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In re: TARRAGON CORPORATION, *et al.*, Debtors-in-Possession.	UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY HONORABLE DONALD H. STECKROTH CASE ~~NOS~~**NO**. 09-10555 (DHS) Chapter 11 (Jointly Administered)

~~FIRST~~SECOND AMENDED AND RESTATED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE DEBTORS' CHAPTER 11 PLAN OF REORGANIZATION

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This ~~First~~**Second** Amended and Restated Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code for the Debtors' Chapter 11 Plan of Reorganization ("Disclosure Statement"), the Debtors' ~~First~~**Second** Amended and Restated Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, a copy of which is annexed hereto as Exhibit A (the "Plan"), the accompanying ballots and related materials delivered herewith are being provided by the Debtors to known holders of Claims and Interests pursuant to Section 1125 and 1126 of the Bankruptcy Code in connection with the Debtors' solicitation of votes to accept the Plan. Unless otherwise defined, all capitalized terms contained in this Disclosure Statement have the meanings ascribed to them in the Plan.

The voting deadline to accept or reject the Plan is 5:00 P.M., prevailing Pacific Time, _____, 2010 (the "Voting Deadline"), unless extended by Order of the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"). Your vote on the Plan is important.

THE PLAN IS THE PRODUCT OF SUBSTANTIAL NEGOTIATIONS AMONG THE DEBTORS, THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE "CREDITORS' COMMITTEE") AND OTHER MATERIAL STAKEHOLDERS. THE DEBTORS AND THE CREDITORS' COMMITTEE BELIEVE THAT THE PLAN PRESENTS THE MOST ADVANTAGEOUS OUTCOME FOR ALL OF THE DEBTORS' GENERAL UNSECURED CREDITORS AND, THEREFORE, CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THEIR ESTATES. THE DEBTORS AND THE CREDITORS' COMMITTEE RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

By Order dated ~~April~~**May** ____ 2010, the Bankruptcy Court approved this Disclosure Statement as containing adequate information to permit the Holders of Claims against and Interests in the Debtors to make a reasonably informed decision in exercising their right to vote on the Plan. A copy of such Order is attached hereto as Exhibit B. Approval of this Disclosure Statement by the Bankruptcy Court does not constitute a determination on the merits of the Plan.

This Disclosure Statement and the related documents submitted herewith are the only documents authorized by the Bankruptcy Court to be used in connection with the solicitation of votes on the Plan. The Bankruptcy Court has not authorized the use of any representations concerning the Debtors' business operations, the value of the Debtors' assets or the value of any securities to be issued or benefits offered pursuant to the Plan, except as explicitly set forth in this Disclosure Statement.

There has been no independent audit or review of the financial information contained in this Disclosure Statement except as expressly indicated herein. This Disclosure Statement was compiled from information obtained by the Debtors from numerous sources believed to be accurate to the best of the Debtors' knowledge, information and belief.

Neither the Securities and Exchange Commission nor any other governmental authority has passed on, confirmed or determined the accuracy or adequacy of the information contained in this Disclosure Statement or on the decision to accept or reject the Plan. Holders of Claims or Interests must rely on their own examination of the Debtors and the terms of the Plan, including the merits and risks involved. Before submitting ballots, Holders of Claims or Interests entitled to vote on the Plan should read and carefully consider this Disclosure Statement in its entirety.

For the convenience of Holders of Claims or Interests, this Disclosure Statement summarizes the terms of the Plan. If any inconsistency exists between the Plan and this

Disclosure Statement, the terms of the Plan shall control. This Disclosure Statement may not be relied on for any purpose other than to determine whether to vote to accept or reject the Plan. Nothing stated herein shall be deemed or construed as an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtors or any other party, or be deemed conclusive evidence of the tax or other legal effects of the Plan on the Debtors or Holders of Claims or Interests. Certain statements contained in this Disclosure Statement, by nature, are forward-looking and contain estimates and assumptions. There can be no assurance that such statements will reflect actual outcomes. All Holders of Claims or Interests should carefully read and consider fully the risk factors set forth in Article VII of this Disclosure Statement before voting to accept or reject the Plan.

Summaries of certain provisions of agreements referred to in this Disclosure Statement do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the full text of the applicable agreement, including the definitions of terms contained in such agreement.

The statements contained herein are made as of the date hereof, unless another time is specified. The delivery of this Disclosure Statement shall not be deemed or construed to create any implication that the information contained in this Disclosure Statement is correct at any time after the date hereof.

Holders of Claims or Interests should not construe the contents of this Disclosure Statement as providing any legal, business, financial or tax advice. Therefore, each such Holder should consult with his, her or its own legal, business, financial and tax advisors as to any such matters concerning the solicitation, the Plan and the transactions contemplated thereby.

Although the Debtors' management has used its reasonable best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, none of the financial information contained in this Disclosure Statement has been audited or reviewed and is based upon an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement. While the Debtors' management believes that such financial information fairly reflects the financial condition of the Debtors, the Debtors' management is unable to represent or warrant that the information contained herein and attached hereto is without inaccuracies.

I. INTRODUCTION

A. Background

On January 12, 2009, Tarragon Corporation ("Tarragon Corp.") and certain of its affiliates (collectively, the "January 12, 2009 Debtors") filed petitions for relief under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code"). In addition to Tarragon Corp. the entities that filed for Chapter 11 protection on the Commencement Date were: Tarragon Development Corporation ("Tarragon Dev. Corp."), Tarragon South Development Corp. ("Tarragon South"), Tarragon Development Company LLC ("Tarragon Dev. LLC"), Tarragon Management, Inc. ("TMI"), Bermuda Island Tarragon LLC ("Bermuda Island"), Orion Towers Tarragon, LLP ("Orion"), Orlando Central Park Tarragon L.L.C. ("Orlando Central"), Fenwick Plantation Tarragon LLC ("Fenwick"), One Las Olas, Ltd. ("Las Olas"), The Park Development West LLC ("Trio West"), 800 Madison Street Urban Renewal, LLC ("800 Madison"), 900 Monroe Development LLC ("900 Monroe"), Block 88 Development, LLC ("Block 88"), Central Square Tarragon LLC ("Central Square"), Charleston Tarragon Manager, LLC ("Charleston"), Omni Equities Corporation ("Omni"), Tarragon Edgewater Associates, LLC ("Tarragon Edgewater"), The Park Development East LLC ("Trio East"), and Vista Lakes Tarragon, LLC ("Vista").

On January 13, 2009, Murfreesboro Gateway Properties, LLC ("Murfreesboro") and Tarragon Stonecrest, LLC ("Stonecrest," and together with Murfreesboro, the "January 13, 2009 Debtors") filed petitions for Chapter 11 bankruptcy protection as well. Finally, on February 5, 2009, Tarragon Stratford, Inc. ("Stratford"), MSCP, Inc. ("MSCP") and TDC Hanover Holdings LLC ("Hanover," and together with Stratford and MSCP, the "February 5, 2009 Debtors ", and together with the January 12, 2009 and January 13, 2009 Debtors, the "Debtors ") filed their petitions for Chapter 11 bankruptcy protection.

Since their respective Commencement Dates, the Debtors have remained in possession of their assets and the management of their business as Debtors-in-Possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

On ~~April~~**May** ____, 2010, the Bankruptcy Court approved this Disclosure Statement as containing "adequate information" in accordance with section 1125(b) of the Bankruptcy Code to enable a hypothetical, reasonable investor typical of the voting classes contained in the Plan to make an informed judgment about whether to accept or reject the Plan. **A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held on _____, 2010, at __:__ _.m., prevailing Eastern Time**, before the Honorable Donald H. Steckroth, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of New Jersey, Martin Luther King, Jr. Federal Building, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must be filed and served so that they are received on or before _____, 2010 at 5:00 p.m., prevailing Eastern Time, in the manner described in Article VI, Section F of this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy

Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

Attached as Exhibits to this Disclosure Statement are copies of the following documents:

- The Plan and all of the exhibits pertaining thereto (Exhibit A);
- Order of the Bankruptcy Court, among other things, approving this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan (Exhibit B);
- Organizational Chart of Tarragon as of the Commencement Date (Exhibit C);
- The Debtors' Cash Flow Projections (Exhibit D);
- Debtors' Estimated Recovery to Creditors (Exhibit E);
- The Debtors' Liquidation Analysis (Exhibit F);
- List of New Ansonia Acquired Interests (Exhibit G);
- The Credit Agreement (Exhibit H);
- Operating Agreement of New Ansonia (Exhibit I);
- Material Liquidation Assets (Exhibit J).

In the event of a conflict or inconsistency between the aforesaid documents and the Plan or this Disclosure Statement, such documents shall control.

In addition, a Ballot is enclosed with the Disclosure Statement enabling those Holders of Claims entitled to vote to accept or reject the Plan to cast their vote.

B. Voting

Voting instructions are contained in Article VI, Section A of this Disclosure Statement. To be counted, your original Ballot must be duly completed, executed and filed with **Kurtzman**

Carson Consultants LLC ("Kurtzman") by the Voting Deadline. Ballots filed after the Voting Deadline may not be counted.

II. GENERAL INFORMATION

A. Debtors' Corporate History and Structure

Tarragon Corp., incorporated in 1997, is a publicly traded Nevada corporation. Tarragon Corp. is the successor by merger to Vinland Trust, a public real estate investment trust formed in 1973, and National Trust, a public real estate investment trust that began operations in 1978.

Tarragon Corp. holds a direct or indirect interest in over 100 subsidiaries, partnerships and joint ventures, inclusive of both debtor and non-debtor entities (collectively, "Tarragon"). An organizational chart of Tarragon as of the Commencement Date is attached as Exhibit C.

Tarragon Corp.'s common stock is publicly traded on The NASDAQ Global Select Market ("NASDAQ") under the symbol "TARR". According to Tarragon Corp.'s transfer agent's records, as of August 4, 2008, 28,987,734 shares of Tarragon Corp.'s common stock were outstanding. On September 26, 2008, Tarragon Corp. received a deficiency notice from NASDAQ stating that it was not in compliance with NASDAQ Marketplace Rules because the minimum bid price of its common stock had closed below $1.00 per share for 30 consecutive business days. The NASDAQ deficiency notice had no immediate effect on the NASDAQ listing or trading of Tarragon Corp.'s common stock. On January 12, 2009, Tarragon Corp. received a NASDAQ Staff Determination Notice in connection with the commencement of the bankruptcy cases indicating that, pursuant to NASDAQ Marketplace Rules, Tarragon Corp.'s stock would be delisted from the NASDAQ. Trading on Tarragon Corp.'s stock was suspended on January 22, 2009.

B. Tarragon's Business Operations

Tarragon is a real estate developer, owner and manager with more than 30 years of experience in the real estate industry. As a developer, Tarragon has been recognized for its quality construction, creative design, commitment to principles of smart growth, and broad capabilities to meet the unique needs of the various communities in which it operates.

Tarragon's headquarters are located in New York City. Tarragon also maintains regional offices in Connecticut, Florida and Texas. As of the Commencement Date, Tarragon had approximately 300 employees consisting of executives, site level employees and corporate staff.

Tarragon operates two distinct business divisions, a real estate development division (the "Development Division") and an investment division (the "Investment Division"). The Development Division focuses on developing, renovating, building, and marketing homes in high-density, urban locations and in master-planned communities, as well as building luxury and affordable rental properties to sell upon completion and lease-up. The Investment Division owns and operates a portfolio of stabilized rental apartment communities located in Alabama, Connecticut, Florida, New Jersey, Texas, Tennessee, Maryland, Oklahoma and Georgia.

1. **The Development Division**

In its Development Division, Tarragon has focused on the development of the following distinct property types: (i) new low-rise and mid-rise rental apartment communities; (ii) high-rise and mid-rise condominiums; (iii) townhomes, traditional new developments and low-rise condominiums; and (iv) conversion of existing rental apartment communities to condominiums. These development projects typically have been targeted at highly defined market segments such as first-time, move-up, retirement, empty-nester, and affluent second-home buyers in Connecticut, South Carolina, New Jersey, Florida and Texas. Tarragon's goal has been to obtain sites at a cost that makes development economically feasible, and it generally has acquired land

subject to or after receiving zoning and other approvals to reduce development-related risk and preserve capital.

Tarragon historically financed its development activities through acquisition, development or construction loans and corporate borrowings, with the required equity investment coming principally from internally generated funds. Mortgage financing proceeds and proceeds from the sale of properties generated by Tarragon's rental real estate portfolio also historically have been significant sources of funding for development activities. Additionally, Tarragon often has undertaken development projects in partnership with third parties. These third parties were selected based on their expertise in particular areas or projects or the partners' access to capital to facilitate obtaining construction financing and to fund a portion of the required equity.

As of January 7, 2009, Tarragon's Development Division's inventory consisted of 1,034 units in active development projects, including: (i) 80 units in high and mid-rise developments; (ii) 10 units in townhome and traditional new home developments; (iii) 405 units in condominium conversions; and (iv) 539 units in rental developments. Tarragon's development pipeline consisted of 1,846 units including: (i) 352 units in high and mid-rise developments; (ii) 200 units in mixed-use residential and commercial developments; (iii) 72 units in townhome and traditional new developments; and (iv) 1,222 units in rental developments.

As a result of the recent marked slowdown in new home sales, the decline in home prices and the increasingly more restrictive credit markets, the Development Division has deemphasized for-sale housing in future project planning in favor of development of traditional, low-rise rental apartments with an emphasis on suburban garden apartment developments.

2. **The Investment Division**

Tarragon's Investment Division owns and operates a portfolio of rental properties with stabilized operations (i.e. development or renovation is substantially complete and recurring operating income exceeds operating expenses and debt service). The Investment Division also provides management services to the Development Division's rental properties that are earmarked for conversion to condominiums or under construction and in the initial lease-up stage.

Tarragon, through TMI, manages its rental apartment communities in the Investment Division with a focus on adding value. Tarragon has implemented programs to optimize revenue generated by the investment properties, including, but not limited to, daily value pricing and lease inventory management, as well as programs to enhance ancillary income from cable, television, telephone and high-speed internet services, laundry facilities, and vending machines. Tarragon utilizes an integrated accounting, financial and operational management information system which connects regional offices and management sites with Tarragon's corporate headquarters in New York City.

Funds generated by the operation, sale and refinancing of Tarragon's investment real estate portfolio primarily have been used to finance expenses associated with Tarragon's development operations and to repay debt and other obligations. Rental income also has been used to enhance the value of Tarragon's investment portfolio through consistent capital improvements.

As of January 7, 2009, Tarragon's Investment Division portfolio consisted of 7,392 stabilized apartment units and 3 apartment communities with 642 apartments in lease-up in its Investment Division portfolio. Additionally, Tarragon's Investment Division portfolio included approximately 102,000 square feet of commercial property.

C. Tarragon's Pre-Petition Financial Performance

On November 10, 2008, Tarragon filed its Form 10-Q with the Securities and Exchange Commission disclosing Tarragon's financial performance for the nine months ended September 30, 2008 (the "10-Q"). As of September 30, 2008, Tarragon had consolidated assets totaling approximately $840,688,000 and consolidated liabilities totaling approximately $1,000,000,000.

As reported in the 10-Q, Tarragon's consolidated revenue was $48.5 million and $275.8 million for the three and nine months ending on September 30, 2008, respectively. Tarragon suffered losses from continuing operations of $58.4 million and $111.5 million, respectively, for the three and nine months ending on September 30, 2008, compared to $178.5 million and $254.5 million for the corresponding periods in 2007.

Sales revenue in 2008 was adversely impacted by the volatility of the real estate market and the events affecting the sub-prime mortgage market. Total sales revenue decreased by $21.2 million and $2.6 million, respectively, for the nine and three months ending on September 30, 2008. In particular, Tarragon experienced a slowdown in sales at its condominium conversion projects and townhome developments for which consolidated revenue declined by $112 million and $50.2 million, respectively, for the nine months ending on September 30, 2008.

Rental income was modestly impacted by the deteriorating housing industry. Rental and other revenue decreased $441,000 (or 2.3%) and $1.7 million (or 3%), respectively, for the three and nine months ending on September 30, 2008.

As a result of the Debtors' operating losses, the Debtors have not incurred significant federal income tax liability and, in fact, have incurred substantial net operating losses ("NOL"). The Debtors' NOL currently are estimated to be approximately $300 million, which, based on the present 35% corporate tax rate, are worth as much as $105 million in potential future federal tax savings.

D. The Pre-Petition Capital Structure

Historically, Tarragon relied on project financing to fund growth opportunities in the Development Division and non-recourse mortgage financing in the Investment Division. In the Development Division, Tarragon obtained loans to finance the acquisition of land for future development or sale, and to finance the cost of construction and land infrastructure, as well as the cost of acquiring and/or renovating rental properties for conversion into condominium homes. Generally, one of Tarragon Corp.'s subsidiaries or joint ventures was the borrower on the loan and, in many cases, either Tarragon Corp. and/or Tarragon Dev. Corp. guaranteed repayment of those obligations.

1. **Tarragon Unsecured Debt**

As of the Commencement Date, Tarragon Corp. had unsecured debt totaling approximately $170 million, exclusive of contingent guaranty obligations and unliquidated litigation claims, broken down as follows: (i) $125 million of subordinated unsecured debt to Taberna Capital Management LLC and certain of its affiliates (collectively, "Taberna") pursuant to the terms of Subordinated Indentures dated June 15, 2005, September 12, 2005 and March 1, 2006, as amended (the "Taberna Indentures"); (ii) approximately $40 million of unsecured debt to affiliates of the Debtors, Beachwold Partners, L.P. ("Beachwold") and Robert P. Rothenberg, Tarragon Corp.'s President ("Rothenberg"), pursuant to the terms of promissory notes dated January 7, 2008 (the "Affiliate Notes"); and (iii) other unsecured debt to vendors and other claimants, including a credit line with Bank of America, N.A. ("~~Bank of America~~**BofA**") secured by assets owned by certain subsidiaries of Tarragon Corp.

2. **Contingent Claims**

As of the Commencement Date, Tarragon Corp. also had contingent claims resulting from its guarantees of affiliate and subsidiary project debt (described briefly below) totaling

approximately $769 million. In addition, Tarragon Corp. and its development subsidiaries and affiliates are subject to warranty and construction defect claims arising in the ordinary course of business.

As of the Commencement Date, there also were several asserted and contingent claims against various Tarragon entities for personal injury and property damage allegedly caused by, among other things, construction defects, water intrusion and mold. In certain of those claims and/or lawsuits, Tarragon Corp. and other holding company Debtors have been named as current or potential defendants. The contingent claims are in varied stages of maturity, ranging from the receipt of statutory construction defect notices to trial-ready lawsuits.

3. **Secured Debt at the Project Level**

In connection with Tarragon's various development projects, the costs of construction, renovations and acquisitions of land are financed through loans from institutional lenders secured by mortgages on the real estate owned by Tarragon Corp.'s direct and indirect subsidiaries.

The following table summarizes the Debtors' mortgage debt as of the Commencement Date:[1]

Debtor	**Lender**	**Balance as of the Commencement Date**
Bermuda Island	~~Bank of America~~**BofA**	$41,458,495
Orion	~~Bank of America~~**BofA**	$7,690,400

[1] The non-debtor projects had aggregate secured debt of approximately $625 million as of the Commencement Date. Nothing herein constitutes an admission by the Debtors as to the amount or extent of debt or the validity of liens.

Orlando Central	~~Bank of America~~**BofA**	$5,454,717
Las Olas	Bank Atlantic/Regions Bank	$2,860,262
Trio West	iStar FM Loans LLC	$15,536,810
800 Madison	~~Bank of America~~**BofA**	$66,564,955
900 Monroe	~~Bank of America~~**BofA**	$3,900,000
Central Square	Regions Bank	$8,970,000
Trio East	~~Bank of America~~**BofA**	$3,600,000
Murfreesboro	National City Bank ("National City")	$23,000,000
Stonecrest	National City	$5,600,000
	Total	$184,635,639

As set forth herein, the secured debt on certain Debtor projects was satisfied or reduced as a result of asset sales and settlements that occurred during the Chapter 11 cases.

III. FACTORS PRECIPITATING THE DEBTORS' CHAPTER 11 FILINGS

A. Adverse Market Conditions

The homebuilding industry in the United States, for several quarters leading up to the Commencement Date, experienced a significant and sustained decrease in demand for new homes and an oversupply of new and existing homes for sale. The negative impact of those trends has been compounded by recent difficulties in the mortgage and overall credit markets. In fact, many other large homebuilders, including Levitt and Sons LLC, Kimball Hill, Inc., Tousa Inc., WCI Communities Inc., and Woodside Group LLC, have been forced to seek bankruptcy protection based on the significant downturn in the homebuilding industry.

Similar to the impact on Tarragon's competitors, Tarragon experienced declining home prices and sales volumes and dampening customer confidence. The downturn in the homebuilding industry has been particularly sudden and steep in Florida and other areas in which Tarragon is concentrated.

Historically, Tarragon's principal sources of cash have been proceeds from sales of for-sale or for-rent housing, borrowings, rental operations, and proceeds from the sale of rental real estate developments. Throughout 2007 and 2008, however, the decline in home prices and concomitant increase in sales discounts and sales incentives, based with additional lease-up and interest costs associated with certain properties, strained Tarragon's liquidity. Tarragon's liquidity has been further impacted by an increased cost of labor and supplies, resulting in reduced margins for homes sold.

Moreover, the volatility of the mortgage lending industry adversely affected the ability of Tarragon's buyers to obtain affordable home mortgages, detrimentally impacting Tarragon's sales. As a result of increased default rates, particularly in the sub-prime mortgage market, many lenders discontinued certain types of residential mortgage loans or significantly heightened their loan qualifications for such loans. The resulting difficulty in obtaining financing reduced the pool of qualified and capable home buyers. Additionally, the restricted credit markets increased buyer termination of contracts. Those defaults limited Tarragon's ability to deliver units from their residential inventory and collect contracts receivable upon completion of projects.

In the third quarter of 2007, the deterioration in the real estate credit markets prevented Tarragon from completing financing transactions that had been under negotiation. The inability to close those transactions materially affected Tarragon's liquidity, including its ability to repay existing indebtedness as it became due and to meet other current obligations. Those market

conditions also detrimentally affected Tarragon's ability to comply with financial covenants contained in existing debt agreements.

B. Tarragon's Pre-Petition Efforts to Improve Liquidity

In response to those adverse market conditions, Tarragon took several steps aimed at preserving cash and enhancing its liquidity. In response to the marked slowdown in sales, Tarragon decided not to convert a number of rental properties previously targeted for conversion to condominium homes for sale. Instead, Tarragon decided to operate those properties as rental properties and transferred them from the Development Division to the Investment Division. As a result of that decision, Tarragon incurred additional lease-up and interest costs associated with those apartment properties. In August 2007, Tarragon also decided to sell 16 of those properties in connection with its efforts to improve liquidity and reduce debt.

