Interest. Unless otherwise indicated, the holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the Effective Date or as soon thereafter as reasonably practicable.

B. Treatment of Claims

(1) Class 1: Priority Unsecured Claims

Classification. Class 1 consists of all Priority Unsecured Claims.

Treatment. Except to the extent that a Holder of an Allowed Priority Unsecured Claim and the Debtor agrees agree in writing to less favorable treatment of its Allowed Priority Unsecured Claim, each Holder of an Allowed Priority Unsecured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Priority Unsecured Claim:

- a. payment in full, in Cash, on the later of (1) the Effective Date; or (2) the date such Priority Unsecured Claim is Allowed;
- b. payment in the ordinary course of business between the Debtor and the Holder of such Allowed Priority Unsecured Claim; or

- c. payment at such time and upon other terms as the Debtor and the Holder of such Allowed Priority Unsecured Claim may agree.

Voting. Class 1 is Unimpaired. Holders of Allowed Priority Unsecured Claims in Class 1 are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Priority Unsecured Claims are not entitled to vote to accept or reject the Plan.

(2) Class 2: Bondholder Secured Claims

Classification. Class 2 consists of the Allowed Bondholder Secured Claim.

Treatment. Upon the terms and subject to the conditions set forth in the Plan, in full and final satisfaction, settlement, release, and discharge of the Allowed Bondholder Secured Claim against the Debtor, the Bond Trustee shall receive, on behalf of the Holders of the Allowed Bondholder Secured Claim, (i) on the Effective Date or as soon as practicable thereafter, the Net Sale Proceeds and the Excluded Assets, including the Debtor's Cash on hand on the Effective Date, subject to the amounts required to fund the Wind Down Reserve; (ii) as directed by subsequent order of the Bankruptcy Court, the balance of the Contested Claim Reserve; and (iii) any funds remaining in the Wind Down Reserve after payments of applicable obligations. All Distributions made on account of the Bondholder Secured Claim shall be paid to the Bond Trustee, and the Bond Trustee shall make further Distributions to the holders of the Bonds as set forth in the Bond Documents. In addition to the foregoing and as allowed by the Final Cash Collateral Order, the Bond Trustee may apply any and all funds in its possession as set forth in the Bond Documents free from the automatic stay imposed by Bankruptcy Code section 362.

Voting. Class 2 is Impaired. Holders of Allowed Bondholder Secured Claims are entitled to vote to accept or reject the Plan.

(3) Class 3: SBW Secured Claim

Classification. Class 3 consists of the SBW Secured Claim.

Treatment. Except to the extent that the Holder of the Allowed SBW Claim, the Bond Trustee, and the Debtor agree in writing to a different treatment of its Allowed SBW Claim, the Holder of the Allowed SBW Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for its Allowed SBW Claim :

- a. Payment, in Cash from the SBW Reserve of the amount the Bankruptcy Court determines that SBW is entitled to on account of its pari passu interest in the Purchase Price and/or the Excluded Assets to which its Lien applies; and/or
- b. Payment, in Cash, from the SBW Reserve of any other amount a court of competent jurisdiction determines that SBW may be entitled to, including any potential claim related to prepetition setoffs by the Bond Trustee; and/or
- c. Treatment as a General Unsecured Claim for the SBW Deficiency Claim.

Voting. Class 3 is Impaired. The Holder of the Allowed SBW Secured Claim is entitled to vote to accept or reject the Plan.

(4) Class 4: Mechanics Lien Claims

Classification. Class 4 consists of the Mechanics Lien Claims.

Treatment. Except to the extent that a Holder of an Allowed Mechanics Lienholder Claim, the Bond Trustee, and the Debtor agree in writing to less favorable treatment of its Allowed Mechanics Lienholder Claim, each Holder of an Allowed Mechanics Lienholder Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for its Allowed Mechanics Lienholder Claim:

- a. Payment in full, in Cash, from the Mechanics Lien Reserve if the Bankruptcy Court determines that the Liens of the Mechanics Lienholders are superior to that of the Bond Trustee and a Final Order is entered regarding the actual amount of the Allowed Mechanics Lienholder Claims is determined by a court of competent jurisdiction; or
- b. Treatment as a General Unsecured Claim if the Bankruptcy Court determines that the Liens of the Mechanics Lienholders are not superior to that of the Bond Trustee.

Voting. Class 4 is Impaired. Holders of Allowed Mechanics Lien Claims are entitled to vote to accept or reject the Plan.

(5) Class 5: Other Secured Claims

Classification. Class 5 consists of all Other Secured Claims.

Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim and the Debtor agree in writing to less favorable treatment of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Other Secured Claim:

- a. payment in full, in Cash, of the unpaid portion of its Allowed Other Secured Claim on the following: (i) if such Allowed Other Secured Claim is Allowed as of the Effective Date, the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, the date such Allowed Other Secured Claim becomes due and payable, or as soon thereafter as is reasonably practicable); and (ii) if such Allowed Other Secured Claim is not Allowed as of the Effective Date, the date such Other Secured Claim is Allowed or as soon as reasonably thereafter practicable;
- b. a Distribution of such Collateral securing the Other Secured Claim;
- c. a Distribution of the proceeds of the sale or disposition of such Collateral securing the Other Secured Claim; or

- d. such other treatment as the Debtor and the Holder of such Allowed Other Secured Claim may agree.