As of the Commencement Date, Tarragon sold 15 of the 16 properties, generating net cash after payment of project-level obligations of $54.5 million. In addition, before the Commencement Date, Tarragon sold three development properties that had been financed mostly with short-term, floating rate debt. Accordingly, the sales of those assets improved liquidity primarily by reducing negative cash flow and reducing debt.

Tarragon also took certain measures to reduce general and administrative overhead expenses by implementing a reduction in workforce in August 2007. Thereafter, Tarragon continued to trim its workforce and reduce overhead by eliminating 200 additional positions in 2008. Also in 2008, Tarragon closed offices in Orlando and Jacksonville, Florida, and significantly decreased lease expenses by reducing the size of the Ft. Lauderdale office from 25,000 square feet to 5,000 square feet.

Finally, Tarragon reevaluated the economic feasibility of its active and pipeline development projects in light of the 2008 market conditions. As a result of that evaluation,

Tarragon delayed the commencement of seven planned development projects and one planned conversion of an apartment complex into a hotel. Tarragon also terminated one project already under construction and contracts to acquire two additional developments.

C. Pre-Petition Forbearance Agreement with Taberna

On October 30, 2008, Tarragon Corp. entered into a Restructuring Support and Forbearance Agreement with Taberna, the Indenture Trustee, Beachwold, and Rothenberg (the "Forbearance Agreement"). Pursuant to the Forbearance Agreement, Taberna agreed to support a financial restructuring of Tarragon Corp. and to refrain from exercising any rights and remedies under the Taberna Indenture through June 30, 2009, assuming the guaranty interest payments due on January 30, 2009, and April 30, 2009, were timely made.

The Forbearance Agreement contemplated a financial restructuring in which the Taberna Notes and the Affiliate Notes would be restructured and become obligations of a reorganized Tarragon Corp. or an affiliated issuer. The Forbearance Agreement further contemplated that the sponsor of a restructuring plan and certain of Tarragon Corp.'s debt holders would receive shares of reorganized Tarragon Corp.'s equity, representing a controlling interest in the reorganized company, in exchange for the assumption of the indebtedness of the Taberna Notes and the Affiliate Notes. As of the Commencement Date, however, the Debtors had not reached agreement with a plan sponsor on a restructuring of Tarragon consistent with that contemplated by the Forbearance Agreement. In view of the fact that an agreement had not been reached with an investment partner, Tarragon Corp. did not make the interest payments to Taberna that were due on January 30, 2009 or April 30, 2009.

Prior to the Commencement Date, the Debtors and their professionals devoted significant time evaluating the Debtors' business operations and funding requirements to identify the most comprehensive options for resolving their financial difficulties and maximizing value for the

benefit of all stakeholders. Beginning in the summer of 2008, Tarragon Corp. engaged in discussions with Arko Holdings, Ltd. ("Arko"), a publicly traded Israeli company, regarding the recapitalization of Tarragon Corp. Those discussions facilitated the execution of the Forbearance Agreement with Taberna. An affiliate of Arko committed to provide a $6.25 million debtor-in-possession financing facility.

Upon their orderly transition into Chapter 11, and in an effort to maximize stakeholder recoveries, the Debtors continued to explore all strategic alternatives including, but not limited to, continued negotiations with Arko, as well as evaluating a possible sale or other restructuring or recapitalization, or combinations thereof. In that regard, the Debtors engaged Lazard Frères & Co. LLC to evaluate those alternatives and to actively market the Debtors to other potential investors or purchasers.

D. Subordination of Certain Indebtedness to the Taberna Indentures.

Taberna Capital Management, LLC ("Senior Lender"), as collateral manager for and on behalf of Taberna Preferred Funding II, Ltd., Taberna Preferred Funding III, Ltd., Taberna Preferred Funding IV, Ltd., Taberna Preferred Funding V, Ltd. and Taberna Preferred Funding VI, Ltd., Beachwold and Rothenberg (collectively, the "Junior Lender"), Tarragon Corp., Friedman, Lucy Friedman, and certain Affiliates of the Junior Lender are parties to that certain Standstill Agreement dated as of March 27, 2008 ("Standstill Agreement").

Pursuant to the terms of the Standstill Agreement, indebtedness (the "Junior Indebtedness") under that certain (i) letter agreement dated January 7, 2008 between Tarragon Corp. and the Junior Lender, (ii) Promissory Note dated January 7, 2008 in favor of Beachwold, and (iii) Promissory Note dated January 7, 2008 in favor of Rothenberg is subordinated to the prior indefeasible payment in full of the Taberna Indentures.

Although the Junior Indebtedness is subordinated to the Taberna Indentures, Tarragon Corp. may (i) pay the Junior Lender cash interest or dividends on the principal amount of the Junior Indebtedness or any equity securities into which the Junior Indebtedness may be converted at a rate not to exceed 5% per annum, (ii) convert the Junior Indebtedness into equity securities of Tarragon Corp., and (iii) issue equity securities of Tarragon Corp. or additional indebtedness of Tarragon Corp. that is subordinated to the Taberna Indentures; provided that such payments may be made only so long as (a) no default under the Standstill Agreement, the related Option Agreement or an event of default under the Taberna Indentures has occurred and is continuing, (b) immediately after giving effect to such payment, Tarragon Corp. has unrestricted cash in an amount in excess of $10,000,000, (c) such interest payments are made on a quarterly basis during a ten day period where payments (other than principal) due to Senior Lender under the Taberna Indentures have been paid in full, and (d) such payments were not made prior to September 28, 2008.

Pursuant to the terms of the Standstill Agreement, the Junior Lender agreed that it shall not (i) accelerate the Junior Indebtedness or any portion thereof, or (ii) take any Enforcement Action (as defined in the Standstill Agreement) until the earlier of (a) 91 days following the satisfaction in full of the Taberna Indentures, or (b) 91 days following the acquisition of the Taberna Indentures pursuant to the terms of the Option Agreement.

E. Tarragon Dev. LLC's Relationship with Ansonia Apartments, L.P.

Ansonia Apartments, L.P., a Delaware limited partnership ("Ansonia LP"), was formed on November 25, 1997. Pursuant to that certain Limited Partnership Agreement dated November 25, 1997 ("Ansonia LPA"), as thereafter amended from time to time, Tarragon Dev. LLC owns a 89.44% general partnership interest in Ansonia LP and Ansonia owns a 10.56% limited partnership interest in Ansonia LP.

Ansonia LP's day to day business affairs are managed by Tarragon Dev. LLC, its General Partner. However, pursuant to the Ansonia LPA, so long as (1) Ansonia LLC, a non-affiliate of Tarragon Corp. ("Ansonia") is a limited partner of Ansonia LP, and (2) Rothenberg is a member of Ansonia, the General Partner shall have no authority to perform any of the following without the approval of Ansonia: (i) purchase, sell, lease or otherwise acquire an interest in real property, (ii) obtain, increase, modify, consolidate, guarantee or extend any loan or other obligation affecting the Ansonia LP; provided, that Tarragon Dev. LLC may, without the approval of Ansonia (a) refinance any loan at maturity, (b) refinance a loan prior to maturity if the new loan will be made by an institutional lender, or (c) refinance a recourse obligation of Ansonia LP with a non-recourse obligation or refinance a recourse obligation with a recourse obligation in an equal or lesser principal amount, (iii) admit a new or substitute partner, (iv) change the business plan of Ansonia LP or do any act which would make it impossible or unreasonably burdensome to carry on the business of Ansonia LP, (v) dissolve, liquidate or otherwise terminate Ansonia LP, (vi) merge or consolidate Ansonia LP with any other entity, (vii) file a petition in bankruptcy, seek the appointment of a receiver or make an assignment for the benefit of creditors on behalf of Ansonia LP or take any similar action, or (viii) amend the Ansonia LPA or the Certificate of Limited Partnership.

Additionally, Tarragon Dev. LLC may not sell or transfer all or any part of its general partnership interest in Ansonia LP without the consent of Ansonia. Ansonia may only sell, transfer, assign, pledge, hypothecate, encumber or dispose of all or any part of its limited partnership interest in compliance with the terms and conditions of the Limited Partnership Agreement.

F. Circumstances and Timing of the Filing of the Petitions

Prior to commencement of the bankruptcy proceedings, Tarragon Corp.'s management conducted a thorough analysis of the nature and extent of each entity's assets and liabilities. As a result of this analysis, on the Commencement Date, the January 12, 2009 Debtors filed petitions for Chapter 11 bankruptcy protection.

The January 12, 2009 Debtors constitute far fewer than all of the more than 100 Tarragon entities listed in the organizational chart attached hereto as Exhibit C, and were strategically selected by Tarragon's management and advisors based on the particular facts and circumstances of the specific entities. An important factor in determining whether a project owner sought Chapter 11 protection was the existence of alleged defaults on mortgages (primarily as a result of maturity) and the status of discussions with their respective mortgage lenders regarding forbearance and related issues. More specifically, several Tarragon project-owning entities were omitted from the initial Tarragon Chapter 11 filing based on perceived progress in lender discussions regarding a forbearance agreement or similar accommodations that would obviate the need, at least in the immediate term, to cause the entity to seek Chapter 11 protection. Those considerations were instrumental in identifying the January 12, 2009 Debtors.

Additional factors emerged when, upon being informed of the January 12, 2009 Debtors' Chapter 11 filings, National City notified Murfreesboro and Stonecrest of its intention to commence an action against those entities seeking, among other things, certain emergent relief from the Tennessee state court. The intended relief to be sought included the immediate appointment of a rent receiver for projects encumbered by deeds of trust in favor of National City, which deeds of trust secure notes due by Murfreesboro and Stonecrest to National City with balances of approximately $23,000,000 and $5,600,000, respectively. Additionally, National City indicated that it would seek an injunction preventing Murfreesboro and Stonecrest from

collecting rents. As a result, Tarragon's management decided on January 13, 2009 to file petitions for protection under Chapter 11 of the Bankruptcy Code for Murfreesboro and Stonecrest to preserve the value of their assets for stakeholders.

Approximately two weeks later, Tarragon Corp. determined that three additional Debtors, Stratford, MSCP, and Hanover -- the February 5, 2009 Debtors -- were in need of Chapter 11 bankruptcy protection. The February 5, 2009 Debtors have ownership interests in non-debtor affiliates, Exchange Tarragon LLC, East Hanover Tarragon LLC, Capitol Ave. Tarragon LLC, Mariner's Point Tarragon LLC, and Merritt-Stratford, L.L.C. (the "Paradigm Borrowers") and are party to three notes due to Paradigm Credit Corp. ("Paradigm") in the aggregate principal amount of $29,800,000 (collectively, the "Paradigm Loan").

Before the commencement of the January 12, 2009 Debtors' Chapter 11 cases, Tarragon Corp., Tarragon South, the Paradigm Borrowers and the February 5, 2009 Debtors negotiated a forbearance agreement with Paradigm (the "Paradigm Forbearance Agreement"). The Paradigm Forbearance Agreement extended the maturity dates of the Paradigm Loan, revoked Paradigm's pre-petition exercise of equity pledges and waived default interest. In turn, the Paradigm Borrowers agreed, among other things, to cross-collateralize the Paradigm Loan and committed to pay interest to Paradigm on a monthly basis. In the course of their ongoing review of cash flow, asset values and other information concerning the relevant properties, however, the Paradigm Borrowers determined that the Paradigm Forbearance Agreement no longer continued to make economic sense. In anticipation of the potential exercise of remedies by Paradigm, to preserve the value of their assets and for the benefit of their stakeholders, the February 5, 2009 Debtors filed their petitions for bankruptcy protection.

An Order directing joint administration of the January 12, 2009 Debtors' cases and the January 13, 2009 Debtors' cases was entered on January 15, 2009. Subsequently, the Debtors filed a motion seeking entry of an Order deeming the February 5, 2009 Debtors parties to the First Day Motions (as defined *infra*), including the motion seeking joint administration. In their motion, the Debtors set forth the developments that led to the necessity to file additional petitions, including, as described more fully above, changes in certain Debtors' relationships with certain lenders. The Bankruptcy Court entered an Order granting the motion on February 20, 2009.

G. Litigation with Northland

Before the Commencement Date, Tarragon Corp. entered into an agreement with Northland Investment Corporation ("Northland Investment"), Northland Portfolio, L.P., Northland Fund, L.P., Northland Fund III, L.P., Northland Austin Investors LLC, Austin Investors L.P., Drake Investors L.P. and Tatstone Investors (collectively, "Northland Investment"), a series of privately held real estate investment companies, limited partnerships and limited liability companies, to form two joint ventures. Under the terms of a Contribution Agreement dated March 31, 2008 (the "Contribution Agreement"), Northland Investment, Tarragon Corp. and Ansonia, agreed, over time, to contribute their membership or limited partnership interests in various companies (the "Contributed Companies") to a newly formed company called Northland Properties LLC (the "Northland Real Estate Venture"). The respective ownership and management interests in the Northland Real Estate Venture were to be based on the relative value of each party's contributed assets.

The Contributed Companies that were identified by Tarragon Corp. for contribution to the Northland Real Estate Venture collectively owned 6,942 units and had non-recourse debt of $459 million. Based on the parties' joint assessment of the equity in all of the properties to be

contributed, Tarragon Corp. and Ansonia, a partner in 24 of the contributed properties, would initially own 22.4% of the Northland Real Estate Venture and Northland Investment would own the remaining 77.6%. Consummation of the Northland Real Estate Venture was subject to lender consents and other customary closing conditions.

Contemporaneously with the formation of the Northland Real Estate Venture, Tarragon Corp. and Northland formed a second joint venture called Northland Properties Management LLC ("Northland Management," which, together with Northland Investment, collectively shall be referred to as "Northland") to provide property, asset and construction management services to the properties in the Northland Real Estate Venture (the "Northland Management Venture"). Northland Management Venture was to be owned by Tarragon Corp. and Northland in the same proportion as the contemplated ownership in the Northland Real Estate Venture.

In May 2008, Northland Management Venture assumed management of 24 Tarragon apartment communities under an interim Management Agreement. In addition, the employment of 25 of Tarragon's corporate employees and 215 site level employees was transferred to Northland Management Venture at that time.

1. **Massachusetts Litigation**

Tarragon Corp. entered into a contract with Northland Fund II, L.P. ("Northland Fund II") to sell all of Tarragon Corp.'s membership interests in Bermuda Island for the sum of $42,500,000 (the "Bermuda Island Contract"). Pursuant to the Bermuda Island Contact, Northland Fund II agreed to assume the existing mortgage loan from Bermuda Island to its lender and to close on the sale by March 31, 2008 (one day before the maturity of the loan).

Before the March 31, 2008 "time of the essence" closing date, Northland Fund II requested that the closing date be rescheduled to April 30, 2008. Tarragon Corp. was reluctant to delay the March 31, 2008 closing. Based on Northland Fund II's representation that it intended

to finalize the transaction shortly, however, Tarragon Corp. agreed to extend the closing date to April 30, 2008. Subsequently, on several occasions, Northland Fund II requested to further delay the closing date and Tarragon Corp. ultimately agreed to extend the closing to July 31, 2008. When Tarragon Corp. refused to grant any further extensions of the closing date, and demanded that Northland Fund II close on the acquisition, Northland Fund II issued a letter on July 31, 2008, stating it was terminating the contract because the mortgage lender's consent to the transaction was inadequate.

On August 4, 2008, Northland Fund II commenced a lawsuit against Tarragon Corp. in the Superior Court of Massachusetts, County of Middlesex, Civil Action No.: 08-2944 (the "Massachusetts Litigation"). In that lawsuit, Northland Fund II claimed that it was entitled to terminate the Bermuda Island Contract and recover its deposit. Tarragon Corp. filed an answer to the complaint and asserted counterclaims against Northland Fund II for wrongful termination of the Bermuda Island Contract. The security deposit advanced by Northland Fund II under the Bermuda Island Contract, which is subject to dispute between Tarragon Corp. and Northland Fund II, is being held by the title company pending the outcome of the Massachusetts Litigation.

2. **New York Litigation**

Before the Commencement Date, Tarragon Corp. did not receive the requisite lender consents to the Northland Real Estate Venture. Consequently, the Contribution Agreement was terminated.

On August 20, 2008, Northland Investment filed suit against Tarragon Corp., Ansonia, Rothenberg and William S. Friedman ("Friedman" and collectively with Tarragon Corp., Ansonia and Rothenberg, the "Northland Defendants") in New York Supreme Court, Index No.: 602425/08 (the "New York Litigation"), claiming, *inter alia*, that the Northland Defendants breached the Contribution Agreement by failing to use their best efforts to obtain General

Electric Capital Corporation's ("GECC") consent. Northland Investment also sought entry of a preliminary injunction against Tarragon Corp. and Ansonia relative to the Contribution Agreement. On September 17, 2008, the New York Supreme Court denied Northland's Investment's preliminary injunction application. On September 24, 2008, Tarragon Corp. filed an answer to the complaint and asserted a series of counterclaims against Northland Investment and Northland Management.

In view of the failed Northland Real Estate Venture, Tarragon Corp. requested that Northland Management voluntarily transition back to Tarragon Corp., management of the Tarragon properties that were being managed by Northland Management Venture under an interim Management Agreement. Northland refused, thereby forcing Tarragon Corp. to resort to legal action. On September 17, 2008, the Court in the New York Litigation ordered Northland to complete the transition of property management duties relative to Tarragon Corp.'s properties within seven to ten days after September 17, 2008. Northland refused to comply with that Order as well.

Despite Northland's refusal to comply with the September 17, 2008 Order, and its repeated threats against Tarragon Corp. and the property employees, management of the Contributed Properties was transitioned back to Tarragon Corp. by September 27, 2008. Shortly thereafter, by letter dated October 2, 2008, Tarragon Corp. formally terminated the Northland Real Estate Venture and Northland Management Venture. On December 2, 2008, the New York Litigation was dismissed as to Friedman and Rothenberg. As a result of the automatic stay and the dismissal of Northland's claims against Friedman and Rothenberg, the New York Litigation has been inactive since the Commencement Date, except for a notice to preserve its right to

appeal the dismissal that was filed by Northland (but not yet perfected) and pending motion to dismiss the claims against Ansonia.

3. **Post-Petition Litigation with Northland**

On March 30, 2009, Tarragon Corp. commenced an adversary proceeding by filing a complaint against Northland Investment and Northland Management, Adv. Pro. No. 09-1469. In its complaint Tarragon Corp. asserted, *inter alia*, that Northland breached the Joint Venture Agreement, interim Management Agreement and the terms of the Northland Management Operating Agreement and Northland Fund II wrongfully terminated the Bermuda Island Contract. On May 15, 2009, Northland filed an answer to the complaint denying Tarragon Corp's claims. On June 3, 2009, Northland filed an amended answer and counterclaim asserting, *inter alia*, that Tarragon Corp. breached the Contribution Agreement by failing to use its best efforts to obtain GECC's consent. On July 27, 2009, the Bankruptcy Court entered an order denying Northland's motion to dismiss the adversary proceeding and held that the claims asserted in the New York and Massachusetts litigations are core proceedings that will be litigated in the Bankruptcy Court. No discovery schedule has been issued by the Court as of this date.

IV. THE CHAPTER 11 CASE

The following is a brief description of certain major events that have occurred during the Chapter 11 Cases.

A. First Day Motions

Concurrently with the filing of their petitions, the Debtors filed a number of "first day motions" to ensure their ability to continue operating in the ordinary course of business, to minimize the disruption of their ability to provide services to their customers, to minimize employee attrition and to maintain vital vendor relationships. The orders ("First Day Orders")

entered in connection with the Debtors' "first day motions" played a crucial role in achieving an orderly transition into Chapter 11. A brief summary of the First Day Orders appears below.

B. Procedural Orders

1. Orders Authorizing Joint Administration of Affiliated Cases

The Court entered an Order on January 15, 2009 authorizing the joint administration of Tarragon's case and the cases filed by its affiliates on January 12, 2009 and January 13, 2009. On February 5, 2009, the Debtors filed a motion for an "Order Pursuant to 11 U.S.C. Section 105(a) Directing that Certain Orders in the Chapter 11 Cases of Tarragon Corporation, et al., be made applicable to Tarragon Stratford, Inc., MSCP, Inc. and TDC Hanover Holdings LLC", which related entities filed petitions for Chapter 11 bankruptcy protection on February 5, 2009.

2. Other Procedural Orders

On January 15, 2009, the Court entered an Order designating the Debtors' cases as complex Chapter 11 cases. In addition, the Court entered Orders: (i) authorizing the Debtors to file a consolidated list of their thirty largest unsecured creditors; (ii) extending the Debtors' time to file schedules of assets and statements of financial affairs; (iii) authorizing the Debtors to retain and compensate professionals used by the Debtors in the ordinary course of their business *nunc pro tunc* to the Commencement Date; and (iv) authorizing the Debtors to retain Kurtzman as its claims and noticing agent.

3. Operational Orders

a. Orders Concerning the Sale of Assets

In the ordinary course of its business, after evaluating and identifying an asset as either unproductive, nonessential or capable of generating the greatest return through a sale, Tarragon generally markets the asset for sale to reduce or retire associated debt and improve overall liquidity. To avoid any debate as to whether asset sales constitute transactions outside the

Debtors' ordinary course of business that would require individual court approval, and to provide confidence to buyers that the Debtors have the requisite authority to sell and avoid unnecessarily burdening the Court and the parties-in-interest with numerous motions seeking similar relief on similar grounds, the Debtors sought approval of a streamlined process for review and approval of certain asset sales. The Court entered an interim Order on January 15, 2009 and a final Order on February 20, 2009 authorizing procedures for the sale of assets by the Debtors.