Voting. Class 5 is Unimpaired. Holders of Allowed Other Secured Claims in Class 5 conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Other Secured Claims are not entitled to vote to accept or reject the Plan.

(6) Class 6: General Unsecured Claims

Classification. Class 6 consists of General Unsecured Claims.

Treatment. Holders of General Unsecured Claims shall not receive any distribution on account of such General Unsecured Claims, and such General Unsecured Claims shall be discharged, cancelled, released, and extinguished as of the Effective Date, and shall be of no further force or effect.

Voting. Class 6 is Impaired. Holders of Allowed General Unsecured Claims, in Class 6, are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(7) Class 7: Trade Claims

Classification. Class 7 consists of all Trade Claims.

Treatment. Except to the extent that a Holder of an Allowed Trade Claim and the Debtor agrees in writing to less favorable treatment of its Allowed Trade Claim, each Holder of an Allowed Trade Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Trade Claim, its Pro Rata share of the Trade Distribution.

Voting. Class 7 is Impaired. Holders of Allowed Trade Claims, in Class 7 are entitled to vote to accept or reject the Plan.

C. Impaired Claims

Under the Plan, Holders of Claims in Classes 2, 3, 4, 6, and 7 are the Impaired Classes pursuant to Bankruptcy Code section 1124 because the Plan alters the legal, equitable or contractual rights of the Holders of such Claims treated in such Class.

D. Deemed Acceptance or Rejection of the Plan and Voting Classes

Holders of Claims in Classes 1 and 5 are unimpaired, thus deemed to accept the Plan. Under Bankruptcy Code section 1126(f), Holders of such Claims are conclusively presumed to have accepted the Plan, and the votes of the Holders of such Claims shall not be solicited.

Holders of Claims in Classes 2, 3, 4, and 7 are Impaired and entitled to vote to accept or reject the Plan.

Holders of Claims in Class 6 are not entitled to receive any distribution under the Plan. Pursuant to Bankruptcy Code section 1126(g), Holders of Claims in Classes 6 are conclusively deemed to have rejected the Plan and the votes of these Holders therefore shall not be solicited.

E. Acceptance by Impaired Classes

In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number (*i.e.*, more than half) and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan. At least one (1) Impaired Class of creditors, excluding the votes of insiders, must actually vote to accept the Plan. The Debtor urges that you vote to accept the Plan.

F. Cramdown and No Unfair Discrimination

To the extent that any Impaired Class does not accept the Plan, the Debtor will seek Confirmation pursuant to Bankruptcy Code section 1129(b). This provision allows the Bankruptcy Court to confirm a plan accepted by at least one impaired class so long as it does not unfairly discriminate and is fair and equitable with respect to each class of claims and interest that is impaired and has not accepted the plan. Colloquially, this mechanism is known as a “cramdown.”

The Debtor believes the treatment of Claims describe in the Plan are fair and equitable and do not discriminate unfairly. The proposed treatment of Claims provides that each Holder of such Claim or Interest will be treated identically within its respective class and that, except when agreed to by such Holder, no Holder of any Claim or Interest junior will receive or retain any property on account of such junior Claim or Interest.

IV. Executory Contracts and Unexpired Leases

A. Background

The Bidding Procedures Order and the Sale Order contemplate the treatment of Executory Contracts and Unexpired Leases. Although nothing in the Plan shall be deemed to supersede the Bidding Procedures Order and Sale Order, Article VII of the Plan is included out of an abundance of caution.

B. Rejection of Executory Contracts and Unexpired Leases

All Executory Contracts and Unexpired Leases of the Debtor which have not been assumed, assigned, or rejected, prior to the Effective Date shall be deemed rejected.

C. Rejection Claims

In the event that the rejection of an executory contract or unexpired lease by any of the Debtor pursuant to the Plan results in a Rejection Claim in favor of a counterparty to such executory contract or unexpired lease, such Rejection Claim, if not heretofore evidenced by a timely and properly filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtor, or their respective properties or interests in property as agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for

the Debtor and the Plan Administrator on or before the date that is 30 days after the Effective Date. All Allowed Rejection Claims shall be treated as General Unsecured Claims pursuant to the terms of the Plan.

To the extent that any and all of the Debtor's insurance policies that were not transferred to the Purchaser pursuant to the Stalking Horse APA, including any primary director and officer liability, employment practices liability, or fiduciary liability insurance policies, are considered executory contracts, then notwithstanding anything contained in the Plan to the contrary, such insurance policies, shall be deemed rejected as of the Effective Date. Unless otherwise determined by the Bankruptcy Court, pursuant to a Final Order, no payments are required to cure any defaults of the Debtor existing as of the Confirmation Date with respect to each such policy. For the avoidance of any doubt, all rights under any insurance policy that is not an executory contract and was not transferred to the Purchaser pursuant to the Stalking Horse APA and the Sale Order, and all rights under any other insurance policies that were not transferred to the Purchaser pursuant to the Stalking Horse APA and the Sale Order and under which the Debtor may be a beneficiary, shall be preserved and shall vest with the Plan Administrator and shall remain in full force and effect after the Effective Date for the term thereof; and nothing herein shall alter or adversely affect the rights of any non-Debtor beneficiaries of or covered Persons or Entities under such insurance policies. Further, for the avoidance of any doubt, the Plan Administrator may bring or assert Estate Claims under the any primary director and officer liability, employment practices liability, or fiduciary liability insurance policies, as insolvency trustees, receivers, examiners, conservators, liquidators, rehabilitators or similar officials, as those terms are used in the policies.

V. Means for Implementation

A. Effective Date

The Effective Date shall not occur until the conditions for the Effective Date or satisfied or otherwise waived in accordance with the terms of the Plan. Upon occurrence of the Effective Date, the Debtor shall File the Notice of Effective Date, which shall also be posted on the Case Website.

B. Implementation of the Plan

(1) Corporate Action; Effectuating Documents

On the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the trustees or officers of the Debtor.

The Board shall remain intact until the Debtor is dissolved. All corporate action shall be taken in accordance with the certificate of incorporation and the bylaws of the Debtor. On the date of dissolution, the Debtor, the officers and trustees of the Board shall be deemed to have resigned to the extent permissible under applicable law.

The officers and trustees of the Debtor shall be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such other actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan.

(2) Resident Matters

Pursuant to the Stalking Horse APA and Sale Order, and as more fully described in the Disclosure Statement, on the Sale Closing Date, Covenant assumed all Residency Agreements, including entrance fee refunds and related resident obligations. Covenant will also acquired the Debtor's interest in Entrance Fee Deposits.

The Plan Administrator will provide notice to all counterparties to the Option Agreements as required by the documents and will oversee the conversion of Option Deposits to Entrance Fee Deposits and any requests for return of Option Deposits.

(3) Transfer of Net Sale Proceeds

The Bond Trustee shall receive the following on account of the Bond Claim on the Effective Date, or as soon as practicable thereafter, the Net Sale Proceeds of the Sale and the Excluded Assets, including the Debtor's Cash on hand on the Effective Date less any amounts required for the Wind Down Budget and funding the Contested Claim Reserve; provided that any funds remaining in the Wind Down Reserve shall be paid to the Bond Trustee in accordance with the treatment of the Allowed Bondholders Secured Claim as set forth herein. All distributions made on account of the Bond Claim shall be paid to the Bond Trustee, and the Bond Trustee shall make further distributions to the holders of the Bonds as set forth in the Bond Documents.

(4) Contested Claim Reserve

On the Effective Date, the Debtor will establish the Contested Claim Reserve in the original amount of \$10,118,514.15, which includes the SBW Reserve of \$1,226,543.17 and Mechanics Lien Reserve of \$8,891,970.98.

The SBW Reserve will be established because, at this time, it is unclear (a) to what extent the SBW Liens attach to the Excluded Assets and/or Purchase Price, (b) whether, and to what extent, SBW may have an Administrative Expense Claim pursuant to Bankruptcy Code section 507(b) and/or replacement liens as provided in the Final Cash Collateral Order, (c) whether, and to what extent, SBW may have a claim against the Bond Trustee related to prepetition setoffs and (d) whether the Bond Trustee has defenses to the foregoing or any counterclaims against SBW. To the extent that SBW's Liens do attach to the Excluded Assets and/or the Purchase Price (or a portion thereof), SBW would be entitled to the Pro Rata/pari passu amount of the Excluded Assets and/or the Purchase Price on which its Liens attach. The Debtor will continue to hold the SBW Reserve until the earlier of (a) resolution between the Bond Trustee and SBW as to the amount of SBW's claims, including the Allowed SBW Secured Claim, any Administrative Expense Claim asserted by SBW, and/or any claim asserted by SBW against the Bond Trustee for prepetition setoffs, or (b) a Final Order is entered by a court of competent jurisdiction as to a determination of the amount of SBW's claims; provided that any claim by SBW against the Bond Trustee for prepetition setoffs and any claim by the Bond Trustee must be brought within six (6) months of the Effective Date or shall be waived; provided further that upon the initiation and during the

continuance of any action by either party, all defenses and counterclaims by such parties are preserved for assertion consistent with applicable rules and not otherwise waived. The Bond Trustee and SBW each reserve all rights under the Intercreditor Agreement, and the Final Cash Collateral Order, and nothing in the Plan shall be deemed to modify or otherwise affect such rights.

The Mechanics Lienholders have asserted that the Mechanics Lien Claims are secured and such liens are superior to the liens of the Bond Trustee. The aggregate amount asserted Mechanics Lien Claims is \$11,618,514.15 and the holders may be entitled to additional amounts based on attorney fees and costs if successful. The Debtor has also asserted counterclaims in the approximate amount of \$3,000,000, which may setoff amounts owed to the Mechanics Lienholders. The Debtor will establish the Mechanics Lien Reserve in the amount of \$8,891,970.98, pending resolution of the Mechanics Lien Dispute.

Following the Bankruptcy Court's determination as to the relative priority of the Claims of the Bond Trustee and the Mechanics Lienholders, (a) if the Mechanics Lienholders are determined to have liens superior to that of the Bond Trustee the parties will proceed to liquidate the amount of the Mechanics Lienholder Claims in a court of competent jurisdiction and once the Mechanics Lienholders Claims are fully liquidated, the parties will provide notice to the Bankruptcy Court and make any payments from the Contested Claim Reserve; or (b) the Mechanics Lien Reserve will be transferred to the Bond Trustee.