Additionally, the Court entered an Order authorizing the Debtors and their non-debtor affiliates to continue to sell residential inventory in the ordinary course of business and to continue to transfer the sale proceeds in accordance with their cash management system on January 15, 2009.

b. **Customer Programs**

Before the Commencement Date, the Debtors engaged in the ordinary course of business in various customer programs to enhance customer satisfaction, sustain goodwill and ensure that the Debtors remain competitive in the markets in which they operate. The Court entered an Order on January 15, 2009 authorizing, but not directing, the Debtors to honor prepetition obligations under existing customer programs and authorizing financial institutions to receive, process, honor and pay all checks presented for payment and electronic payment requests relating to such obligations.

c. **Utility Providers**

The Debtors rely on a large number of utility service providers including water, telephone, electricity, video conferencing, ISDN, gas and internet service in the ordinary course of their business. In order to prevent the business interruption likely to result in the event of interruption of service of one or more utilities, the Debtors filed a motion for an Order deeming

their utility service providers adequately assured of future performance. On January 15, 2009, the Court entered an interim Order granting the motion and scheduling a final hearing on adequate assurance for a later date. On February 20, 2009, the Court entered a final Order deeming utilities adequately assured of future performance to all utilities with the exception of PSE&G, which objected to the Debtors' motion and requested a larger security deposit. On March 30, 2009, the Court entered a final Order deeming PSE&G adequately assured of future performance.

d. **Wages and Benefits**

The Debtors' workforce is integral to the continued operation of their businesses. As a result, the Debtors filed a motion seeking authorization to honor, in the ordinary course of business, certain payroll and related obligations to their employees owed as of the Commencement Date as well as authorization to continue, in their sole discretion, all employee health and benefit plans and programs in effect as of the Commencement Date. On January 15, 2009, the Court entered an Order authorizing such transactions and directing the Debtors' payroll service and any payroll banks to honor transactions related to pre-petition gross salaries, payroll taxes and related employee benefit obligations to the Debtors' employees.

e. **Cash Management**

Tarragon uses an integrated, centralized cash management system in its ordinary course of business. The centralized cash management system enables Tarragon to (i) better forecast and report its cash position, (ii) monitor collection and disbursement of funds, and (iii) maintain control over the administration of various bank accounts, all of which facilitates effective collection, disbursement and movement of cash. To prevent business interruption and to avoid administrative inefficiencies that would result if they were required to modify their existing cash management system, the Debtors filed a motion for an Order (i) authorizing the Debtors to

continue using their existing cash management system, bank accounts and business forms; (ii) authorizing continue intercompany arrangements and historical practices; and (iii) waiving the requirement of the Debtors' compliance with investment guidelines under 11 U.S.C. Section 345(b). On January 15, 2009, the Court granted the motion on an interim basis for sixty days. On March 16, 2009, the acting United States Trustee ("UST") objected to the Debtors' continued waiver of the requirements of Section 345 of the Bankruptcy Code. In response to that objection, the Debtors obtained Uniform Depository Agreements with certain of their banks and closed accounts that maintained a zero balance and were not used in the operation of their business. The only outstanding issue related to two bank accounts at Compass Bank which serve as collateral for outstanding letters of credit. The UST agreed to waive the requirements of Section 345(b) for those accounts, provided that the Debtors provide monthly bank statements to the UST. On April 2, 2009, the Court entered a final Order on the motion.

4. **Post-Petition Financing**

a. **ARKOMD DIP Facility**

While at the outset of their cases, the Debtors believed that they would have sufficient cash on hand to operate their businesses, the Debtors could not be certain, given the continuing decline of the housing industry and concomitant decrease in cash receipts and collections, that they would be able to continue to do so. As a result, the Debtors determined that a post-petition financing facility would be required to ensure the seamless continuation of the Debtors' business while they explore restructuring alternatives. Accordingly, the Debtors negotiated a post-petition financing agreement with an affiliate of Arko known as ARKOMD, LLC ("ARKOMD"), pursuant to which ARKOMD would provide, through a $6.25 million credit facility (the "ARKOMD DIP Facility"), funds necessary for the Debtors to pay their ongoing expenses.

The Court entered an Order authorizing the Debtors to obtain the post-petition financing on March 5, 2009. The Order provided that ARKOMD will make funds available to the Debtors subject to allowable variances in accordance with the terms of a budget. As security for the repayment of the obligations, the Debtors granted ARKOMD a first priority lien on certain equity interests in the Debtors and any otherwise unencumbered assets and property.

The original maturity date of the ARKOMD DIP Facility was 180 days after the Commencement Date, subject to extension to 240 days after the Petition Date (September 10, 2009) assuming no material budget deviations by the Debtors. On July 13, 2009, the Bankruptcy Court entered a consent Order among the Debtors, the Creditors' Committee and ARKOMD authorizing an amendment to the ARKOMD DIP Facility. The amendment effectively extended the maturity date to November 10, 2009, but reduced the maximum ARKOMD DIP Facility commitment to $3 million for all periods after September 10, 2009. Following the Bankruptcy Court's approval of the amendment, the Debtors requested and received an advance of $3 million on the ARKOMD DIP Facility. The Debtors repaid the ARKOMD DIP Facility on November 9, 2009 with cash on hand.

b. **Westminster DIP Facility**

Following the repayment of the ARKOMD DIP Facility, the Debtors determined that they were still in need of post-petition financing to support the Debtors' business while they continued to explore restructuring alternatives. Accordingly, the Debtors negotiated a post-petition financing agreement with Westminster DIP Funding, LLC ("Westminster DIP"), pursuant to which Westminster DIP would provide to certain of the Debtors (the "Borrowers"), through a $4,510,000 credit facility (the "Westminster DIP Facility") the funds necessary for the Debtors to pay their ongoing expenses.

The Court entered a Final Order authorizing certain Debtors to obtain the Westminster DIP Facility on December 10, 2009. The Order authorized Westminster DIP to make funds available to certain Debtors subject to allowable variances in accordance with the terms of a budget. As security for the repayment of the obligations, certain Debtors granted Westminster DIP a first priority lien on certain equity interests owned, directly or indirectly, by such Debtors and any otherwise unencumbered assets and property. The maturity date of the Westminster DIP Facility was January 22, 2010. On March 8, 2010, Westminster DIP filed a motion with the Bankruptcy Court seeking an Order (i) enforcing a prior Order of the Court pursuant to section 105 of the Bankruptcy Code, and (ii) directing the Debtors to repay the mature Westminster DIP Facility. Upon interim approval of the financing that UTA Capital LLC ("UTA") provided to the Borrowers on March 31, 2010 (described below), the Westminster DIP Facility was satisfied in full and that motion was withdrawn.

5. **Miscellaneous Orders**

a. **Relief from the Automatic Stay to Permit the Continuation of Pending Arbitration and State Court Proceedings**

Prior to the Commencement Date, certain of the Debtors and certain non-debtor affiliates were involved in disputes concerning construction and other issues relating to their businesses. One dispute (the "Alta Mar Litigation"), between: (i) certain Debtors and non-debtor affiliates including Alta Mar Development LLC; (ii) Soares Da Costa Construction Services, LLC; and (iii) the Insurance Company of the State of Pennsylvania, had progressed to the point of arbitration, which was scheduled to take place for several days immediately following the Commencement Date and to continue on certain dates in February and March of 2009. The second litigation, referred to as the "Central Square Litigation," was a breach of contract action commenced by Central Square against Great Divide Insurance Company in the Circuit Court of

the 17th Judicial Circuit, Broward County, Florida. Based upon a belief that neither their estates nor creditors would suffer undue prejudice or hardship if the automatic stay was modified, as well the significant likelihood that the Debtors will recover on account of their claims in the litigations to the benefit of creditors, the Debtors filed a motion seeking relief from the automatic stay to permit the litigations to proceed. The motion was granted on January 12, 2009, and an amended Order was entered on January 13, 2009.

b. **Enforcement of Section 525(a) of the Bankruptcy Code**

The Debtors' business is subject to stringent specifications, building codes and other residential real estate development and home building regulations imposed by state and local governments. As such, the Debtors must obtain certain required permits and comply with applicable regulations, building codes and other residential real estate development and home building requirements imposed by state and local governments. Certain local regulations may discriminate against debtors-in-possession engaged in real estate development and construction. To prevent harm to the estate that could arise if governmental parties or quasi-governmental entities relied on such discriminatory provisions or regulations, the Debtors filed a motion to assist the Debtors' field personnel in apprising governmental parties of the existence and effect of Section 525(a) of the Bankruptcy Code and, in particular, the protection that Section 525(a) affords the Debtors. The motion was granted by an Order entered on January 15, 2009.

c. **Preservation of Net Operating Losses**

Due to significant operating losses in the recent past, the Debtors accrued NOL. NOL, if they can be preserved and used in the future, are a potentially valuable asset. However, Debtors do not make any representations or warranties that such NOL can be preserved or used in the future. Under the Internal Revenue Code (the "IRC"), to the extent the Debtors are able to

preserve the NOL, the Debtors can carry forward their NOL to offset their future taxable income for up to twenty taxable years and thereby reduce their future aggregate tax obligations.

To protect the NOL, the Debtors filed a motion seeking an Order that certain notice and waiting periods govern transfers of equity interests in and of, and claims against, the Debtors. The Court entered an interim Order granting the motion on January 15, 2009. A final Order as it relates to transfers of equity interests was entered on February 20, 2009. A final Order as it relates to transfers of claims, other than those held by Taberna and Paradigm, was entered on March 5, 2009. Taberna and Paradigm objected to the motion. Paradigm's objection subsequently was withdrawn. Pursuant to a series of Orders, the restrictions on claims trading with respect to Taberna have been continued pending a final hearing.

C. Appointment of the Creditors' Committee

Section 1102 of the Bankruptcy Code requires that, absent an Order of the Bankruptcy Court to the contrary, the UST must appoint the Creditors' Committee as soon as practicable. On February 4, 2009, the UST appointed the Creditors' Committee. The Creditors' Committee is composed of the following members:

Taberna Capital Management, LLC, Chairperson
450 Park Avenue, 11th Flr.
New York, New York 10022

A.J.D. Construction Co., Inc.
948 Highway 36
Leonardo, New Jersey 07737

K. Langford Lawn Care, Inc.
230 3rd Street, N.W.
Naples, Florida 34120

Sovor Associates
34 Otbow Place
Wayne, New Jersey 07470

Posner Advertising

30 Broad Street
New York, New York 10004

The Creditors' Committee retained the following professionals:

Daniel A. Lowenthal, Esq.
Patterson Belknap Webb & Tyler, LLP
1133 Avenue of the Americas
New York, New York 10036

Harry M. Gutfleish, Esq.
Forman Holt Eliades & Ravin LLC
80 Route 4 East, Suite 290
Paramus, New Jersey 07652

Bernard A. Katz, CPA
J.H. Cohn LLP
333 Thornall Street
Edison, New Jersey 08837

D. Claims Process and Bar Date

1. Section 341(a) Meeting of Creditors

A meeting of creditors pursuant to 11 U.S.C. §341 was conducted on March 4, 2009.

2. Schedules and Statements

The Debtors filed schedules of assets and liabilities ("Schedules") and statements of financial affairs ("SOFAs") on February 26, 2009. The Schedules and SOFAs provide information concerning each of the Debtor's assets, liabilities, Executory Contracts and other information as of the Commencement Date, all as required by Section 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure.

3. Bar Date

On March 5, 2009, the Court entered an Order establishing May 4, 2009 as the deadline for each person or entity asserting a claim against any of the Debtors, including claims pursuant to Section 503(b)(9) of the Bankruptcy Code, to file a written proof of claim against the specific

Debtor as to which the claim is asserted. The Bar Date Order also established July 12, 2009 as the date for all governmental units to file a written proof of claim against the Debtors.

The following table summarizes the Claims filed against the Debtors by the July 12, 2009 bar date. The Debtors have not yet completed their analysis of the Claims and objections to such Claims have not been fully litigated. There can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than expected.

Debtor	**Estimated Allowed Claims**	**Secured**	**Priority**	**General Unsecured**	**Contingent**
800 Madison	$69,822**54**,10 9**462**	$69,433,822	$825	$387,46**19,8**1 **4**	$192,393
900 Monroe	$4,364,073	$3,900,000	$0	$464,073	$0
Bermuda Island	$43,019,654	$41,458,495	$1,125	$1,560,035	$209,816.45
Block 88	$95**4**,0**6**36	$0	$300	$94,736	$0
Central Square	$9,251,127**33, 684**	$9,20**3**0,856	$0	$**2**,**8**27**8**	$0
Charleston	$0	$0	$0	$0	$0
Fenwick	$68**3**,685**920**	$1,869	$0	$66**2**,81**0**5**1**	$0**64,765**
MSCP	$0	$0	$0	$0	$0
Murfreesboro	$484,717	$367,528	$0	$117,189	$0
Omni	$0	$0	$0	$0	$0
Las Olas	$**7**4**9**,015,**6**21 **7**	$3,365**02**,**6**47 **1**	$0	$62496,732**98 6**	$434,505

Orion	$10,789,728	$7,724,622	$0	$3,056**5**,106	$~~1~~20**87**,~~000~~**34 8**
Orlando Central	$**1,3**57,~~833,59 8~~**173**	$**1,10**5,~~454,71 7~~**918**	$0	$~~378,882~~**25**1,**2 55**	$0
Tarragon Corp.	$198**9**,~~4~~**39**~~6~~1, ~~2~~67**80**	$570,649	$**1**250,~~37~~**82**0	$19~~7~~**88**,~~64~~7**0 0** ,~~247~~**311**	$16~~4~~**0**,97**40**3, ~~51~~**8**7**6**
Tarragon Dev. LLC	$~~25~~0	$0	$250	$0	$50,000,000
Tarragon Dev. Corp.	$~~262~~**31**,~~525~~**81 0**	$0	$~~27,369~~**0**	$~~23~~5**1**,**8**156**0**	$62,1~~7~~8**1**,**2**5~~8~~ ~~7~~**6**
Tarragon Edgewater	$60,600	$0	$0	$60,600	$68,336
TMI	$2~~10~~**4**,63**8**7**0**	$0	$~~9~~17**50**	$2~~0~~9**4**,720	$50,~~60~~7**92**,**7**5 0~~0~~
Tarragon South	$~~300~~**67**,**2**~~800~~**9**	$0	$13,638	$~~287~~**53**,~~1~~62~~5~~**50**	$~~11,867,32~~**2**07 **0,000**
Stonecrest	$332,847	$292,114	$0	$40,732	$1,371,297
Stratford	$0	$0	$0	$0	$0
Hanover	$300	$0	$0	$300	$0
Trio East	$3,826,858	$3,600,000	$0	$226,858	$0
Trio West	$3~~5~~4**76**,~~1~~**03**~~8~~4	$0	$0	$3~~5~~4**76**,~~1~~**03**~~8~~4	$0
Vista	$0	$0	$0	$0	$50,000,000

4. **Objection to Claims**

(a) Rodriguez. April 6, 2010, the Debtors filed a motion pursuant to 11 U.S.C. § 502(b) and Fed. R. Bankr. P. 3007 for an Order Expunging Purported Class Proofs of Claim Filed by Lymarie Rodriguez, a/k/a Lynnmarie Rodriguez ("Rodriguez"), on Behalf of Herself and Others Similarly Situated [Docket No. 1712] (the "Rodriguez Claim Objection"). Rodriguez filed five identical proofs of claim against each of Tarragon Dev. LLC [Claim No. 374], Vista [Claim No. 393],TMI [Claim No. 394], Tarragon Dev. Corp. [Claim No. 395], and Tarragon Corp. [Claim No. 396], each in the amount of $50,000,000, allegedly for "Breach, Rescission, Fraud" and predicated on an action initiated in the Circuit Court, Ninth Judicial Circuit of Orange County, Florida against the aforementioned Debtors and certain other non-Debtor defendants, styled as Lymarie Rodriguez v. Tarragon Corp., *et al.*, bearing Case No. 48-2008-CA-016343-O (the "Rodriguez State Court Action"). The purported class action lawsuit alleges, among other things, claims of non-disclosure, unjust enrichment, money had and received, negligence and civil conspiracy for alleged failure to disclose the proximity of a condominium purchased by Rodriguez in Central Park on Lee Vista, subdivision of Vista Lakes, Orlando, Florida, to the former army bombing range testing facility known as Pinecastle Jeep Range.

The Rodriguez State Court Action is presently stayed awaiting a determination of certain pre-trial proceedings. A hearing on the Debtors' Rodriguez Claim Objection is scheduled for May 6, 2010. The Debtors dispute, among other things, Rodriguez's entitlement to file the class action proofs of claim, any liability in the Rodriguez State Court Action and the propriety of the claims.

(b) One Hudson, 1200 Grand and Northland. The Debtors have also filed objections to the claims asserted by One Hudson Park Condominium Association, Inc. ("One Hudson"), 1200 Grand Street Condominium Association, Inc. ("1200 Grand") and Northland.

Northland filed three claims against the Debtors as follows: (i) Claim No. 353 based upon the Massachusetts Litigation over its deposit to purchase property known as Bermuda Island; (ii) Claim No. 383 "in an amount of at least $500,000,000" based upon the New York Litigation over a Contribution Agreement under which a joint venture was to have been formed; and (iii) Claim No. 354 seeking indemnification for expenses and possible losses in connection with third party litigation concerning a real estate project. The Debtors filed an Objection to two of Northland's claims (Claims Nos. 353 and 383) on July 29, 2009, and an objection to Claim No. 354 on April 8, 2010. A hearing on those claim objections has been scheduled for May 6, 2010.

One Hudson filed three claims (Claim Nos. 317, 378, and 379) concerning a real estate project alleging defective or incomplete construction, inadequate capital reserve funding, and unpaid maintenance assessments in an amount "not less than $3,256,538.90" plus unspecified unliquidated claims (collectively, the "One Hudson Claims"). On April 8, 2010, the Debtors filed an Objection to the One Hudson Claims disputing any liability.

1200 Grand filed a Notice of Removal of pre-petition New Jersey State Court litigation which it had filed against, among others, certain of the Debtors and subsequently filed a proof of claim (Claim No. 22-1) consisting of a copy of its First Amended Complaint in that State Court litigation. On April 8, 2010, the Debtors filed an objection contesting liability under claim No. 22-1. The Debtors also filed an Answer to the Complaint.

E. Cash Collateral

1. **National City**

On February 6, 2009, Murfreesboro and Stonecrest filed a motion for authorization to use cash collateral of its lender, National City, to pay for ordinary and necessary operating expenses, including personnel, utilities, repair and maintenance, insurance, and real estate taxes in connection with tenant-occupied residential rental properties in Tennessee. Pursuant to the motion, Murfreesboro and Stonecrest agreed to grant replacement liens to National City in all of their post-petition assets to the same extent, validity and priority as were held by National City pre-petition. Additionally, Murfreesboro and Stonecrest granted to National City a super-priority administrative expense claim to the extent that their use of cash collateral were to result in a diminution in value of National City's collateral and the adequate protection granted were to prove insufficient. The Court entered interim Orders granting the motion on February 13, 2009, March 17, 2009, April 2, 2009 and April 30, 2009. On June 19, 2009, in conjunction with the consummation of a settlement agreement with, among others, National City (described herein), the Court entered an Order authorizing Murfreesboro and Stonecrest to use National City's cash collateral on a final basis.

2. ~~**Bank of America**~~**BofA**

Pursuant to a global settlement with ~~Bank of America~~**BofA** (described herein), Bermuda Island, Orlando Central and 800 Madison (collectively, the "BofA Borrowers") required immediate access to cash generated from the operation of their respective properties to pay for ordinary and necessary operating expenses pursuant to agreed upon budgets with ~~Bank of America~~**BofA**. Accordingly, the Court entered a series of cash collateral Orders authorizing the BofA Borrowers' use of ~~Bank of America~~**BofA**'s cash collateral.

The BofA Borrowers granted ~~Bank of America~~**BofA** adequate protection for the use of its cash collateral by granting ~~Bank of America~~**BofA** replacement liens in all of their post-petition

assets to the same extent, validity, priority as was held by ~~Bank of America~~**BofA** pre-petition. Additionally, the BofA Borrowers granted ~~Bank of America~~**BofA** super-priority administrative expense claims to the extent their use of cash collateral resulted in a diminution of value of ~~Bank of America~~**BofA**'s collateral and the adequate protection proved insufficient. As additional adequate protection with respect to 800 Madison, by interim Order dated June 1, 2009, 800 Madison agreed to provide ~~Bank of America~~**BofA** with an accounting and turn over to it all net operating income generated from the property.

On October 21, 2009, the Court approved Bermuda Island and 800 Madison's use of ~~Bank of America~~**BofA**'s cash collateral on a final basis.

Notwithstanding the foregoing, all Orders of the Bankruptcy Court approving the Debtors' use of cash collateral shall expire on the Effective Date.

F. Material Asset Sales

1. **Trio West**

On January 16, 2009, the Court granted Trio West's motion (the "Trio West Sale Motion") for an Order approving bidding procedures concerning the sale of substantially all of its assets. The circumstances giving rise to the motion and the results of Trio West's efforts, are summarized below.

Trio West owned a newly constructed 140-unit mid-rise condominium apartment development in Palisades Park, New Jersey (the "Trio West Development"), construction of which was financed with a $50,000,000 loan (the "Trio West Loan") advanced by iStar FM Loans LLC (as assignee of Fremont Investment & Loan) ("iStar"). To secure Trio West's obligations under the Trio West Loan, Trio West granted iStar a lien on, *inter alia*, the Trio West Development and any proceeds generated therefrom. As additional security, Tarragon Corp. guaranteed repayment of the Trio West Loan up to a maximum amount of $5 million. The Trio

West Loan matured on January 1, 2009, and as of the Commencement Date, had a outstanding amount due to iStar of approximately $15,945,000. As a result of the Trio West Loan having matured, and before the Commencement Date, iStar initiated a foreclosure action against Trio West and other defendants in the Superior Court of New Jersey, Chancery Division, Bergen County.

Prior to the Commencement Date, Trio West had marketed the Trio West Development's apartment units for sale to individual homebuyers, had successfully sold 69 units, but was unable to sell the remaining units. The impending maturity date of the Trio West Loan and inability to dispose of the individual units led Trio West to pursue a bulk sale of the remaining 71 units in the Trio West Development (the "Trio West Assets"). Although Tarragon Corp. did not directly solicit bids for the bulk sale of the units, it was generally known to parties in the industry that purchase condominium units in bulk, as well as parties to whom Tarragon Corp. previously sold apartment units in bulk, that the Trio West Assets were for sale. Trio West received three expressions of interest and/or offers. MWHF Palisades Park, LLC (the "Proposed Trio West Purchaser") submitted the highest offer by a material amount. As a result, Trio West decided to pursue a sale of the Trio West Assets to the Proposed Trio West Purchaser and, on November 11, 2008, entered into a Purchase and Sale Agreement, as thereafter amended (the "Trio West APA"). Pursuant to the Trio West APA, the Proposed Trio West Purchaser agreed to purchase the Trio West Assets, in bulk, for the total price of $18,100,300 (the "Trio West Purchase Price").

In connection with its sale efforts, Trio West retained Cushman & Wakefield of New Jersey, Inc. ("C&W") to market the Trio West Assets. Among C&W's duties was to identify and contact entities who may be interested in purchasing the Trio West Assets.

In Part I of the Trio West Sale Motion, Trio West requested that the Court enter an Order (the "Trio West Bidding Procedures Order"): (i) approving the Trio West APA as a "stalking horse" bid and authorizing Trio West to solicit bids for the sale of the Trio West Assets pursuant to Sections 363 and 365 of the Bankruptcy Code and Fed. R. Bankr. P. 6004; (ii) approving bidding procedures, including the payment of an Expense Reimbursement and Break-Up Fee to the Proposed Trio West Purchaser; (iii) scheduling (a) the bid deadline; (b) the auction date with respect to the sale of the Trio West Assets; and (c) the sale hearing date to consider Part II of the Trio West Sale Motion; (iv) approving the form, manner and sufficiency of notice of the auction and the sale hearing; and (v) granting other related relief described herein.

In Part II of the Trio West Sale Motion, Trio West requested that the Court enter an Order (the "Trio West Sale Order"), following the Trio West sale hearing which, among other things, authorizes Trio West to sell the Trio West Assets to the Proposed Trio West Purchaser, or a qualified bidder submitting a higher and better offer, free and clear of liens, claims and interests pursuant to Section 363 of the Bankruptcy Code and Fed. R. Bankr. P. 6004.