(5) Wind Down Budget

Pursuant to the Wind Down Budget, an amount of Cash will remain the Estate to: (a) fund operations through the Effective Date; (b) pay Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, U.S. Trustee Fees, Allowed Other Secured Claims, and Allowed Priority Unsecured Claims; and (c) provide funding for the Plan Administrator and professionals to conduct an orderly wind down of the Estate in accordance with the Plan.

The remaining balance of the Wind Down Reserve, if any, will be transferred to the Bond Trustee upon entry of the Final Decree.

VI. Provisions Regarding the Plan Administrator

A. Distributions

All Distributions under the Plan shall be made by the Plan Administrator.

B. Retention of Assets and Liabilities

After the Effective Date, in accordance with the Plan, the Debtor (under the authority of the Plan Administrator) shall retain the Remaining Assets and any remaining obligations of the Debtor's Estate, including, without limitation, the payment of any Allowed Administrative Expense Claims.

C. Plan Administrator

Appointment of the Plan Administrator. Jamie Spencer has been selected by the Debtor to serve as the Plan Administrator. The Plan Administrator shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

Establishment of the Plan Administrator. On the Effective Date, the Plan Administrator shall be established. On the Effective Date, the Plan Administrator will control the funds in the Wind Down Reserve and the Contested Claim Reserve for Distributions on account of Allowed Claims in accordance with the Plan.

Duties of the Plan Administrator. The Plan Administrator shall (i) be a representative of the Estate pursuant to Bankruptcy Code section 1123, (ii) have the rights and powers set forth in the Plan, and (iii) be governed in all things by the terms hereof. The Plan Administrator shall have reasonable access to the Debtor's books and records on reasonable prior notice to Covenant or its designee. Subject to the terms and limitations of the Plan, the Plan Administrator shall be authorized, empowered, and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising hereunder, including, without limitation, to (i) act as a trustee for and administer the Remaining Assets, (ii) take any action necessary to transfer the Remaining Assets to the Plan Administrator and, to the extent deemed feasible by the Plan Administrator, dissolve the Debtor in accordance with the Plan and applicable law, (iii) retain attorneys, advisors, and other Professionals as may be necessary and appropriate to perform the duties required of, and the obligations assumed by, the Plan Administrator under the Plan, without the need for prior court approval, (iv) execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Plan Administrator, (v) open, maintain, and administer bank accounts as necessary to discharge the duties of the Plan Administrator under the Plan, (vi) administer, sell, liquidate, or otherwise dispose of the Remaining Assets in accordance with the Plan, (vii) file and prosecute objections to, and negotiate, settle, or otherwise resolve, any and all Disputed Claims, subject to Bankruptcy Court approval as appropriate, (viii) serve as the Estate's representative before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Plan Administrator, (ix) prepare and file quarterly financial reports after the Effective Date, (x) comply with applicable orders of the Bankruptcy Court and any other Court of competent jurisdiction over the matters set forth herein, and all applicable laws and regulations concerning the matters set forth herein, (xi) prepare any audits, (xii) administer Option Deposits, (xiii) oversee the Wind Down Budget, and (xiv) distribute the proceeds of the Contested Claim Reserve. Notwithstanding anything to the contrary in the Plan or any other documents or Order, the Plan Administrator shall not assume any obligations with respect to, and shall have no responsibility or obligation to take any action or steps with respect to, any retirement or benefits plan (whether ERISA qualified or not) of the Debtor, and shall have no liability in connection with any such plans.

Accounting and Reporting. The Plan Administrator shall maintain an accounting of receipts and disbursements with respect to the Plan Administrator, which shall be open to inspection and review by the Bankruptcy Court and any Holder of an Allowed Claim or its respective Professionals, upon reasonable notice to the Plan Administrator. After the Effective Date, the Plan Administrator shall serve the United States Trustee with, and shall file with the

Bankruptcy Court, a quarterly financial report for each quarter (or portion thereof) that the Chapter 11 Case remains open, as well as a final financial report after the Bankruptcy Court enters a Final Decree closing the Chapter 11 Case.

Plan Administrator Expenses. The Plan Administrator may, in the ordinary course of business and without the necessity for any application to, or approval of, the Bankruptcy Court, pay any accrued but unpaid reasonable and documented expenses of the Plan Administrator from the Remaining Assets.

Retention of Professionals. Attorneys, advisors, and any other Professional retained by the Plan Administrator shall submit to the Plan Administrator periodic statements for all reasonable compensation for services rendered, and reimbursement for actual and necessary expenses incurred, by such Professionals. The Plan Administrator shall have twenty days to object to any such statement. If an objection is received by a Professional and cannot be promptly resolved by such professional and the Plan Administrator, the dispute shall be submitted by the Plan Administrator to the Bankruptcy Court for adjudication. The Bankruptcy Court shall retain jurisdiction to adjudicate any such objection. If no objection is raised to a statement within the twenty day period, such statement shall be promptly paid by the Plan Administrator.