No higher or better offer was submitted, and thus no auction was conducted. On February 20, 2009, the Court held a hearing to authorize Trio West to sell the Trio West Assets and otherwise consummate the transactions contemplated by the Trio West APA or a higher and better offer as reflected in an asset purchase agreement. On February 20, 2009, the Court entered an Order approving the sale to the Proposed Trio West Purchaser free and clear of liens. The sale closed on February 27, 2009.

2. **Orlando Central**

On February 10, 2009, Orlando Central entered into a Purchase and Sale Agreement (the "OCP Sale Agreement") with RGC Realty Group, LLC (the "OCP Purchaser") pursuant to which Orlando Central agreed to sell, and OCP Purchaser agreed to purchase, property located at

7001 Lake Ellenor Avenue, Orlando Central Park, Orange County, Florida (the "OCP Property"). On March 6, 2009, the Debtors, in accordance with the Final Order Establishing Procedures for Sale of Assets entered on February 20, 2009, filed and served a Notice of Sale of the OCP Property. No objections were filed to the prospective sale. On April 3, 2009, the Court entered an Order approving the sale of the OCP Property to the OCP Purchaser. The purchase price for the OCP Property was $2,150,000. The proceeds of which were paid to ~~Bank of America~~**BofA**, the holder of a mortgage lien on the OCP Property. A closing occurred on April 8, 2009.

On May 11, 2009, Orlando Central entered into a Purchase and Sale Agreement with JCQ Services, Inc. (the "Second OCP Purchaser") pursuant to which Orlando Central agreed to sell, and the Second OCP Purchaser agreed to purchase, property located at 7200 Lake Ellenor Drive, Orlando Central Park, Orange County, Florida (the "Second OCP Property"). On May 15, 2009, the Debtors, in accordance with the Sales Procedure Order, filed and served a Notice of Sale of the Second OCP Property. No objections were filed to the prospective sale. On June 4, 2009, the Court entered an Order approving the sale of the Second OCP Property to the Second OCP Purchaser. The purchase price for the Second OCP Property was $2,800,000, the proceeds of which were paid to ~~Bank of America~~**BofA**, the holder of a mortgage lien on the Second OCP Property.[2]

G. The Debtors' Negotiations With Certain Secured Creditors

[2] In addition, in accordance with the Sales Procedure Order, on June 22, 2009, the Debtors filed a Notice of Sale for property owned by non-debtor SO. Elms National Associates Limited Partnership. That contract, however, was terminated because the lender did not approve the proposed buyer's assumption of the loan.

1. **Paradigm**

Before the Commencement Date, Paradigm provided financing to the Paradigm Borrowers for real estate projects located in New Jersey, Connecticut and Florida (the "Paradigm Properties"). Repayment of the above loans was secured by, among other things, a mortgage on the real property owned by the Paradigm Borrowers. As additional security, Tarragon Corp. guaranteed repayment of the loans and MSCP, Stratford, Tarragon South and Hanover (collectively, the "Paradigm Guarantors") each pledged their equity interests in the Paradigm Borrowers to Paradigm.

In view of the unprecedented decline in real estate values, it was clear that any equity in the Paradigm Properties was speculative, at best, and that equity was eroding at 24% per annum due to the default interest rate in the governing promissory notes.

Accordingly, the Paradigm Borrowers and the Paradigm Guarantors, along with the input from the Creditors' Committee, engaged in discussions to amicably resolve the claims of Paradigm. On March 30, 2009, the parties entered into a Settlement Agreement and Mutual Release (the "Paradigm Settlement Agreement"). The Paradigm Settlement Agreement provides that the Paradigm Borrowers will (i) transfer the Paradigm Properties to Paradigm or its designee, and/or (ii) irrevocably waive any right to contest, defend, delay, impede, enjoin, prevent, interfere with or frustrate the foreclosure of the Paradigm Properties. In exchange, Paradigm agreed to release the Paradigm Borrowers and the Paradigm Guarantors from any liability on the promissory notes, including any exposure for deficiency claims and claims against the Paradigm Guarantors.

On April 23, 2009, the Court entered an Order approving the terms of the Paradigm Settlement Agreement.

2. **National City**

Before the Commencement Date, National City, Capmark VI 2006-6 and Capmark VII-CRE (the "NatCity Lenders") provided financing to Murfreesboro, Stonecrest and non-debtor Floresta Tarragon, LLC for real estate projects located in Tennessee and Florida. Repayment of these loans were secured by, among other things, a mortgage on the real property owned by the respective borrower. As additional security, Tarragon Corp. guaranteed repayment of the loans.

In view of the unprecedented decline in real estate values and current economic climate, it was impossible to predict how long it would take to sell the Murfreesboro and Stonecrest properties and what proceeds, if any, could be realized. Additionally, the Debtors determined that there would be no benefit to them or their estates to engage in costly and protracted litigation with the NatCity Lenders over the value of those properties or whether, in view of the absolute assignment of rents contained in the respective loan documents, the rents generated by those properties constituted "cash collateral." Accordingly, Tarragon Corp., Murfreesboro and Stonecrest, with input from the Creditors' Committee, engaged in rigorous discussions to resolve the NatCity Lenders' claims and to address disposition of the Tennessee properties.

Following the parties' extensive negotiations, on May 8, 2009, the parties agreed to the terms of a settlement (the "NatCity Settlement Agreement"). The NatCity Settlement Agreement provided, in relevant part, that upon entry of a final, non-appealable Order approving the settlement (the "Compromise Order"), National City shall be granted relief from the automatic stay under Section 362(a) of the Bankruptcy Code and National City's collateral shall be deemed abandoned under Section 554 of the Bankruptcy Code to allow National City and the NatCity Lenders, as the case may be, to (i) proceed with the their complaint to appoint a receiver and the relief sought therein (except as to entry of a money judgment), (ii) sell the Tennessee properties in a non-judicial foreclosure as provided for in the loan documents, and (iii) exercise such other

rights and remedies available under the loan documents or applicable non-bankruptcy law as to their collateral. In exchange, the NatCity Lenders agreed to waive all other claims against Tarragon Corp., including a potentially significant deficiency claim. Significantly, the Tarragon Corp. estate will not be saddled with a significant deficiency claim which would have to be addressed in and satisfied pursuant to the Plan.

On May 28, 2009, the Court approved the NatCity Settlement Agreement, Subsequently, in accordance with the NatCity Settlement Agreement, Murfreesboro and Stonecrest surrendered their respective properties to National City, ceased use of cash collateral, and remitted to National City any cash collateral remaining after payment of expenses allowed by the interim cash collateral orders.

3. ~~**Bank of America**~~ **BofA**

In connection with Tarragon's various development projects, the costs of construction, renovations and acquisitions of land are financed through loans from institutional lenders secured by mortgages on the real estate owned by Tarragon Corp.'s subsidiaries. ~~Bank of America~~**BofA** provided financing to Tarragon Corp., 800 Madison, 900 Monroe, Bermuda Island, Orion, Orlando Central and Park East (collectively, the "BofA Financing Borrowers") for projects located in New Jersey, Florida and Connecticut (the "BofA Financing Loans").

After the Commencement Date, the BofA Financing Borrowers evaluated their options with respect to the properties encumbered by mortgages in favor of ~~Bank of America~~**BofA**. The unprecedented decline in real estate values and general downturn in the economy negatively impacted the BofA Financing Borrowers' ability to dispose of their respective properties and, correspondingly, their ability to satisfy their outstanding obligations on the BofA Financing Loans. The impending or already lapsed maturity dates of the BofA Financing Loans and inability to generate sufficient sale proceeds to satisfy the BofA Financing Loans by the maturity

dates led the BofA Financing Borrowers to commence discussions with ~~Bank of America~~**BofA** regarding the terms of a forbearance agreement and an extension of the maturity dates of the BofA Financing Loans. The parties' agreement is embodied in the ~~Bank of America~~**BofA** Settlement Agreement ("BofA Settlement Agreement").

~~The BofA Settlement Agreement provided, in relevant part, that Bank of America shall forbear from exercising any rights under the loan documents and extend the maturity dates of the BofA Financing Loans to allow the BofA Financing Borrowers to sell the mortgaged properties. If at the end of the applicable forbearance period for each BofA Financing Loan, or at the BofA Financing Borrowers' election at any time during the forbearance period, for the mortgaged properties that have not been sold, the BofA Financing Borrowers have agreed to (i) consent to relief from the automatic stay to permit Bank of America to foreclose and consent to an uncontested foreclosure with respect to such mortgaged properties, or (ii) conduct a sale of the mortgaged properties pursuant to 11 U.S.C. § 363(b), at which sale Bank of America will have the right to bid in the full amount of the outstanding balance under the loan documents for that mortgaged property.~~

In connection with the BofA Settlement Agreement, BofA has also provided post-petition financing to 800 Madison to complete construction of its property and funding of an interest reserve. Tarragon Corporation and Tarragon Dev. Corp. have delivered a guaranty of the BofA Financing Loans (the "BofA Guaranty") secured solely by a first priority lien on 60% of the net proceeds payable to Tarragon Corporation and Tarragon Dev. Corp. from a sale of the Project (as such term is defined in the BofA Settlement Agreement) after satisfaction of the liens securing BofA's pre- and post-petition loans to 800 Madison. In connection with the BofA Guaranty, 800 Madison acknowledged and agreed that BofA shall not be required to release any mortgage or lien on the Project, even if the loans provided by BofA to 800 Madison have been paid in full, unless and until BofA

has actually received the Pledged Collateral (as defined in the Pledge Agreement executed by Tarragon Corporation and Tarragon Dev. Corp. to secure their obligations under the BofA Guaranty).

The BofA Settlement Agreement also provides that ~~Bank of America~~**BofA** will provide post-petition financing to 800 Madison to complete construction of its property and funding of an interest reserve. Reorganized Tarragon and Tarragon Dev. Corp. will, in turn, deliver a guaranty of the BofA Financing Loans, which guaranty shall be secured solely by a first priority lien on 60% of the net proceeds payable to Reorganized Tarragon and Tarragon Dev. Corp. from a sale of the 800 Madison Property.

Additionally, the BofA Settlement Agreement provides that retroactive to January 12, 2009 and during the forbearance period, ~~Bank of America~~**BofA** agrees to allow the BofA Financing Borrowers to use the income generated by their respective properties for payment of necessary operating expenses, subject to an approved budget.

In connection with the approval of the BofA Settlement Agreement and 800 Madison's post-petition financing facility, the Debtors entered into ~~a~~**the Block 88/800 Madison** Stipulation and ~~Consent~~ Order with Mia M. Macri Irrevocable Living Trust (the "Macri Trust") and Frank Raia ("Raia"), each a 15% member in Block 88~~, pursuant to which, among other things~~**.** **Pursuant to the Block 88/800 Madison Stipulation and Order**, the Macri Trust, Raia, Tarragon Corp., Tarragon Dev. Corp., 800 Madison and Block 88 reserved their respective rights as to certain claims relating to 800 Madison and Block 88. In accordance with ~~that~~**the Block 88/800 Madison** Stipulation **and Order**, any such claims **as well as the ability of Block 88, Tarragon Corp. or Tarragon Dev. Corp. to assume the Block 88 Operating Agreement and the validity of intercompany claims,** will be determined post-confirmation pursuant to the

dispute resolution procedure contemplated by Block 88's Operating Agreement. **Moreover, the Block 88/800 Madison Stipulation and Order provides that no release, waiver or discharge of any claims against 800 Madison, Block 88, Tarragon Corp., Tarragon Dev. Corp. or other non-Debtors is enforceable against the Macri Trust and Raia with respect to any claims or interests they may have as members in Block 88; provided, however, that any recourse on such claims is limited to amounts that might otherwise be made available for distribution to Tarragon Corp. and Tarragon Dev. Corp. for or on account of their capital contributions, members loans, membership interest or otherwise with respect to Block 88.**

The BofA Settlement Agreement was approved by the Court on October 14, 2009. Additionally, on October 14, 2009, the Court approved the terms of 800 Madison's post-petition financing facility **provided by BofA in connection with the BofA Settlement Agreement**.

On March 3, 2010, the Court entered a Consent Order implementing the BofA Settlement Agreement by authorizing the sale of certain real property owned by Bermuda Island. That sale closed on March 18, 2010.

Notwithstanding anything to the contrary in this Disclosure Statement, the Plan, Confirmation Order or documents ancillary thereto (including any amendment or modification of each thereof), BofA's Claims, Liens, rights and interests shall continue unaffected by the confirmation of the Plan, the occurrence of the Effective Date or consummation of the Plan unless and until all of such Claims, Liens, rights and interests are fully satisfied in accordance with the terms and conditions of the BofA Settlement Agreement and the documents and Orders of the Bankruptcy Court related thereto.

4. **BankAtlantic**

Before the Commencement Date, BankAtlantic provided financing to Las Olas to purchase and develop certain portions of "Las Olas River House", a multi-family residential and

commercial property in Fort Lauderdale. Repayment of the BankAtlantic loan was secured by a lien on and security interest in two commercial units (the "BankAtlantic Commercial Units"). As additional security, Tarragon Corp. guaranteed repayment of the loan.

After the Commencement Date, Tarragon Corp. and Las Olas evaluated their options with respect to the BankAtlantic Commercial Units. The Debtors believed that the value of the BankAtlantic Commercial Units was less than the outstanding amount due to BankAtlantic and, therefore, the Debtors had no equity in the BankAtlantic Commercial Units for the benefit of their estates. Accordingly, Tarragon Corp. and Las Olas engaged in discussions with BankAtlantic to resolve its claim and to address disposition of the BankAtlantic Commercial Units.

Following the parties' extensive negotiations, on September 30, 2009, they agreed to the terms of a settlement, which were embodied in a Release and Settlement Agreement (the "BankAtlantic Settlement Agreement"). The BankAtlantic Settlement Agreement provides that (i) BankAtlantic is granted relief from the automatic stay and the BankAtlantic Commercial Units are transferred to BankAtlantic by deed in lieu of foreclosure; (ii) Las Olas will assign four parking spaces to the BankAtlantic Commercial Units as limited common elements; (iii) Las Olas is permitted to use the BankAtlantic Commercial Units for storage at no charge, but Las Olas shall vacate upon 40 days written notice; (iv) BankAtlantic is responsible for unpaid real estate taxes applicable to the BankAtlantic Commercial Units; (v) BankAtlantic shall reimburse Las Olas for association dues previously paid in the amount of $30,347.99; and (vi) BankAtlantic, Tarragon Corp. and Las Olas agreed to release each other from any and all claims, including any deficiency and guaranty claims.

On October 22, 2009, the Court approved the BankAtlantic Settlement Agreement.

5. **Regions Bank.**

Regions Bank ("Regions") provided financing to certain Debtor and non-Debtor affiliates of Tarragon Corp. for projects located in Florida. Specifically, Regions provided loans to debtors Las Olas and Central Square in the original principal amounts of $15,004,000 and $11,250,000, respectively, to finance the acquisition and/or costs of construction of real property. Those loans are secured by mortgages on Las Olas and Central Square's respective real property. As additional security, Tarragon Corp. guaranteed repayment of the loans. As of the Commencement Date, the aggregate principal amount of indebtedness owing by Las Olas and Central Square was $899,685.00 and $8,970,000, respectively. Las Olas and Central Square's proposed treatment of the Regions' indebtedness is set forth in more detail in the Plan.

Additionally, before the Commencement Date, Regions loaned non-debtor Orchid Grove LLC ("Orchid Grove") the original principal amount of $58,130,000 to finance the costs of construction of a townhome and condominium apartment development. Tarragon Corp. guaranteed repayment of Orchid Grove's loan. As of the Commencement Date, the aggregate principal amount of indebtedness owing by Orchid Grove was approximately $30,000,000.

On February 17, 2010, after good-faith negotiations with the Creditors' Committee and Regions resulting in the resolution in principal of all of Regions' claims in these cases, the Debtors filed a motion pursuant to Bankruptcy Rule 9019 for an Order approving a settlement agreement with Regions (the "Regions Settlement Motion"). On March 11, 2010, the Bankruptcy Court granted an Order approving the Regions Settlement Agreement (as hereinafter defined).

As set forth in the Regions Settlement Motion, Tarragon Corp., Central Square, Las Olas, Orchid Grove, the Creditors' Committee and Regions entered into a settlement agreement and mutual release (the "Regions Settlement Agreement"). The Regions Settlement Agreement

provides in pertinent part that: (i) Regions is granted relief from the automatic stay and Central Square are transferred to Regions by deed in lieu of foreclosure; (ii) Regions is granted relief from the automatic stay for the foreclosure sale of Orchid Grove; and (iii) Regions, Tarragon Corp., Central Square, Las Olas, Orchid Grove, the Creditors' Committee agreed to release each other from any and all claims, including any deficiency and guaranty claims.

H. Tarragon's Relationship and Transactions with Ursa Development Group, LLC and Hoboken Development Group, LLC

The Debtors, through Tarragon Corp. and Tarragon Dev. Corp, have had a business relationship with Ursa Development Group, LLC and Hoboken Development Group, LLC (collectively, "Ursa") since 2002 developing real estate in Hoboken, New Jersey. Before the Commencement Date, the Debtors and Ursa successfully completed six residential developments in Hoboken with over 800 apartment units and related community facilities and amenities. As of the Commencement Date, the parties had plans to construct several other developments in Hoboken in connection with the redevelopment of the northwestern and western areas of the city.

The relationship between the Debtors and Ursa is governed by the terms of twelve limited liability company operating agreements (the "Ursa Operating Agreements") pursuant to which one or more of the Debtors and Ursa are members, managers and/or managing members of limited liability companies (the "Ursa LLCs"). Pursuant to the terms of the Ursa Operating Agreements, cash is available for distribution to Tarragon Corp. and/or Tarragon Dev. Corp. and Ursa as follows: (i) first, pro rata, based on the outstanding principal balances of their respective members loans until all loans, together with interest thereon at 15% per annum compounded annually, have been repaid; (ii) second, pro rata, based on their respective capital contributions until each has received total distributions resulting in a 12% internal rate of return; and (iii) third, based on a final fixed percentage set forth in the Ursa Operating Agreements. As of December

31, 2008, the Debtors had approximately $24 million of unrecovered capital invested in the Ursa LLCs and made additional loans to the Ursa LLCs totaling $2.8 million.

On March 3, 2009, Ursa filed a motion for entry of an Order (i) pursuant to Section 365(d)(2) of the Bankruptcy Code to compel assumption or rejection of the Ursa Operating Agreements, and (ii) pursuant to Section 362 of the Bankruptcy Code for relief from the automatic stay to permit Ursa to employ dispute resolution procedures it the Ursa Operating Agreements (the "Ursa Motion"). The Debtors objected to the Ursa Motion and after oral argument on April 29, 2009, the Bankruptcy Court denied the Ursa Motion without prejudice.

The Debtors propose to assume certain of the Ursa Operating Agreements upon confirmation of the Plan **and, therefore, the Debtors that are parties to those Ursa Operating Agreements will remain unchanged**. Consistent with its position in connection with the Ursa Motion, Ursa likely would assert that the Debtors are in default under the Ursa Operating Agreements and that those defaults must be cured as a condition to the Debtors' assumption of those agreements. Although the Debtors dispute that they are in default under the Ursa Operating Agreements and would oppose any cure demands by Ursa, the Debtors and Ursa engaged in discussions to resolve, on an interim basis, their differences.

Following extensive negotiations, Tarragon Corp., Tarragon Dev. Corp., Ursa and Block 112 Development, LLC, a non-debtor affiliate ("Block 112"), entered into an agreement dated August 17, 2009 (the "Block 112 Sale Agreement"). Pursuant to the Block 112 Sale Agreement, Tarragon Corp. and Tarragon Dev. Corp. agreed to sell, assign, convey and transfer to Ursa or its designees Tarragon Dev. Corp.'s 62.5% interest in Block 112, as well as preferential returns of its capital contributions (the "Block 112 Interests"). As consideration, Ursa agreed to pay Tarragon Dev. Corp. $2,500,000 as follows: (a) $1,000,000 by wire transfer of immediately

available funds, which were received by Tarragon Dev. Corp.; and (b) $1,500,000 by delivery of a promissory note, which will be secured by a pledge of the Block 112 Interests. The maturity date of the promissory note is March 17, 2011. **The Debtors intend to honor the Block 112 Sale Agreement.**

The parties agreed that after execution and delivery of the Block 112 Sale Agreement and until the occurrence of a Termination Event (as defined in the Block 112 Sale Agreement), the Debtors and Ursa would forbear from taking any action which would affect the Ursa LLCs or the interests of the Ursa LLCs (other than Block 112). Additionally, the parties agreed that all issues with respect to the ability of the Debtors to assume the Ursa Operating Agreements (other than the Block 112 Sale Agreement), including issues arising under the Bankruptcy Code, shall be determined pursuant to the dispute resolution provisions of the Ursa Operating Agreements and not by the Bankruptcy Court.

On August 12, 2009, the Debtors filed a motion to approve the Block 112 Sale Agreement. On September 10, 2009, the Court approved the sale of the Block 112 Interests.

Thereafter, on October 12, 2009, Tarragon, Tarragon Dev. Corp., Ursa and non-debtor affiliates Block 102 Development, LLC, Block 114 Development, LLC, Thirteenth Street Development, LLC and TDC/Ursa Hoboken Sales Center, LLC entered into a sale agreement by which Tarragon Corp. and Tarragon Dev. Corp. agreed to sell to Ursa their interests in those entities (the "Ursa Sale Agreement"). Pursuant to the Ursa Sale Agreement, Tarragon Corp. and Tarragon Dev. Corp. shall sell, assign and convey to Ursa or its designee their interest in those entities, as well as their right to preferential returns on their capital contributions. As consideration, Ursa agreed to pay $500,000 at a closing on the Ursa Sale Agreement. In addition, the parties will exchange mutual releases of all claims arising from or related to the

Ursa LLC other than certain specified exceptions. The parties also agreed that after execution and delivery of the Ursa Sale Agreement, the Debtors and Ursa would forbear from taking any action which would affect the other Ursa LLCs.

On October 27, 2009, the Debtors filed a motion to approve the Ursa Sale Agreement. That motion was granted, and the Bankruptcy Court entered an Order approving the Ursa Sale Agreement on December 1, 2009.

I. Unsecured Priority Claim and Unsecured General Claims of the Internal Revenue Service.

The IRS filed several Proofs of Claim including Claim No. 36-1 (referenced as Claim 510 by the Claims Agent and as referenced in Debtors' Adversary action) on June 29, 2009 (collectively "IRS Claim") during the course of an income tax audit for the Debtors' 2005 through 2007 fiscal years. The IRS Claim initially sought $24,462,189 in alleged tax plus $4,614,268.94 in interest to the petition date for a total alleged unsecured priority IRS Claim of $29,076,457.94, plus a $3,567,087.81 penalty as an alleged general unsecured IRS Claim.

On September 22, 2009, the Debtors filed an Objection to the IRS Claim, together with a supporting certification from the Debtors' accountant, Brad T. Marckx, CPA of Travis Wolff & Company LLP explaining item by item why the IRS Claim lacked merit. The Debtors also filed an adversary proceeding simultaneously with the Objection seeking a judgment directing the IRS to pay a $318,309 refund to Tarragon plus interest with respect to fiscal year ended November 30, 2006, generated from an amended income tax return filed on August 29, 2008 ("Adversary action").

On October 30, 2009, the IRS filed an amendment to the IRS Claim substantially reducing the amount of the unsecured priority IRS Claim from approximately $30 million dollars down to $75,316.34, plus a $7,542.54 penalty as an alleged general unsecured IRS Claim.

On December 16, 2009, the IRS and the Debtors filed a joint stipulation with the Bankruptcy Court. The joint stipulation provides, among other things, for the dismissal of the Adversary action and that the IRS Claim be resolved in accordance with an appended IRS' Revenue Agent's Report dated December 7, 2009 ("RAR"). The RAR shows a single income adjustment of $4,178,463 that relates to a change of accounting method that was not disputed by Tarragon and reported on its amended income tax return for fiscal year ended November 30, 2006. The RAR reflects that Tarragon is entitled to a refund of $318,309 for fiscal year ended November 30, 2006. The joint stipulation also allows an amended unsecured priority IRS Claim No. 5-5 (referenced as Claim No. 5,v5 by the Claims Agent and as referenced in Debtors' Adversary action) of $500 filed on December 2, 2009.

J. Status of Certain Litigation Matters Being Pursued by the Debtors.

As of the Commencement Date, certain of the Debtors and/or non-debtor Affiliates were parties in litigation matters the Debtors believed would result in affirmative recoveries for Tarragon. Below are summaries of certain of those actions the Debtors believe are material.

1. **Village of Riverwood Litigation.**

On January 29, 2007, Tarragon Dev. Corp. entered into a Purchase and Sale Agreement (the "Riverwood Contract") to purchase 39.869 acres, known as Tract N in the Village of Riverwood, Davidson County, Tennessee (the "Riverwood Property"), from Brown's Farm and Chris Pardue (collectively, the "Riverwood Sellers") for the sum of $5,000,000. Tarragon Dev. Corp. claims that the Riverwood Sellers breached the Riverwood Contract by failing to satisfy various conditions that were a prerequisite to closing title to the Riverwood Property. Correspondingly, the Riverwood Sellers claim that Tarragon Dev. Corp. breached the Riverwood Contract by not closing title to the Riverwood Property.

On June 5, 2009, Tarragon Dev. Corp. commenced an adversary proceeding against the Riverwood Sellers in the Bankruptcy Court, entitled *Tarragon Development Corp. v. Brown's Farm et al.*, Adv. Pro No. 09-1469 (DHS) (the "Riverwood Action"). In the Riverwood Action, Tarragon Dev. Corp. has sought to recover damages incurred as a result of Riverwood Sellers' breach of the Riverwood Contract, including the return of a $500,000 deposit (consisting of $250,000 cash and a $250,000 promissory note) and $125,000 in extension fees which are being held by the title insurance company. The Riverwood Sellers dispute Tarragon Dev. Corp.'s allegations and filed an answer and counterclaim on August 13, 2009 claiming that they are entitled to the deposit monies and promissory note held in escrow by the title insurance company. As of this date, the parties have not conducted any discovery in the litigation. The Court will most likely schedule a trial date in this matter for June 2010.

2. **Alta Mar Litigation.**

Alta Mar Development LLC, a non-debtor Tarragon affiliate ("Alta Mar"), developed a condominium apartment complex in Fort Myers, Florida (the "Alta Mar Development"). The residential units of the Alta Mar Development have been sold.

In connection with the construction of the Alta Mar Development, Alta Mar engaged Soares Da Costa Construction Services, LLC ("SDC") as the contractor on the project pursuant to the terms of a construction contract (the "Construction Contract"). Before the commencement of the bankruptcy cases, SDC filed a Demand for Arbitration against Alta Mar, Balsam Acquisitions, LLC (another non-debtor affiliate) and Tarragon Dev. Corp. (collectively, the "Alta Mar Defendants") with the American Arbitration Association, bearing case number 50 110 S 00346 06. SDC alleged the Alta Mar Defendants did not perform under the Construction Contract and caused SDC to suffer delay damages in connection with the Alta Mar

Development. SDC seeks damages against the Alta Mar Defendants in the amount of $5,653,962.

In response to SDC's arbitration demand, the Alta Mar Defendants asserted counterclaims against SDC and the Insurance Company of the State of Pennsylvania, SDC's bonding company, for damages incurred as a result of SDC's inability to complete the construction of the Alta Mar Development. The Alta Mar counterclaim seeks damages in the total amount of $17,368,197.04.

In connection with the Debtors' "first day" motions, the Debtors were granted relief from the automatic stay, to the extent applicable, to allow the Alta Mar Litigation to proceed. At that time, the Alta Mar Defendants believed their likelihood of success on the Alta Mar counterclaim was strong and any recovery on those claims would exceed any liability to SDC on it affirmative claims.

The arbitration concluded in May of 2009. The arbitrators awarded Alta Mar $1,925,592.00 against SDC. SDC, however, failed to pay the award by the October 5, 2009 deadline. SDC has moved to vacate the award, which application is still pending.

3. **Central Square Litigation.**

Central Square owns vacant land in Lauderdale Lakes, Florida that was being held for future development into a rental apartment community. Before the Commencement Date, Central Square commenced a lawsuit against Great Divide Insurance Company ("Great Divide") in the Circuit Court of the 17th Judicial Circuit, Broward County, Florida, bearing Case No. 07000612 (the "Central Square Litigation"). The Central Square Litigation seeks damages against Great Divide for breach of contract arising from its failure to remit insurance proceeds to Central Square for hurricane damage that was covered by an insurance policy. The insurance

coverage was $4.1 million, with a 5% deductible for windstorm hurricane coverage. Central Square had an estimate from a local contractor for $7.6 million to repair the property. The defendant paid $770,000 for the property damage. Central Square sued for the remaining limits on the policy. Great Divide has counterclaimed for misrepresentation and is seeking repayment of the $770,000.

In connection with the Debtors' "first day" motions, the Debtors were granted relief from the automatic stay, to the extent applicable, to allow the Central Square Litigation to proceed. A trial on the Central Square Litigation concluded the week of June 15, 2009.

The jury in the Central Square Litigation determined that the insurance contract was not validly assigned to Central Square resulting in a verdict in favor of Great Divide. Central Square believes that the trial court judge erred in allowing the question of the contract assignment to even appear on the jury verdict form. Central Square filed a motion for a new trial which was denied.

4. **Knightsbridge Litigation.**

Tarragon Stoneybrook Apartments, LLC, a non-debtor Tarragon affiliate ("Stoneybrook"), is the plaintiff in an action pending in the Circuit Court for Orange County, Florida against Summitt Contractors, Inc. ("Summitt") and its bonding company Federal Insurance Company for water damage and mold infiltration resulting from construction defects (the "Knightsbridge Litigation"). Summitt has, in turn, filed a declaratory action against its insurer.

Stoneybrook's claims in the Knightsbridge Litigation total $8,868,259.91 as follows: (i) $7,710,666.32 for external remediation expenses, and (ii) $1,157,593.59 for rent concessions, vacancy loss and employee expenses.

On December 12, 2008, Stoneybrook defeated Summitt's motion for summary judgment. On March 27, 2009, a mediation session was held and Stoneybrook and Summit settled the Knightsbridge Litigation for $3,250,000.00. The Debtors received that settlement payment on April 22, 2009.

5. **Ridgefield Claim.**

Tarragon Corp. has a claim for the return of a $1,000,000 deposit paid in conjunction with an Agreement of Sale to purchase property located at 1 Bell Drive, Ridgefield Borough, New Jersey. As of the filing of this Disclosure Statement, that claim had yet to be formally asserted.

K. Status of Certain Litigation Pending Against the Debtors

1. **Securities Action Litigation**

Tarragon Corp. and three of its officers (Friedman, Chairman of the Board of Directors and Chief Executive Officer; Rothenberg, President and Chief Operating Officer; and Erin D. Pickens ("Pickens"), former Executive Vice President and Chief Financial Officer), as well as Beachwold, and Grant Thornton LLP (Tarragon's former outside auditor), were named as defendants in a consolidated securities putative class action lawsuit entitled: *In re Tarragon Corporation Securities Litigation*, Civil Action No. 07-7972, pending in the United States District Court for the Southern District of New York (the "Securities Action"). The Securities Action was originally filed on September 11, 2007 on behalf of persons who purchased Tarragon Corp.'s common stock between January 5, 2005 and August 9, 2007 (the "Class Period").

In the Securities Action, the plaintiff alleged generally that Tarragon Corp. issued materially false and misleading statements regarding its business and financial results during the Class Period. On January 18, 2008, an amended class action complaint was filed, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The Section

10(b) claim was asserted against Tarragon Corp., Friedman, Rothenberg, Pickens, and Grant Thornton LLP. The Section 20(a) claim was asserted against Friedman and Beachwold.

Before the Commencement Date, all parties filed motions to dismiss pursuant to Rules 9(b) and 12(b)(6) of the Federal Rules of Civil Procedure and the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(b)(1)-(3)(A) (the "PSLRA"). While that motion was pending, Tarragon Corp. filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code. By a Memorandum and Order, filed March 27, 2009, the Honorable P. Kevin Castel, District Judge, recognized that the Securities Action was automatically stayed as to Tarragon Corp. proceeded to grant the motions to dismiss of all the other parties. The court gave plaintiff permission to move to amend its complaint by May 8, 2009. Plaintiff did not do so. The Securities Action, however, remains pending as to Tarragon Corp. The plaintiff has filed a general unsecured claim in an unliquidated amount against Tarragon Corp. predicated on the Securities Action.

At the time the Securities Action was initiated, Tarragon Corp. maintained a D&O Elite – Directors and Officers Liability Policy with Federal Insurance Company (policy number 6804-3703) (the "D&O Policy"). The D&O Policy provides insurance coverage for directors and officers, but does not extend coverage for Tarragon Corp. To the extent insurance coverage is available to cover the claims against Tarragon Corp. in the Securities Action Litigation, the plaintiff shall be permitted to pursue their claim against Tarragon Corp., solely to the extent of available insurance coverage and proceeds.

2. **Other Litigation Claims**

As a developer, Tarragon Corp. and its development subsidiaries and affiliates are often defendants in litigation relating to allegations of, among others, property damage, construction defects, consumer fraud, personal injury, negligence and breach of contract. As of the

Commencement Date, there were over 100 cases pending and others alleged, but not yet asserted claims against both Debtor and non-Debtor entities. Those litigations include, among other things, claims asserted by the Waterstreet at Celebration Condominium Association, Inc., The Hamptons at Metrowest Condominium Association, Inc. and Bordeaux Condominium Association. The pending actions are procedurally in varied stages of maturity, ranging from the receipt of service of a complaint to trial-ready lawsuits. The Debtors have submitted claims to their insurance carriers for the pending litigation actions and will continue to seek cooperation from the applicable insurance carriers with respect to the litigation claims, to the extent those actions are covered by insurance.

An aggregate amount of approximately $279,000,000 of unsecured claims were filed against the Debtors in connection with pending or threatened litigation (the "Litigation Claims"). The Debtors dispute any liability on account of the Litigation Claims and intend to file objections to them as part of the claim's allowance process.

a. The Hamptons at Metrowest Condominium Association, Inc. Litigation

Before the Commencement Date, the Hamptons at Metrowest Condominium Association, Inc. ("Hamptons") filed a complaint, as subsequently amended, against, among others, Tarragon Corp. and Tarragon South in the Circuit Court, Ninth Judicial Circuit of Orange County, Florida entitled Hamptons at MetroWest Condominium Assoc., Inc. v. Park Avenue at Metro West, Ltd. et al., bearing case number 48-2008-CA-008235-0 (the "Hamptons Complaint"). The Hamptons Complaint seeks damages for negligent construction of the Hamptons at MetroWest Condominium Complex. In connection with the Hamptons Complaint, Hamptons filed proofs of claim asserting general unsecured claims in excess of $60,000,000 against both Tarragon Corp. and Tarragon South. During the pendency of the bankruptcy cases, Hamptons filed a motion

seeking relief from the automatic stay to continue with its pre-petition litigation. That motion was denied by Order of the Bankruptcy Court on April 23, 2009.

Hamptons asserts that the Debtors have insurance policies whose proceeds should cover its claims. The Debtors maintained an excess general liability insurance policy issued by Mt. Hawley Insurance Company ("Mt. Hawley") bearing policy number SL0001297 (the "Mt. Hawley Policy"). Mt. Hawley, however, has issued a denial letter to Tarragon Corp. disclaiming any coverage for the claims asserted by Hamptons. Hamptons has also attempted to assert that coverage exists pursuant to a certain commercial general liability insurance policy issued by Admiral Insurance Company, bearing policy number 00011056-01 (the "Admiral Policy"). The Admiral Policy, however, contains an exclusion for property damage arising out of any construction operations performed by the insured.

The Debtors recently learned that there is a commercial general liability insurance policy purchased by the prior owner of the MetroWest Condominium Complex and issued by Hartford Insurance Company ("Hartford") (policy number 13 C C72800) which may provide coverage of the Hamptons' claims. The Debtors are waiting for confirmation of coverage from Hartford.

On November 5, 2009, the Bankruptcy Court entered a Stipulation and Consent Order granting the Hamptons relief from the automatic stay to permit the Hamptons to prosecute the Hamptons Complaint to final judgment, provided, however, any judgment obtained may be enforced solely against available insurance coverage and proceeds thereof.

b. The Waterstreet at Celebration Condominium Association, Inc. Litigation

Before the Commencement Date, Waterstreet at Celebration Condominium Association, Inc. ("Waterstreet") filed a complaint against certain non-debtor entities in the Circuit Court, Ninth Judicial Circuit of Osceola County, Florida entitled Waterstreet at Celebration

Condominium Assoc., Inc. v. Celebration Tarragon, LLC, et al., bearing case number CA-08-CI-001486 (the "Waterstreet Complaint"). The Waterstreet Complaint seeks damages for the negligent construction of the Waterstreet at Celebration Condominium Complex. After the Commencement Date, and in violation of the automatic stay, Waterstreet amended the Waterstreet Complaint to name Tarragon Corp. and Tarragon South as defendants. Subsequently, Waterstreet moved for relief from the automatic stay to proceed with its litigation against the Debtors. The Court denied that motion and determined that the filing of the amended complaint against Tarragon Corp. and Tarragon South was *void ab initio*. Waterstreet filed proofs of claims in excess of $20,000,000 against both Tarragon Corp. and Tarragon South.

Waterstreet asserts that the Mt. Hawley Policy and Admiral Policy provide coverage for Waterstreet's claims. Although neither insurance company has issued a formal letter of denial of coverage, the Debtors do not believe that claims for construction defects are covered by those policies.

On November 5, 2009, the Bankruptcy Court entered a Stipulation and Consent Order granting Waterstreet relief from the automatic stay to permit Waterstreet to prosecute the Waterstreet Complaint to final judgment, provided, however, any judgment obtained may be enforced solely against available insurance coverage and proceeds thereof.

c. Bordeaux Condominium Association

Before the Commencement Date, Bordeaux Condominium Association ("Bordeaux") served the Debtors with a notice of construction defects at the apartment complex Lake Lotta Apartments. Bordeaux requested relief from the automatic stay to file a complaint against Tarragon Corp., Tarragon South and Tarragon Development Co. for design defects. That motion was denied. Bordeaux filed proofs of claim against Tarragon Corp., Tarragon South and Tarragon Development Co. in excess of $14,000,000.

Bordeaux asserts that the Mt. Hawley Policy and a policy issued by Lexington Insurance Company (policy number 8524536) provide coverage for Bordeaux's claims. Although neither insurance company has issued a formal letter of denial of coverage, the Debtors do not believe that claims for construction defects are covered by those policies. To the extent insurance coverage is available to cover these claims, Bordeaux shall be permitted to pursue their claims, solely to the extent of available insurance coverage and proceeds, after confirmation of the Plan.

On November 5, 2009, the Bankruptcy Court entered a Stipulation and Consent Order granting Bordeaux relief from the automatic stay to permit Bordeaux to prosecute its claims to final judgment, provided, however, any judgment obtained may be enforced solely against available insurance coverage and proceeds thereof.

L. Settlement with Leyland Warwick Associates, LLC

On or about August 11, 2003, Tarragon Corp. and Leyland Warwick Associates, LLC ("Leyland") formed Warwick Grove Company, LLC ("Warwick Grove"), a New York limited liability company, to develop and build a traditional neighborhood community for active adults in Warwick, New York (the "Warwick Grove Development"). Pursuant to terms of an Operating Agreement dated August 11, 2003, Tarragon Corp. and Leyland each held a fifty percent (50%) membership interest in Warwick Grove.

Warwick Grove financed the construction and development of the Warwick Grove Development with loans from Wachovia Bank, N.A. ("Wachovia") secured by, among other things, a mortgage on the Warwick Grove Development. As additional security, Tarragon Corp. guaranteed repayment of those loans. As the Commencement Date, $8,255,911.00 remained outstanding to Wachovia.

Before the Commencement Date, Leyland and Warwick Grove filed a complaint against Tarragon Corp. in the Supreme Court of the State of New York, County of New York (the

"Warwick Grove Complaint"). The Warwick Grove Complaint alleged that Tarragon Corp. converted $533,269.00 of loan proceeds from Wachovia for its own use. The Warwick Grove Complaint further alleged that Tarragon Corp. failed to make $1,500,000 in capital contributions to Warwick Grove in accordance with the terms of the Operating Agreement.

The Warwick Grove Development is being constructed in phases and is not yet complete. Warwick Grove has marketed and sold units in the development, but has not made any profit. The deterioration in the homebuilding industry and general downturn in the economy will likely negatively impact future sales. With approximately $2,000,000 of capital already invested to date, potential exposure on its guaranty to Wachovia and pending litigation with its partner, Tarragon Corp. did not anticipate recovering on account of its investment in the near future, if ever. Accordingly, Tarragon Corp. commenced discussions with Leyland to amicably resolve the Warwick Grove Complaint. Following extensive negotiations, on or about September 11, 2008, the parties reached a settlement.

The settlement is embodied in that certain Membership Interest Purchase & Sale and Settlement Agreement dated September 11, 2008 (the "Warwick Grove Settlement Agreement"). The Warwick Grove Settlement Agreement provides that Leyland will purchase Tarragon Corp.'s membership interest in Warwick Grove for the purchase price of $1,500,000.00 payable as follows: (a) $100,000 by federal funds wire transfer and (b) the issuance of a promissory note in the original principal amount of $1,400,000.00 (the "Warwick Grove Note"). The unpaid principal balance of the Warwick Grove Note will accrue interest at the rate of twelve percent (12%). To the extent there is cash available for distribution pursuant to the terms of the Operating Agreement, payments of accrued interest and principal are to be made by Leyland on a quarterly basis.

The Warwick Grove Note is scheduled to mature on the earliest of: (a) September 30, 2013; (b) the sale or transfer of all or a portion of the Warwick Grove Development; (c) the issuance or transfer of any membership interest in Leyland whereby control of Leyland would be transferred to an entity unaffiliated with Leyland Alliance LLC or its investors; (d) any merger, consolidation or reorganization of Leyland; (e) any mortgage of the Warwick Grove Development is granted to Leyland, other than the first mortgage for the completion of the project; and (f) any earlier date on which the unpaid principal balance of the Warwick Grove Note becomes due and payable by acceleration.

The Warwick Grove Settlement Agreement was approved by the Bankruptcy Court on February 20, 2009. Upon the closing of the sale of Tarragon Corp.'s interest pursuant to the Settlement Agreement, Tarragon Corp. resigned as manager of Warwick Grove. Additionally, Wachovia released Tarragon Corp. from its guaranty obligations.

On March 23, 2010, the Debtors filed a Notice of Information with the Bankruptcy Court of their intention to settle with the maker of the Warwick Grove Note for a lump sum payment of $350,000. The Bankruptcy Court entered a Certification of No Objection on April 14, 2010. As no objections were filed, the Debtors intend to consummate the settlement with the maker of the Warwick Grove Note.

V. SUMMARY OF THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OF, OR A SUBSTITUTE FOR, THE PLAN. CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANING SET FORTH IN THE PLAN.

A. Introduction

In formulating the Plan, the Debtors' goal was to maximize recovery to creditors by liquidating assets and distributing the proceeds in accordance with the priorities and requirements of the Bankruptcy Code, while also preserving a core of investment properties that will emerge from Chapter 11 as a viable operating enterprise. The Debtors had to balance the competing interests of the various classes of Creditors and to use their best efforts to formulate a Plan that is fair and feasible. The Plan was developed after extensive investigation and analysis of the Debtors' current cash flow, overhead, expenses, and projected cash flow. The Debtors believe that the Plan will result in the greatest possible recovery to Creditors.

1. Negotiations with ARKOMD and Westminster

Following the filing of the Chapter 11 proceedings, the Debtors and ARKOMD entered into negotiations pursuant to which ARKOMD would act as the Plan funder and sponsor of the Debtors (the "Sponsor"). However, as the Debtors were negotiating with ARKOMD, the Debtors, through the Creditors' Committee, received an expression of interest from Westminster Residential Acquisition LLC ("Westminster"), an affiliate of the Kushner companies, to act as the Sponsor. After a series of good faith, multi-party negotiations involving the Debtors, the Creditors' Committee and the potential sponsors, and after reviewing the proposals set forth by ARKOMD and Westminster, the Debtors determined that it was in the best interests of their estates to enter into an agreement with Westminster pursuant to which Westminster would act as the Sponsor.

As a result of those negotiations, the Creditors' Committee, Ansonia, Taberna, Westminster, Beachwold, Tarragon Corp. (on behalf of all of the Debtors), Rothenberg and Friedman entered into a term sheet, which set forth the terms pursuant to which Westminster

would sponsor a plan of reorganization that would have the support of all major constituents in the Chapter 11 Cases.

After a series of negotiations, the Debtors could not reach agreement with Westminster on a restructuring of Tarragon consistent with that contemplated by the term sheet. After negotiations ceased between the Debtors and Westminster, the Debtors recommenced negotiations with ARKOMD regarding the terms pursuant to which ARKOMD would sponsor a plan of reorganization. During those negotiations, however, an agreement was reached among ARKOMD and Westminster pursuant to which ARKOMD would acquire fifty (50%) percent of the equity interest in Westminster. The Debtors resumed negotiations with ARKOMD with respect to the terms of a term sheet pursuant to which Westminster (then co-owned by ARKOMD) would act as the Sponsor. Those negotiations, however, did not consummate in an agreement. Instead, the Debtors approached UTA regarding the terms pursuant to which UTA would sponsor a plan of reorganization

2. **UTA Capital LLC**

UTA is a Delaware limited liability company principally engaged in the business of operating as a special-situation investment fund. The principal office of UTA is located at 100 Executive Drive, Suite 330, West Orange, New Jersey 07052. On March 5, 2010, the Creditors' Committee, Ansonia, Taberna, UTA, Beachwold, Tarragon Corp. (on behalf of all of the Debtors), Rothenberg and Friedman entered into a term sheet, which set forth the terms pursuant to which UTA would sponsor a plan of reorganization that would have the support of all major constituents in the Chapter 11 Cases. That term sheet was subsequently amended on March 24, 2010. Those terms, which have now been memorialized in definitive documents negotiated among the parties, are set forth below.