Termination of the Plan Administrator. The Plan Administrator shall be terminated upon the earlier of (a) the three year anniversary of the Effective Date or (b) the entry by the Bankruptcy Court of a Final Decree closing the Chapter 11 Case and submission by the Plan Administrator of the final financial report to the Bankruptcy Court. On or prior to the date of termination of the Plan Administrator, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Plan Administrator for cause shown. The Plan Administrator may resign at any time by giving the U.S. Trustee at least thirty days' written notice of the Plan Administrator's intention to do so, in which case the resignation shall be effective on the thirtieth day following issuance of such notice or such other date agreed to by the U.S. Trustee. In the event of a resignation, the resigning Plan Administrator shall render to the successor Plan Administrator an accounting of monies and assets received, disbursed, and held during the term of office of the resigning Plan Administrator. Upon the resignation or termination of the Plan Administrator prior to the three year anniversary of the Effective Date or entry by the Bankruptcy Court of a Final Decree closing of the Chapter 11 Case, the U.S. Trustee shall appoint a successor Plan Administrator; *provided, however*, that the U.S. Trustee shall file with the Bankruptcy Court a notice of the appointment of such successor. In the event of a resignation of the Plan Administrator, the resigning Plan Administrator shall be entitled to payment of all compensation earned by the Plan Administrator through and including the effective date of such resignation.

Limitation on Liability. No recourse shall ever be had, directly or indirectly, against the Plan Administrator or its officers, directors, agents, employees, attorneys, advisors, or other professionals by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge, or note, or upon any promise, contract, instrument, undertaking, obligation, covenant, or agreement whatsoever executed by the Plan Administrator under the Plan or by reason of the creation of any indebtedness by the Plan Administrator under the Plan for any purpose authorized by the Plan. All such liabilities, covenants, and agreements of the Plan Administrator, its respective officers, directors, agents, employees, attorneys, advisors, or other Professionals, whether in writing or otherwise, under the Plan shall be enforceable, if at all, only

against, and shall be satisfied only out of, the Remaining Assets. Every undertaking, contract, covenant or agreement entered into in writing by the Plan Administrator shall provide expressly against the personal liability of the Plan Administrator. The Plan Administrator and its officers, directors, agents, employees, attorneys, advisors and other Professionals shall not be liable for any act they may do, or omit to do, hereunder in good faith and in the exercise of their respective best judgment and the fact that such act or omission was advised, directed, or approved by an attorney acting as counsel for the Plan Administrator shall be conclusive evidence of such good faith and best judgment; *provided, however*, that this Section shall not apply to any bad faith, fraud, gross negligence, or willful misconduct by the Plan Administrator or its officers, directors, agents, employees, attorneys, advisors, or other professionals.

Reliance on Documents. The Plan Administrator may rely, and shall be protected in acting or refraining from acting, upon any certificates, opinions, statements, instruments, or reports believed by it to be genuine and to have been signed or presented by the proper entity, including, without limitation, claims lists and data provided to the Plan Administrator by the Claims and Balloting Agent or the Debtor, upon which the Plan Administrator shall base Distributions.

D. Causes of Action

As set forth in the Liquidation Analysis, the Debtor has evaluated all potential Causes of Action and determined that they are of de minimis value. Thus, notwithstanding anything in the Plan to the contrary, all Causes of Action shall be waived and released by the Debtor and the Estate as of the date the Final Decree is entered. For the avoidance of doubt, prior to the entry of the Final Decree, the Causes of Action shall be retained by the Estate unless otherwise ordered by the Bankruptcy Court.

E. Rights and Powers of the Plan Administrator

Except as otherwise set forth in the Plan, the Plan Administrator shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) establish, as necessary, disbursement accounts for the deposit and Distribution of all amounts distributed under the Plan; (iii) make Distributions in accordance with the Plan, (iv) object to Claims, as appropriate, (v) employ and compensate professionals to represent it with respect to its responsibilities, (vi) assert any of the Debtor's claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and (vii) exercise such other powers as may be vested in the Plan Administrator by order of the Bankruptcy Court pursuant to the Plan, or as deemed by the Plan Administrator to be necessary and proper to implement the provisions hereof. Except as otherwise set forth in the Plan, the Plan Administrator may take any and all actions that it deems reasonably necessary or appropriate to defend against any Claim, including, without limitation, the right to: (a) exercise any and all judgment and discretion with respect to the manner in which to defend against or settle any Claim, including, without limitation, the retention of professionals, experts, and consultants and (b) enter into a settlement agreement or agreements; provided, that such settlement is entered into by the Plan Administrator in good faith.

F. Post-Confirmation Date Expenses of the Plan Administrator

The Plan Administrator shall receive reasonable compensation for services rendered pursuant to the Plan without further Court Order. In addition, except as otherwise ordered by the Bankruptcy Court, the amount of reasonable fees and expenses incurred by the Plan Administrator on or after the Effective Date (including, without limitation, reasonable attorney and professional fees and expenses) shall be paid without further Court Order.

VII. Provisions Governing Distributions Under the Plan

For the avoidance of doubt, this Article VI shall not apply to any distribution made or to be made to the Bond Trustee.

A. Method of Payment

Unless otherwise expressly agreed in writing, all Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank or an electronic wire.

B. Objections to and Resolution of Claims

The Plan Administrator shall have the right to file objections to Claims after the Effective Date. All objections shall be litigated to entry of a Final Order; provided, however, that only the Plan Administrator shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections without approval of the Bankruptcy Court.