3. **Tarragon Creditor Entity**

Upon the Effective Date, the unsecured creditors of Tarragon Corp., Tarragon Dev. Corp., Tarragon South and Tarragon Dev. LLC other than Beachwold and Rothenberg (collectively, the "Tarragon Creditors") shall contribute all of their Claims against Tarragon Corp, Tarragon Dev. Corp., Tarragon South and Tarragon Dev. LLC to a creditor trust, limited liability or other entity (the "Tarragon Creditor Entity") in exchange for 100% of the equity or other ownership interest in such Tarragon Creditor Entity.

4. **Reorganized Tarragon; Beachwold Residential and New Ansonia**

a. **Formation of Beachwold Residential, LLC**

On or before the Effective Date, Beachwold and Rothenberg shall form Beachwold Residential, LLC, a Delaware limited liability company ("Beachwold Residential").

b. **Contributions to Beachwold Residential**

In exchange for collectively contributing Two Million ($2,000,000) Dollars face amount of the Affiliate Notes and other amounts owed by Tarragon Corp. to Beachwold and Rothenberg (the "Beachwold Residential Claims") and giving the release referenced in subsection (d) below, Beachwold and Rothenberg shall collectively receive 100% of the equity in Beachwold Residential.

c. **Formation of New Ansonia**

Upon the Effective Date, Beachwold Residential shall form a new Delaware limited liability company or other entity agreed to by Beachwold, Rothenberg and the Tarragon Creditors ("New Ansonia"). Beachwold Residential shall initially own 100% of the equity of New Ansonia. New Ansonia will be a privately held company and will not be subject to any filing requirements of the Securities and Exchange Commission. New Ansonia is not a successor to the Debtors.

d. **Contributions to New Ansonia**

(i) Beachwold Residential. In exchange for (1) Beachwold Residential contributing the Beachwold Residential Claims, (2) the general release of any and all claims against Tarragon Corp. and its direct and indirect subsidiaries by Beachwold (including Friedman) and Rothenberg, and (3) Beachwold Residential agreeing to facilitate the liquidation of Tarragon's assets, Beachwold Residential shall receive 50% of the equity in New Ansonia.

(ii) Tarragon Creditors. In exchange for collectively contributing all of their Claims against Tarragon Corp, Tarragon Dev. Corp., Tarragon South and Tarragon Dev. LLC to New Ansonia on the Effective Date (the "TCE Ansonia Claims"), the Tarragon Creditor Entity shall receive 50% of the equity in New Ansonia.

e. **Contributions to Reorganized Tarragon**

In exchange for cancelling the Affiliate Notes and any other amounts owed by Tarragon Corp. to Beachwold and Rothenberg (other than the Beachwold Residential Claims), Beachwold shall receive 60% of the equity in Reorganized Tarragon and Rothenberg shall receive 40% of the equity in Reorganized Tarragon.

f. **Acquisition of the New Ansonia Transferred Assets by New Ansonia**

On the Effective Date, New Ansonia shall purchase from the Debtors or their Affiliates in a taxable transaction all of the Debtors' or its Affiliates' interests in the entities listed on Exhibit G (the "New Ansonia Acquired Interests"). New Ansonia shall purchase the New Ansonia Acquired Interests by (i) cancelling the Beachwold Residential Claims and the TCE Ansonia Claims, and (ii) accepting a transfer of all of the New Ansonia Acquired Interests subject to all pre-existing liens and liabilities.

The transfer of the New Ansonia Acquired Interests to New Ansonia (i) shall be deemed a permitted transfer notwithstanding anything to the contrary contained in any corporate governance document, loan document or other document to which any Debtor or its Affiliates is a party to or bound by, and (ii) shall not trigger, cause or constitute a default or an event of default under any corporate governance document, loan document or other document to which any Debtor or its Affiliates is a party to or bound by. Notwithstanding the foregoing, any Person having been served or provided with a copy of the Plan and/or this Disclosure Statement, and not objecting to the transfer in accordance with the terms set forth herein, shall be deemed to have consented to the transfer of the New Ansonia Acquired Interests to New Ansonia.

The partnership interests in Ansonia LP which shall be transferred to New Ansonia as part of the New Ansonia Acquired Interests shall be held subject to a negative pledge that will preclude New Ansonia from pledging or otherwise encumbering such interests until the Term Loan (as defined below) has been satisfied in full.

In addition, prior to the repayment in full of the Term Loan and the associated exit fee, all distributions otherwise payable to the members of New Ansonia shall be distributed to UTA and applied, *first*, to any outstanding interest due on the Term Loan, *second*, to reduce the principal amount of the Term Loan, and *third*, to pay the exit fee. Borrowers shall not owe New Ansonia any obligations to repay or reimburse any such amounts paid by New Ansonia.

5. **UTA Term Loan**

UTA has agreed to provide the Borrowers with $4,820,000 in cash in the form of an eighteen month term loan ("Term Loan"); *provided*, *however*, that in the event that the Plan is not confirmed by June 15, 2010, the Term Loan shall mature on September 15, 2010. Interest on the Term Loan accrues at the rate of 15% per annum on the outstanding balance and is paid monthly in arrears. Unpaid interest accrues and compounds monthly.

The Credit Agreement evidencing the Term Loan provides that, except for the New Ansonia Acquired Interests and as otherwise set forth in the Credit Agreement, the Term Loan shall be secured by liens and security interests in and on all of Borrowers' assets that can be pledged (real, personal and mixed), subject to (i) any valid and properly perfected liens and security interest existing on the date the Plan is confirmed, (ii) to then existing restrictions on the grant of subordinated liens, and (iii) the exclusion of any Chapter 5 claims. The Bankruptcy court granted interim approval of the Term Loan on March 31, 2010, at which time the Borrowers received an initial draw of $4,200,000. A hearing to consider final approval of the Term Loan is scheduled for April 15, 2010.

Subject to the terms of the Credit Agreement evidencing the Term Loan, in the event that the existing loan made by GECC to Ansonia LP or subsidiaries of Ansonia LP is satisfied in full (or with the prior written consent of GECC if such loan is not satisfied in full), UTA shall have the option to receive (in addition to principal, interest and the exit fee) 11% of the equity of New Ansonia. Upon such option exercise, Beachwold Residential and Rothenberg's collective interest in New Ansonia shall be reduced to 29% and the Tarragon Creditor Entity's interest in New Ansonia shall be increased to 60%.

6. **Beachwold Participation in the Term Loan**

Rothenberg and two individual retirement plans having Friedman and Lucy Friedman as their respective plan beneficiaries have collectively purchased an approximate 12.86% participating interest in the Term Loan for $620,000.

7. **Liquidation**

a. **Liquidation of Assets**

Following confirmation of the Plan, Reorganized Tarragon and the Tarragon Creditor Entity shall proceed diligently to liquidate the presently owned physical and intangible assets of

Tarragon Corp. and certain of its Affiliates, including all Causes of Action, but excluding the names, trade names, management manuals, facsimile numbers, telephone numbers and email addresses of Tarragon Corp. and its Affiliates (the "Liquidation Assets") in accordance with the terms and conditions of the Plan. Reorganized Tarragon will have primary responsibility for the disposition of the Liquidation Assets, but each sale or other disposition of a Liquidation Asset shall be subject to the approval of the Tarragon Creditor Entity (which approval shall not be unreasonably withheld with respect to any Material Liquidation Asset (as such term is defined below), for so long as the principal, interest and exit fee, but not additional interest, on the Term Loan remains outstanding). Notwithstanding the forgoing, with regard to certain Liquidation Assets listed on Exhibit B (the "Material Liquidation Assets"), UTA, Borrowers, Beachwold and the Creditors' Committee agreed to a schedule of estimated minimum net liquidation proceeds (the "Minimum Liquidation Proceeds") to be realized from the sale or other disposition of such Material Liquidation Assets. UTA shall have approval rights (such approval not to be unreasonably withheld, conditioned or delayed) only with regard to a proposed sale or other disposition of a Material Liquidation Asset that, if consummated, would result in net liquidation proceeds below the Minimum Liquidation Proceeds amount associated to such Material Liquidation Asset.

Notwithstanding anything to the contrary in the immediately preceding paragraph or elsewhere in this Disclosure Statement, the Plan, Confirmation Order or documents ancillary thereto (including any amendment or modification of each thereof), the disposition of the Liquidation Assets, including, without limitation, the Material Liquidation Assets, that comprise BofA's collateral (the "BofA Collateral") securing the Debtors' pre- and post-petition obligations to BofA (including, without limitation, the

obligations under the BofA Guaranty) shall be solely in accordance with the terms and conditions of the BofA Documents, as applicable. Without limiting the foregoing, subject to the BofA Settlement Agreement, notwithstanding confirmation of the Plan, BofA shall retain the right to foreclose on any of the BofA Collateral and utilize the consents to foreclosure delivered to BofA in connection with the BofA Settlement Agreement.

Notwithstanding anything to the contrary in the Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), BofA's Claims, Liens, rights and interests shall continue unaffected by the confirmation of the Plan, the occurrence of the Effective Date or consummation of the Plan unless and until all of such Claims, Liens, rights and interests are fully satisfied in accordance with the terms and conditions of the BofA Documents.

Notwithstanding anything to the contrary in the Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this subsection 7(a) shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this subsection 7(a) shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

b. **Duties of Reorganized Tarragon**

Until such time as all Liquidation Assets have been sold or otherwise disposed of pursuant to the terms of the Plan, Reorganized Tarragon (and any Affiliate or subsidiary thereof) shall:

- provide quarterly reports to the TCE Trustee regarding the Liquidation Assets, its cash on hand, and any other matter reasonably requested by the TCE Trustee (which reports may be prepared on a consolidated basis);

- provide the TCE Trustee with access to its books and records upon reasonable notice and during normal business hours;

- keep separate books and records, account separately for, and keep separate in all respects, all costs, expenses, proceeds and business related to or derived from the Liquidation Assets on the one hand, and any after-acquired property on the other hand;

- adhere to an operating budget to be agreed upon by Reorganized Tarragon and the Tarragon Creditor Entity (or the Creditors' Committee, if such budget is finalized prior to the Effective Date);

- provide notice of any offer to purchase any Liquidation Asset to the TCE Trustee, and, upon the direction of the TCE Trustee, accept such offer (except that Reorganized Tarragon shall not be obligated to accept any offer with regard to a proposed sale or other disposition of a Material Liquidation Asset if such sale or disposition would result in net liquidation proceeds below the Minimum Liquidation Proceeds amount associated with such Material Liquidation Asset without UTA's approval);

- provide notice of any offer to settle any Cause of Action to the TCE Trustee, and, upon the direction of the TCE Trustee, accept such offer;

and Reorganized Tarragon (and any affiliate or subsidiary thereof) shall not:

- Agree to or consummate a Material Transaction without the consent of the TCE Trustee on behalf of the Tarragon Creditor Entity (which consent shall not be unreasonably withheld with respect to any Material Liquidation Asset for so long as the principal, interest and exit fee, but not additional interest, on the Term Loan remains outstanding).

For purposes of this section **7(b)**, "Material Transaction" shall mean (i) any pledge of any Liquidation Asset by Reorganized Tarragon (or any Affiliate or subsidiary thereof), (ii) the incurrence by Reorganized Tarragon (or any Affiliate or subsidiary thereof) of any debt (other than *de minimis* amounts incurred in the ordinary course of business or pursuant to the operating budget), (iii) any agreement or arrangement with Friedman, Rothenberg, Beachwold, or any family member, affiliate or insider (as defined section 101(31) of the Bankruptcy Code) of any of

them; (iv) the sale or other disposition of any Liquidation Asset, or (v) any other transaction that could reasonably be expected to have a material impact on the proceeds received by the Tarragon Creditor Entity from the sale or other disposition of any of the Liquidation Assets.

Reorganized Tarragon and the Tarragon Creditor Entity shall work in good faith to determine the protocol for Reorganized Tarragon to secure the Tarragon Creditor Entity's approval of a potential Material Transaction in a manner reasonably calculated to maximize the value of the Liquidation Assets. The parties shall endeavor to finalize such protocol prior to confirmation of the Plan. In the event that such protocol is not agreed to prior to confirmation of the Plan, the written consent of the TCE Trustee shall be required before Reorganized Tarragon agrees to or consummates a Material Transaction (which consent shall not be unreasonably withheld with respect to any Material Liquidation Asset for so long as the principal, interest and exit fee, but not additional interest, on the Term Loan remains outstanding).

c. **Distributions**

All Surplus Cash ~~(as defined below)~~, and, upon the sale or other disposition of any Liquidation Asset~~s~~, net proceeds of sale, after (i) payment of all senior liens on the asset being sold that exist as of the date of such sale or disposition, (ii) payment of all other creditor claims against the owner of the asset being sold that exist as of the date of such sale or disposition, and (iii) payment of all reasonable and customary expenses of sale, shall be distributed as ~~follows~~**set forth immediately below; provided, however, that with respect to the revenue generated by 800 Madison, the use of such revenue shall be governed by the terms and conditions of the BofA Documents**:

(i) First, 100% to UTA until (a) all reimbursement obligations to UTA provided for in the loan documents evidencing the Term Loan with respect to reimbursement of any expenses incurred by UTA after the funding of the Term Loan in

enforcing its rights or maintaining the collateral pledged as security for the Term Loan have been satisfied in full, and (b) all interest on the Term Loan that is then due and payable has been paid in full; *then*

(ii) Second, 100% to UTA until all principal of the Term Loan has been paid in full; *then*

(iii) Third, 100% to UTA until the exit fee under the Term Loan has been paid in full; *then*

(iv) Fourth, 100% to payment of Deferred Confirmation Expenses (as defined below) according to the Plan until such Deferred Confirmation Expenses are paid in full, and then to the Tarragon Creditor Entity to be distributed pursuant to the terms of the Plan until a collective total of $8 million has been paid or distributed to all parties pursuant to clauses (i)-(iii), this clause (iv) or as Permitted Overhead Expenses (as defined below); *then*

(v) Fifth, 11% to UTA as additional interest, and 89% to payment of Deferred Confirmation Expenses according to the Plan until such Deferred Confirmation Expenses are paid in full, and then to the Tarragon Creditor Entity, until a total of $2 million has been paid or distributed pursuant to this clause (v); provided, however, that UTA shall first be reimbursed for all of its reasonable unreimbursed expenses related to the Term Loan in excess of $100,000 after a total of $1,000,000 has been paid or distributed, and before any further payments or distributions are made pursuant to this clause (v); *then*

(vi) Sixth, 22% to UTA as additional interest and the remaining 78% as follows: first, the entire 78% shall be distributed to payment of Deferred Confirmation Expenses according to the Plan until such Deferred Confirmation Expenses are paid in full, and then after such Deferred Confirmation Expenses are paid in full, 12% shall be retained by Reorganized Tarragon, and 66% shall be distributed to the Tarragon Creditor Entity.

Notwithstanding the foregoing, for any month in which Reorganized Tarragon and the other Borrowers under the Term Loan do not have Surplus Cash, up to $90,000 per month of cash flow or net liquidation proceeds may be utilized for payment of their overhead expenses and operating costs, including without limitation, taxes and priority claims ("Permitted Overhead Expenses") prior to any payment or distribution described above.

"Surplus Cash" means all cash on hand of Reorganized Tarragon and the other Borrowers under the Term Loan in excess of $500,000 other than proceeds of the Term Loan. Reorganized Tarragon and the other Borrowers under the Term Loan shall be permitted to utilize any cash on hand that is less than $500,000 (excluding net proceeds from the sale of any of the collateral for the Term Loan and the proceeds of the Term Loan) for payment of their Permitted Overhead Expenses prior to any payment or distribution described above.

Notwithstanding anything contained in this subsection 7(c) to the contrary, with respect to 800 Madison, the post-confirmation payments to BofA and use of cash collateral shall be subject to the terms and conditions of the BofA Documents.

Notwithstanding anything to the contrary in the Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this subsection 7(c) shall be

subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection 7(c) shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

8. **Deferred Confirmation Expenses**

In accordance with the January 16, 2009 Administrative Order establishing procedures for interim compensation and reimbursement of expenses to professionals, (a) each Professional retained in the cases referenced in the preceding paragraph was authorized to file monthly fee statements for interim approval and allowance of compensation for services rendered and reimbursement of expenses incurred during the immediately preceding month, and (b) in the absence of objection, the Debtors were authorized to pay each Professional 80% of the fees and 100% of the expenses requested in the monthly fee statement. Given the Debtors' liquidity problems, they ceased paying the 80% of the fees and 100% of the expenses requested in the Professionals' monthly statements for December 2009 through the present. In addition, the Debtors did not pay the 20% holdbacks for the months of June 2009 through September 2009 that were awarded by the Court in connection with the Professionals' second interim fee applications. From the Term Loan proceeds, Professionals will be paid on the Effective Date only a portion of the fees and expenses incurred and accrued through confirmation of the Plan. Professionals will not be paid 100% of those fees and expenses at confirmation, as ordinarily required. Rather, a material portion of professional fees will be deferred pending the repayment in full of the Term Loan post-confirmation.

9. **Dissolution of Creditors' Committee**

The Plan and the Confirmation Order will provide that upon the occurrence of the Effective Date, the Creditors' Committee shall dissolve automatically, whereupon its members, professionals and agents shall be released from any duties and responsibilities in these cases and

under the Bankruptcy Code (except with respect to (i) obligations arising under confidentiality agreements, which shall remain in full force and effect, (ii) applications for the payment of fees and reimbursement of expenses, and (iii) any pending motions or any motions or other actions seeking enforcement of implementation of the provisions of the Plan).

10. **Tarragon Creditor Entity**

The Tarragon Creditor Entity shall be owned by the Tarragon Creditors. All rights of the Tarragon Creditors as members of the Tarragon Creditor Entity, including rights to distributions and management, shall be set forth in an Operating Agreement (the "TCE Operating Agreement"), a copy of which will be filed with the Plan Supplement. Among other things, and as set forth in the TCE Operating Agreement, the Tarragon Creditor Entity shall be administered by a trustee (the "TCE Trustee") to be appointed by the Creditors' Committee prior to its dissolution. The powers and duties of the TCE Trustee are set forth in the TCE Operating Agreement. Among other things, and as set forth more fully in the TCE Operating Agreement, the TCE Trustee shall have the authority to retain such counsel, financial advisors and other professionals it deems necessary and appropriate to discharge its duties.

Reorganized Tarragon shall pay, out of cash on hand on the Effective Date, the reasonable "start up" costs and expenses of the Tarragon Creditor Entity pursuant to a budget to be agreed upon by Reorganized Tarragon and the Creditor's Committee and such costs shall be deemed to be a Deferred Confirmation Expense. All other costs and expenses of the Tarragon Creditor Entity related to the liquidation of the Debtors in accordance with the terms of the Plan shall be paid by the Tarragon Creditor Entity.

11. **Post Confirmation Officers**

On or promptly following the Effective Date, the post-confirmation senior executive officers of New Ansonia will include Rothenberg and Friedman and the post-confirmation senior executive officers of Reorganized Tarragon will include Friedman and Rothenberg.

In addition to the above referenced senior executive officers, junior executive officers who will be responsible for the day-to-day business affairs of New Ansonia, Reorganized Tarragon and their respective Affiliates will be appointed from time to time.

12. **Operating Agreement of New Ansonia**

The Tarragon Creditor Entity and Beachwold Residential have entered into an Operating Agreement, substantially in the form attached hereto as Exhibit I, which shall become effective on the Effective Date (the "New Ansonia Operating Agreement").

13. **Property Management**

New Ansonia shall enter into one or more five year property management agreement ("the Beachwold Property Management Agreement") with Beachwold or their designee (the "Beachwold Manager"). The Beachwold Property Management Agreement shall provide for, among other things, Beachwold to manage the properties directly or indirectly owned by New Ansonia, for a fee of 5% ("Beachwold Management Fee") of the gross revenues generated from such properties. The Beachwold Management Fee shall cover all overhead and administrative costs associated with managing such properties, including, without limitation, all overhead and administrative costs associated with any subcontract.

The Beachwold Manager shall enter into a three-year subcontract for property management services (the "Jupiter Management Agreement") with Jupiter Communities LLC or

its designee ("Jupiter"), substantially in the form to be filed with the Plan Supplement. The Jupiter Management Agreement shall provide for, among other things, Jupiter to manage the properties owned by Tarragon or New Ansonia in Texas, Alabama and Tennessee and any other properties that are mutually agreed upon by the parties thereto for a fee of 3% of the gross revenues generated from the properties located in Texas, a fee of 2.5% of the gross revenues generated from the properties located in Alabama and Tennessee, and a fee as may agreed by the parties thereto with respect to any other properties. For the avoidance of doubt, the fees payable to Jupiter under this provision shall be payable by the Beachwold Manager out of the Beachwold Management Fee. Such management fees shall cover all overhead and administrative costs associated with managing such properties other than those overhead and administrative costs that are sufficiently discrete so as to enable Jupiter to determine the specific amount that is directly related to the applicable property and other than any operating costs or expenses related to the applicable property. In addition, the Beachwold Manager shall engage Jupiter to provide risk management services pursuant to agreements to be negotiated among the parties.

14. **Rothenberg Tax Neutrality**

(a) At the time that (i) a person not currently a member of New Ansonia ("Funding Member") makes funds available to New Ansonia and is admitted to New Ansonia as a member and such person requires that Ansonia waive its right to approve and consent to transactions, (ii) New Ansonia elects to sell, lease or otherwise dispose of any assets or equity interests of New Ansonia or its direct or indirect subsidiaries, or (iii) New Ansonia elects to refinance any property owned by New Ansonia or its direct or indirect subsidiaries, to the extent Ansonia's consent is required, Ansonia has agreed to waive, and shall be deemed by the Plan to have waived, its consent rights with respect to such transaction specified in (i)-(iii) above, on the

terms and conditions set forth in this subsection l4. In the event that the Tax Neutrality Loans (as defined below) provided for herein are not made as required, the waiver would no longer be effective and Ansonia's consent will be required.