C. Claims Objection Deadline

The Plan Administrator and any other party in interest to the extent permitted pursuant to Bankruptcy Code section 502(a), shall file and serve any objection to any Claim no later than the Claims Objection Deadline; provided, however, the Claims Objection Deadline may be extended by the Bankruptcy Court from time to time upon notice of motion by the Plan Administrator for cause.

D. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no payment or Distribution of Cash or other property shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order or as otherwise permitted by the Plan.

E. Escrow of Cash Distributions

On any date that Distributions are to be made under the terms of the Plan, the Plan Administrator shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash or property that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto. The Plan Administrator shall also segregate any interest, dividends, or proceeds of such Cash. Such Cash, together with any interest, dividends, or proceeds thereof, shall be held in trust

for the benefit of the Holders of all such Disputed Claims pending determination of their entitlement thereto.

F. Distribution After Allowance

Except as otherwise provided herein, within the later of (i) seven Business Days after a Claim becomes an Allowed Claim and (ii) thirty days after the expiration of the Claims Objection Deadline, the Plan Administrator shall distribute all Cash or other property, including any interest, dividends, or proceeds thereof, to which a Holder of an Allowed Claim is then entitled.

G. Investment of Segregated Cash and Property

To the extent practicable, the Plan Administrator may invest any Cash or other property segregated on account of a Disputed Claim, undeliverable distribution, or any proceeds thereof (i) in a manner that will yield a reasonable net return taking into account the safety of the investment or (ii) in any manner permitted by Bankruptcy Code section 345; provided, however, that the Plan Administrator shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property, or proceeds.

H. Delivery of Distributions

Except as provided herein, Distributions to Holders of Allowed Claims shall be made: (1) at the addresses set forth on the respective Proofs of Claim Filed by such holders; (2) at the addresses set forth in any written notices of address changes delivered to the Plan Administrator after the date of any related Proof of Claim; or (3) at the address reflected in the Schedules if no Proof of Claim is filed and the Plan Administrator has not received a written notice of a change of address. The Plan Administrator shall be entitled to conclusively rely on the Distribution Matrix for purposes of making Distributions.

Undeliverable Distributions. If the Distribution to the Holder of any Claim is returned to the Plan Administrator as undeliverable, no further distribution shall be made to such Holder unless and until the Plan Administrator is notified in writing of such Holder's then current address. Undeliverable Distributions shall remain in the possession of the Plan Administrator until the earlier of (a) such time as a Distribution becomes deliverable or (b) such undeliverable Distribution becomes an Unclaimed Distribution.

Until such time as an undeliverable Distribution becomes an Unclaimed Distribution, within thirty days after the end of each calendar quarter following the Effective Date, or upon such other interval as the Bankruptcy Court may order, but in no event less frequently than annually, the Plan Administrator shall make distributions of all Cash and property that has become deliverable during the preceding quarter. Each such Distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such Distribution would have been due had it then been deliverable to the date that such Distribution becomes deliverable.

The Plan Administrator shall make reasonable efforts to update or correct contact information for recipients of undeliverable Distributions; provided, however, that nothing

contained in the Plan shall require the Plan Administrator to locate any Holder of an Allowed Claim.

I. Unclaimed Distributions

Any Cash or other property to be distributed under the Plan shall revert to the Plan Administrator if it is not claimed by the Entity on or before the Unclaimed Distribution Deadline. If such Cash or other property is not claimed on or before the Unclaimed Distribution Deadline, the Distribution made to such Entity shall be deemed to be reduced to zero.

J. Setoff

The Debtor or Plan Administrator, as applicable, retains the right to reduce any Claim by way of setoff in accordance with the Debtor's books and records and in accordance with the Bankruptcy Code.

K. Minimum Distributions

Notwithstanding anything herein to the contrary, the Plan Administrator shall not be required to make Distributions or payments of less than \$25.00.

VIII. Conditions Precedent to Confirmation and Effective Date

A. Conditions Precedent to Confirmation

The following is the list of conditions precedent to Confirmation:

- (1) the Interim Approval and Procedures Order is entered;
- (2) the Confirmation Order shall be in form and substance reasonably acceptable to the Debtor, Bond Trustee, SBW, and the Committee;
- (3) the Plan shall not have been materially amended, altered, or modified from the Plan, unless such material amendment, alteration or modification has been made in accordance with Article VIII herein.

B. Conditions Precedent to Effective Date

The following is the list of conditions precedent to the Effective Date:

- (1) the Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order shall be a Final Order;
- (2) the Sale Closing shall have occurred;
- (3) no stay of the Confirmation Order shall then be in effect;
- (4) the Plan Administrator shall be appointed;

- (5) the Plan shall not have been materially amended, altered, or modified from the Plan as confirmed by the Confirmation Order, unless such material amendment, alteration, or modification has been made in accordance with Article VIII herein; and
- (6) the Debtor shall have Filed the Notice of the Effective Date.

C. Waiver of Conditions

The conditions precedent to Confirmation and conditions precedent to the Effective Date may be waived in whole or in part, in writing, by the Debtor, without further order of the Bankruptcy Court.

D. Effect of Nonoccurrence of Conditions

If the conditions precedent to the Effective Date are not satisfied or waived, the Debtor may, upon motion and notice to parties in interest, seek to vacate the Confirmation Order; *provided, however*, that notwithstanding the filing of such motion, the Confirmation Order may not be vacated if each of the conditions precedent to the Effective Date are satisfied or waived before the Bankruptcy Court enters an order granting such motion.