(b) If a transaction specified in (i)-(iii) above would result in a taxable gain being allocated to Ansonia, a loan will be made by the Funding Member or, with respect to (ii) or (iii) above, by New Ansonia out of the proceeds of such transaction, to cover the estimated taxes of the members of Ansonia based on the estimated gain to be allocated to Ansonia. If the loan is not made at the time of the transaction, there shall be assurances satisfactory to Ansonia that the loan will be made and that it shall be made to permit taxes (including estimated taxes) to be paid on a timely basis. If a member has no taxes to pay in any year for which a loan is made, such member receiving a loan shall repay such loan promptly upon making such determination or if the taxes payable by such member in any such year are less than the loan amount made in such year, the member receiving a loan shall repay the portion of the loan which exceeds such members taxes promptly upon making such determination. Each member receiving a loan for any year shall provide to New Ansonia reasonably promptly during the calendar year immediately following the transaction a certificate from an independent certified public accountant that the amount of the federal, state and local taxes payable by such member exceeds the amount of all loans made for the year in which such transactions occurred. If a member shall fail to provide such a certificate, then if he or she does not cure such failure within 10 business days of receiving a notice from New Ansonia that such member has not provided such certification, the loan(s) made to such member in such year shall be due and payable.

(c) The maximum amount of all such loans will be $5 million, subject to reduction to the extent that New Ansonia makes distributions to Rothenberg and/or Ansonia

(other than to cover taxes) prior to making such loans. Such loans are referred to herein as the "Tax Neutrality Loans".

(d) Loans will be non-interest bearing for five years and thereafter such loans will bear interest at 1.2% per annum. Each of the loans will be due eight years after the loan was made. Each borrower will be personally liable for 50% of an amount equal to (i) any unpaid portion of the principal of the loans made to him less (ii) the value, measured at the time of foreclosure by lender, of such member's share of Ansonia's equity in Ansonia LP as pledged to secure the Tax Neutrality Loans.

(e) The Tax Neutrality Loans will be secured by each of the Ansonia's member's interest in Ansonia. In addition, Rothenberg's loan(s) will be secured by his interests, whether direct or indirect, in Beachwold Residential and New Ansonia. Any distributions from Ansonia or New Ansonia otherwise payable or actually paid to the borrowers will be used to repay each such member's loan obligations pro rata, and other distributions to Rothenberg will be used to pay his obligations on the loans. To the extent that Rothenberg's obligations are fully satisfied before the other members, his share of future distributions shall be paid to him.

B. Implementation of the Transaction with New Ansonia and the Plan

1. **Cure of Defaults**

Any non-monetary defaults in/of (i) mortgages, security agreements or other loan documents which are secured by security interests in property owned by the Debtors and/or by non-debtor entities which are wholly or partially owned, directly or indirectly, by the Debtors or are otherwise under the Debtors' control (collectively, the "Non-Debtors") or (ii) the Debtors, the Non-Debtors or any of their respective insiders, affiliates or subsidiaries under any shareholder, operating and/or partnership agreements or other organizational documents to which any of the Debtors, the Non-Debtors or any of their respective insiders, affiliates or subsidiaries are a party

or are otherwise bound shall be deemed unenforceable and the non-monetary defaults shall be deemed cured and of no force or effect following the consummation of the transactions contemplated by the Plan and the documents referred to therein as of the Effective Date. Further, any non-monetary defaults in and/or under any mortgages, security agreements or other loan documents or any shareholder, partnership or operating agreement or other organizational document of any Debtor, any Non-Debtor or any insider, affiliate or subsidiary of a Debtor or a Non-Debtor caused by anything contained in the Plan or by the transactions, documents or agreements provided for therein, or by the commencement of the bankruptcy cases, or by any proceedings that occurred in the bankruptcy cases, shall be deemed unenforceable, shall be deemed waived and shall be of no force or effect.

Nothing in the Plan nor in the transactions, documents or agreements contemplated by the Plan shall or shall be deemed to cause or otherwise result in a default in or breach under any mortgages, security agreements or other loan documents, or any partnership, operating agreement or shareholder agreement or other organizational document with respect to any Debtor, any Non-Debtor or any of the respective insiders, subsidiaries or affiliates of a Debtor or a Non-Debtor (including, without limitation, change of control and transfer consents, consents to appoint a successor general partner or manager, requirements to provide opinions, rights of first refusal, rights of first offer, transfer notice requirements, consent to the sale or other disposition of assets and change of management consents) and that such mortgages, security agreements and other loan documents, and shareholder agreements, operating agreements, partnership agreements and other organizational documents shall and shall be deemed to be not in default and shall be deemed in full force and effect notwithstanding anything in the Plan or in the transactions, documents and agreements contemplated by the Plan.

Notwithstanding anything to the contrary in the Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this Section V(B)(1) shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section V(B)(1) shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

For avoidance of doubt, the Equity Interests of 800 Madison and Block 88 are not being conveyed, transferred or assigned to New Ansonia.

2. **Abandonment**

At any time prior to the Effective Date, a Debtor, with the written consent of UTA and the Creditors' Committee, may abandon or surrender (i) real properties to the mortgagee and/or holder of security interest(s), or (ii) pursuant to section 554 of the Bankruptcy Code, such Debtor's equity interest in a non-Debtor Affiliate.

3. **Transfer Taxes**

To the fullest extent permitted under section 1146(a) of the Bankruptcy Code and applicable law, the sale, transfer, conveyance and/or assignment of any assets, equity, real property and interests in real property pursuant to the Plan shall not be taxed under any law imposing any such tax.

C. Classification of Claims and Interests and Their Treatment Under the Plan

1. Classification of Claims and Interests

Section 1122 of the Bankruptcy Code requires the Plan to place a Claim or Interest in a particular Class only if such Claim or Interest is substantially similar to the other Claims or

Interests in such Class. The Plan creates separate Classes to deal respectively with Secured Claims, Unsecured Claims and Interests. The Debtors believe that the Plan's classifications place substantially similar Claims or Interests in the same Class and thus, meet the requirements of Section 1122 of the Bankruptcy Code. As described more fully below, the Plan provides, separately for each Class, that Holders of Claims will receive various types of or no distributions under the Plan.

2. **Unclassified Claims**

Certain types of Claims are not placed into voting Classes; instead they are unclassified. Such Claims are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided under the Bankruptcy Code. As such, the Debtors have not placed such Claims in a Class. The treatment of these Claims is provided below:

a. **Administrative Expense Claims**

(i) Administrative Expense Claims are Claims against the Debtors constituting a cost or expense of administration of the Chapter 11 Cases allowed under Sections 503(b) and 507(a)(2) of the Bankruptcy Code, including any actual and necessary costs and expenses of operating the Debtors' businesses, any indebtedness or obligations incurred or assumed by the Debtors in connection with the conduct of its business, any allowance of compensation or reimbursement of expenses for Professionals to the extent allowed by the Bankruptcy Court under sections 330 and 331 of the Bankruptcy Code, and fees or charges assessed against the Debtors' Estate under section 1930, chapter 12, title 28, United States Code ("Statutory Fees"), which are treated separately below.

(ii) Subject to the allowance procedures and the deadlines provided in the Plan, and except to the extent that any entity entitled to payment of any Allowed

Administrative Expense Claim agrees to a different treatment, each Holder of an Allowed Administrative Expense Claim, including Allowed Section 503(b)(9) Administrative Claims, shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of (a) the Effective Date, and (b) and seven Business Days after the entry of a Final Order Allowing such Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that (i) Allowed Administrative Expense Claims and Priority Claims representing liabilities incurred in the ordinary course of business by the Debtors or liabilities arising under loans or advances to or other obligations incurred by the Debtors, to the extent approved by the Bankruptcy Court if such approval was required under the Bankruptcy Code, shall be paid in full and performed by Reorganized Tarragon in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or Bankruptcy Court Orders governing, instruments evidencing or other documents relating to, such transactions, and (ii) Deferred Confirmation Expenses shall be paid pursuant to Section V(A)(7)(c) hereof.

b. **Priority Tax Claims**

Each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction of such Allowed Priority Tax Claim, at the election of the Debtors, in their sole discretion, either (i) Cash equal to the amount of such Claim on the later of (a) the Effective Date and (b) seven Business Days after entry of a Final Order Allowing such Priority Tax Claim, or as soon thereafter as is practicable, but in no event later than thirty days after entry of the Final Order, unless such Holder shall have agreed to different treatment of such Allowed Claim, (ii) in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, Cash payments in equal quarterly installments commencing on the first Business Day of the succeeding quarter in which the Effective Date occurs and continuing on the first Business Day of each quarter thereafter, until the quarter which is five years after the Commencement Date totaling the

principal amount of such Claim plus interest on any outstanding balance from the Effective Date calculated at the interest rate equal to the applicable federal rate as determined in accordance with section 1274(d) of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder, or (iii) such other treatment as to which the Holder of such Allowed Priority Tax Claim shall have agreed in writing; provided, however, that any Claim or demand for payment of a penalty (other than a penalty of the type specified in section 507(a)(8)(G) of the Bankruptcy Code) shall be disallowed pursuant to the Plan and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, their Estates or any property of such Entities.

3. **Classified Claims and Interests**

Except for the Administrative Expense Claims, Professional Compensation and Reimbursement Claims, Statutory Fees and Priority Tax Claims discussed above, all Claims against, and Equity Interests in, the Debtors and with respect to all property of the Debtors and their Estates, are defined and hereinafter designated in respective Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in another Class or Classes to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Class or Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class and has not been paid, released or otherwise satisfied or waived before the Effective Date. Notwithstanding anything to the contrary contained in the Plan, no distribution shall be made on account of any Claim that is not an Allowed Claim.

The Plan is intended to deal with all Claims against and Equity Interests in the Debtors, of whatever character, whether known or unknown, whether or not with recourse, whether or not

contingent or unliquidated, and whether or not previously Allowed by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code. However, only Holders of Allowed Claims will receive any distribution under the Plan. For purposes of determining Pro Rata distributions under the Plan and in accordance with the Plan, Disputed Claims shall be included in the Class in which such Claims would be included if Allowed, until such Claims are finally disallowed.

4. **Treatment of Claims and Interests**

Except for Administrative Claims and Priority Tax Claims, the Plan divides all Claims against the Debtors into various classes. The table set forth below summarizes the Classes of Claims and Interests under the Plan and the treatment of such Claims and Interests.

Debtor	Class	Description	Treatment Under the Plan
Not Applicable	None	Administrative Claims	Except for Deferred Confirmation Expenses that will be paid pursuant to Section V(A)(8)(b) of this Disclosure Statement, payment in full in Cash.
Not Applicable	None	Priority Tax Claims	Payment in full in Cash.
Not Applicable	Class 1	UTA Term Loan Claims	Paid pursuant to the loan documents evidencing the Term Loan and Section V(A)(8)(b) of this Disclosure Statement.
800 Madison	**Class 2**	**BofA 800 Madison DIP Loan Claims**	**Paid pursuant to the terms of the loan documents evidencing the BofA 800 Madison DIP Loan and the Order of the Bankruptcy Court approving same.**
Tarragon Corp.	Class 2A	Secured Claims	~~There are no Class 2A~~**Holders of such** Claims **shall receive the treatment provided under the BofA Settlement Agreement. Reorganized Tarragon shall reaffirm the obligations of Tarragon Corp. under the BofA Guaranty.**
	Class 2B(i)	Unsecured Priority Claims	Payment in full in Cash
	Class 2B(ii)	Unsecured Non-Priority Claims	In full, final, and complete satisfaction of Class 2B(ii) Claims, Holders of Class 2B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the

Debtor	Class	Description	Treatment Under the Plan
			New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 2B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.
	Class 2B(iii)	Federal Home Loan Mortgage Corporation Claims	The Guaranty given to Federal Home Loan Mortgage Corporation will be reaffirmed by Reorganized Tarragon.
	Class 2B(iv)	Fannie Mae Claims	The Guaranty given to Fannie Mae will be reaffirmed by Reorganized Tarragon.
	Class 2B(v)	General Electric Credit Corporation Claims	New Ansonia shall guaranty certain debt owed to GECC by Tarragon Corp. on substantially the same terms as the Tarragon Corp. GECC Guarantees.
	Class 2B(vi)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 2B(ii) Claims.
	Class 2B(vii)	Unsecured Affiliated Debt Holder Claims	In exchange for (1) contributing the Beachwold Residential Claims, (2) giving a general release of any and all claims against Tarragon Corp. and its direct and indirect subsidiaries by Beachwold and Rothenberg, and (3) agreeing to facilitate the liquidation of Tarragon's assets, Beachwold Residential shall receive (A) 50% of the equity in New Ansonia, and (B) a portion of the net proceeds received from the liquidation of such assets as more specifically described herein. In exchange for cancelling the Affiliate Notes and any other amounts owed by Tarragon Corp. to Beachwold and Rothenberg (other than the Beachwold Residential Claims), Beachwold shall receive 60% of the equity in Reorganized Tarragon and Rothenberg shall receive 40% of the equity in Reorganized Tarragon.
	Class 2C	Equity Interests	There shall be no Distributions to Holders and all such equity interests shall be cancelled.
Tarragon Dev. Corp.	Class 3A	Secured Claims	~~There are no Class 3A~~**Holders of such** Claims **shall receive the treatment provided under the BofA Settlement Agreement.**
	Class 3B(i)	Unsecured Priority Claims	Payment in full in Cash
	Class 3B(ii)	Unsecured Non-Priority Claims	In full, final, and complete satisfaction of Class 3B(ii) Claims, Holders of Class 3B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the

Debtor	Class	Description	Treatment Under the Plan
			New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 3B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.
	Class 3B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 3B(ii) Claims.
	Class 3C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Tarragon South	Class 4A	Secured Claims	There are no Class 4A Claims
	Class 4B(i)	Unsecured Priority Claims	Payment in full in Cash
	Class 4B(ii)	Unsecured Non-Priority Claims	In full, final, and complete satisfaction of Class 4B(ii) Claims, Holders of Class 4B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 4B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.
	Class 4B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 4B(ii) Claims.
	Class 4C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Tarragon Dev. LLC	Class 5A	Secured Claims	There are no Class 5A Claims
	Class 5B(i)	Unsecured Priority Claims	Payment in full in Cash
	Class 5B(ii)	Unsecured Non-Priority Claims	In full, final, and complete satisfaction of Class 5B(ii) Claims, Holders of Class 5B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 5B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.
	Class 5B(iii)	General Electric	New Ansonia shall guaranty certain debt owed

Debtor	Class	Description	Treatment Under the Plan
		Credit Corporation Claims	to GECC by Tarragon on substantially the same terms as the Tarragon Dev. LLC GECC Guaranty.
	Class 5B(iv)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 5B(ii) Claims.
	Class 5C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
	Class 6 Intentionally deleted.		
Bermuda Island	Class 7A	Secured Claims	~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive ~~such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court~~**the treatment provided under the BofA Settlement Agreement**.
	Class 7B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Bermuda Island in accordance with Section 507 of the Bankruptcy Code.
	Class 7B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Bermuda Island in accordance with Section 507 of the Bankruptcy Code.
	Class 7B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 7B(ii) Claims.
	Class 7C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Orion	Class 8A	Secured Claims	~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive ~~such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court~~**the treatment provided under the BofA Settlement Agreement**.
	Class 8B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orion in accordance with Section 507 of the Bankruptcy Code.
	Class 8B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orion in accordance with Section 507 of the Bankruptcy Code.
	Class 8B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 8B(ii) Claims.
	Class 8C	Equity Interests of Debtors	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
	Class 8D	Equity Interests of Non-Debtors	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Orlando Central	Class 9A	Secured Claims	There are no Class 9A Claims.

Debtor	Class	Description	Treatment Under the Plan
	Class 9B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orlando Central in accordance with Section 507 of the Bankruptcy Code.
	Class 9B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orlando Central in accordance with Section 507 of the Bankruptcy Code.
	Class 9B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 9B(ii) Claims.
	Class 9C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Orlando Central shall be deemed dissolved and the Class 9C Equity Interests will be cancelled.
Fenwick	Class 10A	Secured Claims	There are no Class 10A Claims.
	Class 10B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Fenwick in accordance with Section 507 of the Bankruptcy Code.
	Class 10B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Fenwick in accordance with Section 507 of the Bankruptcy Code.
	Class 10B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 10B(ii) Claims.
	Class 10C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Fenwick shall be deemed dissolved and the Class 10C Equity Interests will be cancelled.
Las Olas	Class 11A(i)	Secured Claims (Bank Atlantic)	Subject to the terms of a separately presented and approved Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court.
	Class 11A(ii)	Secured Claims (Regions Bank)	Subject to the terms of a separately presented and approved Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court.
	Class 11B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Las Olas in accordance with Section 507 of the Bankruptcy Code.
	Class 11B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Las Olas, if any, in accordance with Section 507 of the Bankruptcy Code.
	Class 11B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu*

Debtor	Class	Description	Treatment Under the Plan
			with Holders of Class 11B(ii) Claims.
	Class 11C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Trio West	Class 12A	Secured Claims	There are no Class 12A Claims
	Class 12B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio West in accordance with Section 507 of the Bankruptcy Code.
	Class 12B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio West in accordance with Section 507 of the Bankruptcy Code.
	Class 12B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 12B(ii) Claims.
	Class 12C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Trio West shall be deemed dissolved and the Class 12C Equity Interests will be cancelled.
800 Madison	Class 13A	Secured Claims	~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive ~~such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court~~**the treatment provided under the BofA Settlement Agreement**.
	Class 13B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 800 Madison in accordance with Section 507 of the Bankruptcy Code.
	Class 13B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 800 Madison in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, same shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and the foregoing shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
	Class 13B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 13B(ii) Claims**; provided, however, that notwithstanding the foregoing, same shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and the foregoing shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
	Class 13C	Equity Interests	~~There shall be no Distributions to Holders and Holders shall retain their Equity~~

Debtor	Class	Description	Treatment Under the Plan
			~~Interests~~**Holders will receive the treatment provided in the BofA Documents and all Equity Interests in 800 Madison shall be retained by such Holder. The foregoing shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and same shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
900 Monroe	Class 14A	Secured Claims	~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive ~~such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court~~**the treatment provided under the BofA Settlement Agreement**.
	Class 14B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 900 Monroe in accordance with Section 507 of the Bankruptcy Code.
	Class 14B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 900 Monroe in accordance with Section 507 of the Bankruptcy Code.
	Class 14B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 14B(ii) Claims.
	Class 14C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Block 88	Class 15A	Secured Claims	There are no Class 15A Claims
	Class 15B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Block 88 in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, same shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and the foregoing shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
	Class 15B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Block 88 in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, same shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and the foregoing shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
	Class 15B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu*

Debtor	Class	Description	Treatment Under the Plan
			with Holders of Class 15B(ii) Claims**;** **provided, however, that notwithstanding the foregoing, same shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and the foregoing shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
	Class 15C	Equity Interests ~~of Debtors and Affiliates of Debtors~~	~~There shall be no Distributions to Holders and Holders shall retain their Equity Interests~~**Holders will receive the treatment provided in the BofA Documents and all Equity Interests in Block 88 shall be retained by such Holder. The foregoing shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and same shall not alter, amend, impair or modify the rights of the parties under the BofA Documents**.
	~~Class 15D~~	~~Equity Interests of Non-Debtors and Non-Affiliates of Debtors~~	~~There shall be no Distributions to Holders and Holders shall retain their Equity Interests.~~
Central Square	Class 16A	Secured Claims	Subject to the terms of a separately presented and approved Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court.
	Class 16B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Central Square in accordance with Section 507 of the Bankruptcy Code.
	Class 16B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Central Square in accordance with Section 507 of the Bankruptcy Code.
	Class 16B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 16B(ii) Claims.
	Class 16C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Charleston	Class 17A	Secured Claims	There are no Class 17A Claims
	Class 17B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Charleston in accordance with Section 507 of the Bankruptcy Code.
	Class 17B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Charleston in accordance with Section 507 of the Bankruptcy Code.
	Class 17B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 17B(ii) Claims.

Debtor	Class	Description	Treatment Under the Plan
	Class 17C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Charleston shall be deemed dissolved and the Class 17C Equity Interests will be cancelled.
Omni	Class 18A	Secured Claims	There are no Class 18A Claims.
	Class 18B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Omni in accordance with Section 507 of the Bankruptcy Code.
	Class 18B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Omni in accordance with Section 507 of the Bankruptcy Code.
	Class 18B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 18B(ii) Claims.
	Class 18C	Equity Interests	There shall be no Distributions to Holders and Holders shall retain their Equity Interests.
Tarragon Edgewater	Class 19A	Secured Claims	There are no Class 19A Claims
	Class 19B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Tarragon Edgewater in accordance with Section 507 of the Bankruptcy Code.
	Class 19B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Tarragon Edgewater in accordance with Section 507 of the Bankruptcy Code.
	Class 19B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 19B(ii) Claims.
	Class 19C	Equity Interests	There shall be no Distributions to Holders and all such equity interests shall be cancelled.
Trio East	Class 20A	Secured Claims	~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive such treatment as is set forth in the ~~settlement that has been approved by the Bankruptcy Court~~**BofA Settlement Agreement**.
	Class 20B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio East in accordance with Section 507 of the Bankruptcy Code.
	Class 20B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio East in accordance with Section 507 of the Bankruptcy Code.
	Class 20B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 20B(ii) Claims.
	Class 20C	Equity Interests	There shall be no Distributions to Holders and all such equity interests shall be cancelled.

Debtor	Class	Description	Treatment Under the Plan
Vista	Class 21A	Secured Claims	There are no Class 21A Claims
	Class 21B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Vista in accordance with Section 507 of the Bankruptcy Code.
	Class 21B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Vista in accordance with Section 507 of the Bankruptcy Code.
	Class 21B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 21B(ii) Claims.
	Class 21C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Vista shall be deemed dissolved and the Class 21C Equity Interests will be cancelled.
Murfreesboro	Class 22A	Secured Claims	There are no Class 22A Claims.
	Class 22B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Murfreesboro in accordance with Section 507 of the Bankruptcy Code.
	Class 22B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Murfreesboro in accordance with Section 507 of the Bankruptcy Code.
	Class 22B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 22B(ii) Claims.
	Class 22C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Murfreesboro shall be deemed dissolved and the Class 22C Equity Interests will be cancelled.
Stonecrest	Class 23A	Secured Claims	There are no Class 23A Claims.
	Class 23B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stonecrest in accordance with Section 507 of the Bankruptcy Code.
	Class 23B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stonecrest in accordance with Section 507 of the Bankruptcy Code.
	Class 23B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 23B(ii) Claims.
	Class 23C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled. On the Effective Date, Stonecrest shall be deemed dissolved and the Class 23C Equity Interests will be cancelled.