If the Confirmation Order is vacated: (a) the Plan is null and void in all respects; and (b) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against the Debtor, or (ii) prejudice, in any manner, the rights of the Debtor or any other party in interest.

IX. Exculpation, Releases, and Injunctions

A. Injunctions

All injunctions or stays provided for in the Chapter 11 Case under Bankruptcy Code sections 105 or 362, or otherwise, and in existence on the Confirmation Date shall remain in full force and effect until the later of (a) the Effective Date, or (b) the date indicated in the order providing for such injunction or stay. Notwithstanding the foregoing, nothing herein shall be otherwise deemed to modify, limit, amend or supersede any injunctions or stays granted in the Sale Order.

Except as otherwise provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order, or a separate order of the Bankruptcy Court, all entities who have held, hold, or may hold Claims against the Debtor shall be permanently enjoined from taking any of the following actions against any property that is to be distributed under the terms of the Plan on account of any such Claims: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any lien or encumbrance; (d) asserting a setoff, right, subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtor; and (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; *provided, however*, that such entities shall not be precluded from exercising their rights pursuant to and consistent with the terms of the Plan or the Confirmation Order;

provided, further, that the foregoing shall not apply to any acts, omissions, claims, causes of action or other obligations expressly set forth in and preserved by the Plan or any defenses thereto. Notwithstanding the foregoing, nothing herein shall be otherwise deemed to modify, limit, amend or supersede any injunctions or stays granted in the Sale Order.

B. Exculpation

Except as otherwise specifically provided in the Plan, none of the Exculpated Parties shall have or incur any liability to any holder of a Claim or Interest (including Estate Claims) for any act or omission in connection with, related to, or arising out of the Chapter 11 Case, the Plan, the pursuit of Confirmation, the consummation of the Plan, the administration of the Plan, the property to be liquidated and/or distributed under the Plan or any prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the liquidation of the Debtor, except for their fraud, bad faith, illegal conduct, or willful or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

The foregoing paragraph shall apply to attorneys to the greatest extent permissible under applicable bar rules and case law.

C. Estate Releases

PURSUANT TO BANKRUPTCY CODE SECTION 1123(B), AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, ON AND AFTER THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASED PARTIES SHALL BE DEEMED RELEASED BY THE DEBTOR AND THE ESTATE FROM ANY AND ALL CLAIMS, OBLIGATIONS, DEBTS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (OTHER THAN FOR ILLEGAL CONDUCT, GROSS NEGLIGENCE, BAD FAITH, OR FRAUD), INCLUDING DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTOR OR THE ESTATE, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT ANY OF THE DEBTOR OR THE ESTATE, AS APPLICABLE, WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT, OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASES THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE PLAN, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER

OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTOR OR THE ESTATE. FOR PURPOSES OF THE RELEASES CONTAINED IN THE PLAN, THE PLAN ADMINISTRATOR DEEMED TO BE A SUCCESSOR TO THE ESTATE AND, THEREFORE, IS BOUND BY THE RELEASES CONTAINED IN THE PLAN.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE RELEASE OF THE RELEASED PARTIES BY THE DEBTOR AND THE ESTATE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE RELEASE OF THE RELEASED PARTIES BY THE DEBTOR AND THE ESTATE IS: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR OR THE ESTATE; (C) IN THE BEST INTERESTS OF THE DEBTOR, THE ESTATE AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE, AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (F) A BAR TO THE DEBTOR OR THE ESTATE ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE RELEASE BY THE DEBTOR OR THE ESTATE.

D. Third Party Release

EFFECTIVE AS OF THE EFFECTIVE DATE, EACH OF THE RELEASING PARTIES CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASES (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) EACH AND ALL OF THE RELEASED PARTIES, AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (OTHER THAN FOR ILLEGAL CONDUCT, GROSS NEGLIGENCE, BAD FAITH, OR FRAUD), INCLUDING WITH RESPECT TO ANY RIGHTS OR CLAIMS THAT COULD HAVE BEEN ASSERTED AGAINST ANY OR ALL OF THE RELEASED PARTIES WITH RESPECT TO ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTOR, OR THE ESTATE, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OR ANY ALLEGED RESTRUCTURING OR REORGANIZATION OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION

OF THE PLAN AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE PLAN, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS (INCLUDING, FOR THE AVOIDANCE OF DOUBT, PROVIDING ANY LEGAL OPINION REQUESTED BY ANY ENTITY REGARDING ANY TRANSACTION, CONTRACT, INSTRUMENT, DOCUMENT, OR OTHER AGREEMENT CONTEMPLATED BY THE PLAN OR THE RELIANCE BY ANY RELEASED PARTY ON THE PLAN OR THE CONFIRMATION ORDER IN LIEU OF SUCH LEGAL OPINION), AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTOR OR THE ESTATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD PARTY RELEASES ARE: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE RELEASING PARTIES; (C) IN THE BEST INTERESTS OF THE DEBTOR, THE ESTATE AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; (F) CONSENSUAL; AND (G) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

NO PROVISION HEREOF OR OF THE PLAN SHALL AFFECT, REDUCE, OR WAIVE ANY PARTY IN INTEREST'S RIGHT TO OBJECT TO OR CONTEST ANY FEE APPLICATION OR REQUEST IN CONNECTION WITH THE CHAPTER 11 CASE OR ANY CHAPTER 7 MATTER IN THE EVENT OF CONVERSION OR AFFECT, REDUCE, OR WAIVE SUCH PARTIES IN INTEREST'S RIGHTS UNDER THE TREATMENT OF CLAIMS AND ADMINISTRATIVE EXPENSE CLAIMS AS STATED HEREIN ABOVE.

X. Retention of Jurisdiction

Following the Confirmation Date and the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- (1) to hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
- (2) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (3) to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by Bankruptcy Code section 1142;

- (4) to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- (5) to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- (6) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan;
- (7) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Sale Order;
- (8) to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (9) to hear any other matter not inconsistent with the Bankruptcy Code;
- (10) to enter the Final Decree;
- (11) to ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- (12) to decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtor which may be pending on the Effective Date , including, without limitation, the Mechanics Lien Dispute and any claims asserted by SBW;
- (13) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided herein;
- (14) to determine any other matters that may arise in connection with or related to the Plan, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Plan;
- (15) to determine any other matters that may arise in connection with or related to the Sale Order or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Sale Order;
- (16) to enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, and rulings

entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);

- (17) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and
- (18) to resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Case, the Bar Dates, or the Confirmation Hearing for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose.

XI. Miscellaneous Provisions

A. Amendment or Modification of the Plan

Alterations, amendments, or modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that the Plan, as altered, amended, or modified, satisfies the conditions of Bankruptcy Code sections 1122 and 1123 and the Debtor shall have complied with Bankruptcy Code section 1125. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

B. Exhibits/Schedules

All exhibits and schedules to the Plan are incorporated into and are part of the Plan as if set forth in full herein.

C. Filing of Additional Documents

On or before the Effective Date, the Debtor may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtor and all Holders of Claims receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

D. Binding Effect of the Plan

The Plan shall be binding upon and inure to the benefit of the Debtor, the Holders of Claims, and their respective successors and assigns. Notwithstanding anything to the contrary herein, (i) nothing in the Plan modifies, alters, or amends the respective rights and obligations of the Debtor or Covenant under the Sale Order, the Stalking Horse APA, or any other document governing the Sale, and (ii) the Bond Documents shall continue to govern the rights of and among the Bond Trustee and the beneficial owners of the Bonds.

E. Governing Law

Except as required by the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of New Hampshire.

F. Time

To the extent that any time for the occurrence or happening of an event as set forth in the Plan falls on a day that is not a Business Day, the time for the next occurrence or happening of said event shall be extended to the next Business Day.

G. Severability

Should any provision of the Plan be deemed unenforceable after the Effective Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan.

H. Revocation

The Debtor reserves the right to revoke and withdraw the Plan prior to the entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, the 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 Debtor, any other Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtor.

I. Dissolution of the Committee

On the Effective Date, the Committee shall be dissolved and its members deemed released of any continuing duties, responsibilities and obligations in connection with the Chapter 11 Case or the Plan and its implementation, and the retention and employment of the Committee's Professionals shall terminate, except with respect to: (a) any matters concerning Distributions; (b) prosecuting applications for Professionals' compensation and reimbursement of expenses incurred as a member of the Committee; (c) asserting, disputing and participating in resolution of Professional Fee Claims; or (d) prosecuting or participating in any appeal of the Confirmation Order or any request for consideration thereof. Upon the resolution of (a) through (d), the Committee shall be immediately dissolved, and released.

J. Claims Agent

Donlin Recano, in its capacity as Claims and Noticing Agent and as Administrative Agent, shall be relieved of such duties on the date of the entry of the Final Decree or upon written notice by the Debtor or Plan Administrator.

K. Inconsistency

To the extent that the Plan conflicts with or is inconsistent with any agreement related to the Plan, the provisions of the Plan shall control; *provided, however*, that nothing in the Plan shall

be deemed to supersede, amend, modify the provisions of the Sale Order, the Bidding Procedures Order, the Stalking Horse APA, or the Cash Collateral Order.

In the event of any inconsistency between any provision of any of the foregoing documents, and any provision of the Confirmation Order, the Confirmation Order shall control and take precedence; *provided, however*, that nothing in the Confirmation Order shall be deemed to supersede, amend, modify the provisions of the Sale Order, the Bidding Procedures Order, the Stalking Horse APA, or the Cash Collateral Order.

L. No Admissions

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission by any Entity with respect to any matter set forth herein.

M. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained herein, or the taking of any action by the Debtor with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or Holders of Claims before the Effective Date.

N. Compromise of Controversies

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved pursuant to the Plan and in the Chapter 11 Case. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements, provided for in the Plan and the Chapter 11 Case. The Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate, and all Holders of Claims against the Debtor.

XII. Recommendation

In the opinion of the Debtor, the Plan is superior and preferable to the alternatives described in the Plan. Further, the value being provided to creditors under the Plan was subject to a competitive process through which parties other than Covenant could have provided higher and better bids, but determined, in their reasonable business judgment, that Covenant submitted the highest and best bid. Accordingly, the Debtor recommend that Holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation.

Executed this 14th day of March, 2022
Topsfield, Massachusetts

/s/ Toby Shea
Toby Shea
Chief Restructuring Officer
The Prospect-Woodward Home