Debtor	Class	Description	Treatment Under the Plan
Stratford	Class 24A	Secured Claims	There are no Class 24A Claims
	Class 24B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stratford in accordance with Section 507 of the Bankruptcy Code.
	Class 24B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stratford in accordance with Section 507 of the Bankruptcy Code.
	Class 24B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 24B(ii) Claims.
	Class 24C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled on the Effective Date. On the Effective Date, Stratford shall be deemed dissolved and the Class 24C Equity Interests will be cancelled.
MSCP	Class 25A	Secured Claims	There are no Class 25A Claims
	Class 25B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of MSCP in accordance with Section 507 of the Bankruptcy Code.
	Class 25B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of MSCP in accordance with Section 507 of the Bankruptcy Code.
	Class 25B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 25B(ii) Claims.
	Class 25C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled on the Effective Date. On the Effective Date, MSCP shall be deemed dissolved and the Class 25C Equity Interests will be cancelled.
Hanover	Class 26A	Secured Claims	There are no Class 26A Claims
	Class 26B(i)	Unsecured Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Hanover in accordance with Section 507 of the Bankruptcy Code.
	Class 26B(ii)	Unsecured Non-Priority Claims	Each Holder shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Hanover in accordance with Section 507 of the Bankruptcy Code.
	Class 26B(iii)	Intercompany Claims	Holders shall receive a Distribution *pari passu* with Holders of Class 26B(ii) Claims.
	Class 26C	Equity Interests	Holders shall not receive any Distributions and all such Equity Interests shall be cancelled on the Effective Date. On the Effective Date, Hanover shall be deemed dissolved and the Class 26C Equity Interests will be cancelled.

D. Causes of Action

1. Preservation of Causes of Action. Entry of the Confirmation Order shall not be deemed or construed as a waiver or release by any of the Debtors of any Causes of Action. In accordance with section 1123(b)(3) of the Bankruptcy Code, all Causes of Action shall be either retained by ~~Reorganized Tarragon or~~ the applicable Debtor that owns such Cause of Action on the Effective Date or assigned to the Tarragon Creditor Entity. Pursuant to the Plan and section 1123(b)(3)(B) of the Bankruptcy Code, the Tarragon Creditor Entity shall be designated as the representative of each Debtor's estate for purposes of bringing, prosecuting and compromising all Avoidance Actions. The proceeds of Avoidance Actions, if any, shall be distributed by the Tarragon Creditor Entity to the creditors of the applicable Debtor's estate for whose benefit each of the Avoidance Actions is brought. All Retained Actions shall be retained by Reorganized Tarragon. All funds received from the Retained Actions shall be distributed in the same manner as "Liquidation Assets" under the Plan. Subject to Article VII of the Plan, Reorganized Tarragon, the applicable Debtor that owns such Causes of Action or the Tarragon Creditor Entity, as applicable, will determine whether to bring, settle, release, compromise, or enforce any rights (or decline to do any of the foregoing) with respect to any Causes of Action.

Except as expressly provided in the Plan, the failure of the Debtors to specifically list any Claim, Causes of Action, right of action, suit or proceeding in the Schedules, the Disclosure Statement or any Schedule to the Plan Supplement does not, and will not be deemed to, constitute a waiver or release by the Debtors of such Claim, Cause of Action, right of action, suit or proceeding, and either Reorganized Tarragon, the applicable Debtor that owns such Claims or the Tarragon Creditor Entity, as applicable, will retain the right to pursue such Claims, Causes of Action, rights of action, suits or proceeding in its sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or

otherwise) or laches will apply to such claim, right of action, and suit or proceeding upon or after the Confirmation or consummation of the Plan. Further, recovery of any proceeds of Causes of Action shall be deemed "for the benefit of the [applicable] estate" as set forth in section 550(a) of the Bankruptcy Code.

2. Reservation regarding BofA Documents

Notwithstanding the foregoing, the provisions of this Section V(D)(2) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Section V(D)(2) shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

E. Distributions under the Plan and Treatment of Disputed, Contingent and Unliquidated Claims and Equity Interests

1. Method of Distributions Under the Plan

a. In General

On the Effective Date, other than Allowed Administrative Expenses Claims and Priority Claims which shall be paid by Reorganized Tarragon in accordance with the Plan, any cash distributions that are required to be made pursuant to the Plan shall be made by Reorganized Tarragon. In addition, any distributions that are required to be made in connection with the proceeds of sale or refinance of any of the Assets shall be made by Reorganized Tarragon.

b. Timing of Distributions

Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

c. Minimum Distributions

No payment of Cash less than One Hundred Dollars ($100.00) shall be made by the Tarragon Creditor Entity or Reorganized Tarragon to any Holder of a Claim unless a request

therefor is made in writing to the Tarragon Creditor Entity or Reorganized Tarragon, as applicable.

d. **Fractional Dollars**

Any other provisions of the Plan to the contrary notwithstanding, no payments of fractions of dollars will be made. Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down).

e. **Unclaimed Distributions**

Any Distributions under the Plan that are unclaimed for a period of four (4) months after distribution thereof shall be revested in the Tarragon Creditor Entity and any entitlement of any Holder of any Claim to such Distributions shall be extinguished and forever barred.

f. **Distributions to Holders as of the Record Date**

As of the close of business on the Record Date (as hereinafter defined), the claims register shall be closed. The Debtors, Reorganized Tarragon and New Ansonia shall have no obligation to recognize any transfer of any Claims occurring after the Record Date unless written notice of such transfer is provided to the Disbursing Agent. The Debtors, Reorganized Tarragon and New Ansonia shall be entitled to recognize and deal for all purposes under the Plan (except as to voting to accept or reject the Plan) with only those record Holders stated on the Claims register as of the close of business on the Record Date and those parties that have provided written notice of any transfer to the Disbursing Agent.

g. **Setoffs and Recoupment**

Any of the Debtors, Reorganized Tarragon, the Tarragon Creditor Entity or New Ansonia, as the case may be, may, but shall not be required to, set off against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any Claims of

any nature whatsoever that such Debtor, Reorganized Tarragon, the Tarragon Creditor Entity or New Ansonia, as the case may be, may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, Reorganized Tarragon, the Tarragon Creditor Entity or New Ansonia of any such Claim or right it may have against such Claimant.

h. **Procedures for resolving and treating contested claims**

(i) Objections to and Resolution of Disputed Administrative and Priority Claims: Reorganized Tarragon and the Tarragon Creditor Entity shall have the exclusive right to make and file objections to Administrative Expense Claims and Priority Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that Reorganized Tarragon and/or the Tarragon Creditor Entity shall have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, Reorganized Tarragon and/or the Tarragon Creditor Entity shall file and serve all objections to Administrative Expense Claims and Priority Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than ninety (90) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

(ii) Objections to and Resolution of Disputed General Unsecured Claims: The Tarragon Creditor Entity shall have the exclusive right to make and file objections to General Unsecured Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that the Tarragon Creditor Entity shall have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy

Court. Unless otherwise ordered by the Bankruptcy Court, the Tarragon Creditor Entity shall file and serve all objections to General Unsecured Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than one-hundred eighty (180) days after the Effective Date or such later date as may be approved by the Bankruptcy Court. Any Disputed General Unsecured Claim shall be defended and liquidated in the Bankruptcy Court or any other administrative or judicial tribunal of appropriate jurisdiction as selected by the Tarragon Creditor Entity and approved by the Bankruptcy Court.

(iii) Procedure for Omnibus Objections to Claims: Notwithstanding Bankruptcy Rule 3007, Reorganized Tarragon and/or the Tarragon Creditor Entity are permitted to file omnibus objections to Claims (an "Omnibus Objection") on any grounds, including but not limited to those grounds specified in Bankruptcy Rule 3007(d). Reorganized Tarragon and/or the Tarragon Creditor Entity, as the case may be, shall supplement each Omnibus Objection with particularized notices of objection (a "Notice") to the specific person identified on the first page of each relevant proof of claim. For claims that have been transferred, a Notice shall be provided only to the person or persons listed as being the owner of such claim on the Debtors' claims register as of the date the objection is filed. The Notice shall include a copy of the relevant Omnibus Objection but not the exhibits thereto listing all claims subject to the objection thereby; rather, the Notice shall (a) identify the particular claim or claims filed by the claimant that are the subject of the Omnibus Objection, (b) provide a unique, specified and detailed basis for the objection, (c) explain the Debtors' proposed treatment of the claim, (d) notify such claimant of the steps that must be taken to contest the objection, and (e) otherwise comply with the Bankruptcy Rules.

(iv) Estimation of Claims: Reorganized Tarragon, New Ansonia and/or the Tarragon Creditor Entity, as the case may be, may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether Reorganized Tarragon, New Ansonia and/or the Tarragon Creditor Entity has previously objected to such claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Disputed Claim at any time during litigation concerning an objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute the Allowed amount of such claim for all purposes under the Plan. All of the objection and estimation procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently comprised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(v) Entitlement to Plan Distributions Upon Allowance: Notwithstanding any other provision of the Plan, no distribution shall be made with respect to any Claim to the extent it is a Disputed Claim, unless and until such Disputed Claim becomes an Allowed Claim. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim (regardless of when), the holder of such Allowed Claim shall thereupon become entitled to distributions in respect of such Claim, the same as though such Claim has been an Allowed Claim on the Effective Date.

(vi) Reserve. The Tarragon Creditor Entity shall reserve from the Distributions to be made to Holders of Allowed General Unsecured Claims an amount equal to 100% of the Distribution to which Holders of Disputed Claims would be entitled to

under the Plan if such Disputed Claims were Allowed Claims in their Disputed Claim Amount or such other amount as is ordered by the Bankruptcy Court after notice and hearing (the "Reserve"). The creation of any such Reserve shall not delay or impair the Distributions to all Holders of Allowed General Unsecured Claims.

Notwithstanding the foregoing, the provisions of this Section V(E) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Section V(E) shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

F. Treatment of Executory Contracts and Unexpired Leases

1. **Assumption and Assignment of Executory Contracts and Unexpired Leases**

(i) Executory Contracts and Unexpired Leases~~(i)~~**.** Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all Executory Contracts and unexpired leases that exist between the applicable Debtor and any Person as of the Confirmation Date and which are set forth ~~in~~**on** Schedule 5(F) ~~of the Disclosure Statement~~**hereto**, shall be deemed assumed by ~~the~~**such** applicable Debtor as of the Effective Date, except for any Executory Contract or unexpired lease (i) which has been previously assumed pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, (ii) which has been previously rejected pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, ~~or~~ (iii) as to which a motion for approval of the rejection of such Executory Contract or unexpired lease has been filed and served before the Confirmation Date**, or (iv) the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison, it being understood that the BofA Documents, as applicable, shall govern the treatment of the Block 88 Operating Agreement and any express or implied**

operating agreement or corporate governance agreement with respect to 800 Madison. All Executory Contracts, other contracts and agreements and any unexpired leases that exist between any of the Debtors and any of their subsidiaries and/or affiliates and any Person shall be rejected by the Debtors as of the Confirmation Date unless expressly assumed on Schedule 5(F)**; provided, however, the treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison shall be governed by the BofA Documents, as applicable**. The applicable Debtor shall provide notice of any amendments to Schedule 5(F) to the parties to the Executory Contracts and unexpired leases affected thereby. The listing of a document on Schedule 5(F) shall not constitute an admission by the applicable Debtor that such agreement is an Executory Contract or an unexpired lease or that the applicable Debtor has any liability thereunder.

Each Executory Contract and unexpired lease listed or to be listed on Schedule 5(F) shall include (i) modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such Executory Contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on Schedule 5(F) and (ii) Executory Contracts or unexpired leases appurtenant to the premises listed on Schedule 5(F) including, without limitation, all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vault, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem relating to such premises to the extent any of the foregoing are Executory Contracts or unexpired leases, unless any of the foregoing agreements previously have been assumed.

(ii) Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an Executory Contract or unexpired lease, after the Bar Date, pursuant to the Plan must be filed with the Bankruptcy Court and served upon the Clerk and the Debtors' counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty days after notice of entry of the Confirmation Order and/or notice of an amendment to Schedule 5(F). Any Claims not filed within such time will be forever barred from assertion against the Debtors and their Estates (including Reorganized Tarragon) and New Ansonia and their respective property. Any Claim arising out of the rejection, prior to the Bar Date, of an Executory Contract or unexpired lease, shall have been filed with the Bankruptcy Court and served upon the Debtors prior the Bar Date or is forever barred from assertion against the Debtors and their Estates (including Reorganized Tarragon) and New Ansonia and their respective property. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as General Unsecured Claims under the Plan.

(iii) Indemnification Obligations. For purposes of the Plan, the obligations of each of the Debtors to defend, indemnify, reimburse or limit the liability of any present member, manager, director, officer or employee who is or was a member, manager, director, officer or employee, respectively, on or after the Commencement Date against any Claims or obligations pursuant to any operating agreement, certificates of formation or similar corporate governance documents, applicable state law, or specific agreement, or any combination of the foregoing, shall: (i) be assumed or reaffirmed by ~~Reorganized Tarragon~~**such Debtor**; (ii) survive confirmation of the Plan; (iii) remain unaffected thereby; and (iv) not be discharged,

irrespective of whether indemnification, defense, reimbursement or limitation is owed in connection with an event occurring before, on or after the Commencement Date.

2. Reservation regarding BofA Documents

Notwithstanding the foregoing, the provisions of this Section V(F) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Section V(F) shall alter, amend, impair or modify the rights of the parties under the BofA Documents. The treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison shall be governed by the BofA Documents, as applicable.

3. Reservation regarding Ursa Documents

Notwithstanding the foregoing, the provisions of this Section V(F) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the Ursa Documents, and nothing contained in this Section V(F) shall alter, amend, impair or modify the rights of the parties under the Ursa Documents.

G. Releases and Related Provisions

1. **Releases**

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon, New Ansonia, the Creditors' Committee, the members of the Creditors' Committee and all Holders of Claims and/or Interests and each of their respective affiliates, principals, officers, directors, partners, members, attorneys, accountants, financial advisors, advisory affiliates, employees and agents (each a "Released Party") shall each conclusively, absolutely, unconditionally, irrevocably, and

forever release and discharge each other Released Party from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that any Released Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, Reorganized Tarragon, New Ansonia, the Creditors' Committee, the members of the Creditors' Committee, the Chapter 11 Case, the Plan, the purchase, sale, or rescission of the purchase or sale of any assets of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or any related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than any Claims, direct actions, causes of action, demands, rights, judgments, debts, obligations, assessments, compensations, costs, deficiencies or other expenses of any nature whatsoever (including without limitation, attorneys' fees) (i) arising under or based on the Plan or any other documents, instrument or agreement to be executed or delivered therewith, or (ii) arising under Chapter 5 of the Bankruptcy Code, or (iii) in the case of gross negligence, willful misconduct or fraud**; provided, however, that nothing herein shall limit the Securities Class Action Plaintiff from pursuing its claims against Tarragon Corp. solely to the extent of available insurance coverage and proceeds**. Notwithstanding any language to the contrary contained in the Plan or this Disclosure Statement, no provision shall release any non-Debtor, including any current and/or former officer

and/or director of the Debtors from any liability in connection with any legal action or claim brought by the United States Securities and Exchange Commission in connection with a violation of securities laws. **Notwithstanding the foregoing, (i) the provisions of this Section V(G)(1) shall be subject to the terms and conditions of the BofA Documents, and nothing contained in this Section V(G)(1) shall alter the rights of the parties under the BofA Documents, and (ii) no release, waiver or discharge of any Claims against any non-Debtor shall be binding on or enforceable against Ursa.**

2. **Injunctions or Stays**

All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code and in the Plan, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly 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, creditors and equity and/or interest holders who have held, hold, or may hold Claims against or Equity Interest in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia or against the property or interests in property of the Debtors or New Ansonia on account of any such Claim or Equity Interest, and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the

Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia or against the property or interests in property of the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia on account of any such Claim or Equity Interest. Such injunction shall extend to successors of the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia and their respective properties and interests in property. **Notwithstanding the foregoing, the provisions of this Section V(G)(2) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section V(G)(2) shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.**

3. **Exculpation**

The Debtors, Reorganized Tarragon, New Ansonia, the Tarragon Creditor Entity, the TCE Trustee, the Creditors' Committee, each of the members of the Creditors' Committee, and their respective members, partners, officers, directors, employees and agents (including any attorneys, financial advisors, investment bankers and other professionals retained by such Persons) shall have no liability to any Holder of any Claim or Equity Interest for any act or omission in connection with, or arising out of the Chapter 11 Cases, the Disclosure Statement, the Plan, the Plan Documents, the solicitation of votes for and the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under the Plan. **Notwithstanding the foregoing, the provisions of this Section V(G)(3) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents or the**

Ursa Documents, as applicable, and nothing contained in this Section V(G)(3) shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

4. **Survival of the Debtors' Indemnification Obligations**

Any obligations of the Debtors pursuant to their corporate charters and bylaws or other organizational documents to indemnify current and former officers and directors of the Debtors with respect to all present and future actions, suits and proceedings against the Debtors or such directors and/or officers, based upon any act or omission for or on behalf of the Debtors shall not be discharged or impaired by confirmation of the Plan. To the extent provided in this section, such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors hereunder and shall continue as obligations of Reorganized Tarragon Upon the Effective Date, except in the case of gross negligence, willful misconduct or fraud, the commencement or prosecution by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liability subject to indemnification by the Debtors, Reorganized Tarragon or New Ansonia shall be enjoined.

H. Conversion of Bankruptcy Cases.

At or prior to the hearing regarding the confirmation of the Plan, the Debtors may request that the Bankruptcy Court order the conversion to Chapter 7 of one or more of the Debtors' Chapter 11 Cases pursuant to Bankruptcy Code section 1112(a). As of the date hereof, the Debtors anticipate requesting that the Bankruptcy Court convert TMI's Chapter 11 Case to Chapter 7.

I. Merger of Certain Entities.

Prior to or following the hearing regarding the confirmation of the Plan, one or more of Morningside National, Inc., a Florida corporation, Mountain View National, Inc., a Nevada corporation, National Income Realty Investors, Inc., a Nevada corporation, Orion Tarragon GP, Inc., a Texas corporation, Orion Tarragon LP, Inc., a Nevada corporation, Parkdale Gardens National Corp., a Texas corporation, Tarragon Limited, Inc., a Nevada corporation, Vinland Property Investors, Inc., a Nevada corporation and Vintage National, Inc., a Texas corporation, shall merge with and into Tarragon Corp. with Tarragon Corp. being the surviving corporation.

J. ~~I.~~ **Miscellaneous Provisions**

1. **Effectuating Documents and Further Transactions**

The Debtors, Reorganized Tarragon, the Tarragon Creditor Entity and New Ansonia are each authorized to execute, deliver, file or record such contracts, instruments, releases, and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

2. **Post-Confirmation Date Fees and Expenses**

From and after the Confirmation Date, the Debtors and Reorganized Tarragon shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, but only to the extent funds are available taking into account the reasonable working capital needs of Reorganized Tarragon, pay the reasonable fees and expenses of Professionals thereafter incurred by the Debtors and Reorganized Tarragon until its termination in accordance

with the provisions of the Plan, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

3. **Amendment or Modification of the Plan**

Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code.

4. **Severability**

In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

5. **Binding Effect**

The Plan shall be binding upon and inure to the benefit of the Debtors, the Tarragon Creditor Entity, the Holders of Claims, and Equity Interests, and their respective successors and assigns, including, without limitation, New Ansonia.

6. **Notices**

All notices, requests and demands to or upon the Debtors, New Ansonia, Reorganized Tarragon or the Tarragon Creditor Entity to be effective shall be in writing and, unless otherwise expressly provided herein or in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors or Reorganized Tarragon:	Tarragon Corporation 192 Lexington Ave., 15th Floor New York, New York 10016 Attention: William S. Friedman, CEO
with copies to:	Cole, Schotz, Meisel, Forman & Leonard, P.A. 25 Main Street P.O. Box 800 Hackensack, NJ 07602-0800 Attn: Michael D. Sirota, Esq. Warren A. Usatine, Esq. Telephone: (201) 489-3000 Facsimile: (201) 489-1536
If to the Tarragon Creditor Entity:	The Creditors' Committee shall select and identify the TCE Trustee, in a notice to be filed with the Bankruptcy Court, ~~not~~**no** later than three business days prior to the deadline established by the Bankruptcy Court for the filing of objections to confirmation of the Plan.
with copies to:	Patterson Belknap Webb & Tyler LLP 1133 Avenue of the Americas New York, NY 10036-6710 Attn: Daniel A. Lowenthal, Esq. - and - Harry M. Gutfleish, Esq. Forman Holt Eliades & Ravin LLC 80 Route 4 East, Suite 290 Paramus, New Jersey 07652
If to New Ansonia:	192 Lexington Ave., 15th Floor New York, New York 10016 Attention: William S. Friedman, CEO
with copies to:	Robert Rothenberg 122 Oak Street Woodmere, New York 11598 - and – William S. Friedman 320 Central Park West New York, New York 10025

7. **Governing Law**

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, 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 Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

8. **Withholding and Reporting Requirements**

In connection with the consummation of the Plan, the Debtors, the Tarragon Creditor Entity, Reorganized Tarragon or New Ansonia, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

9. **Plan Supplement**

Forms of all material agreements or documents related to any the Plan, including but not limited to those identified in the Plan, shall be contained in the Plan Supplement. The Plan Supplement shall be filed by the Debtors with the Clerk of the Bankruptcy Court no later than five days before the Voting Deadline. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims, or Equity Interest may obtain a copy of the Plan Supplement upon written request to the Debtors' counsel.

10. **Allocation of Plan Distributions Between Principal and Interest**

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be

allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

11. **Headings**

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

12. **Exhibits/Schedules**

All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full therein.

13. **Filing of Additional Documents**

On or before substantial consummation of the Plan, the Debtors shall 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.

14. **No Admissions**

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

15. **Successors and Assigns**

The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

16. **Reservation of Rights**

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with

respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims or Equity Interests before the Effective Date.

17. **Section 1145 Exemption**

Pursuant to section 1145(a) of the Bankruptcy Code, the offer, issuance, transfer or exchange of any security under the Plan, or the making or delivery of an offering memorandum or other instrument of offer or transfer under the Plan, shall be exempt from Section 5 of the Securities Act of 1933 or any similar state or local law requiring the registration for offer or sale of a security or registration or licensing of an issuer or a security.

18. **Implementation**

The Debtors shall take all steps, and execute all documents, including appropriate releases, necessary to effectuate the provisions contained in the Plan.

19. **Inconsistency**

In the event of any inconsistency among the Plan, the~~e~~**is** Disclosure Statement, the Plan Documents, the Plan Supplement, or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall control~~.~~**; provided, however, that in the event of any inconsistency among the Plan, this Disclosure Statement, the Plan Documents, the Plan Supplement, or any other instrument or document created or executed pursuant to the Plan and the BofA Documents or the Ursa Documents, as applicable, the BofA Documents or the Ursa Documents, as applicable, shall control.**

20. **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. 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 Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, Reorganized Tarragon, the Tarragon Creditor Entity, New Ansonia, the Estates, and all Holders of Claims and Equity Interests against the Debtors.

VI. VOTING AND CONFIRMATION PROCEDURES

The following is a brief summary regarding the acceptance and confirmation of the Plan. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys. Additional information regarding voting procedures is set forth in the notice accompanying this Disclosure Statement.

A. Voting Instructions

Accompanying this Disclosure Statement is a Ballot for acceptance or rejection of the Plan. Your Claims may be classified in multiple classes. When you vote and return your Ballot, please indicate the Class or Classes in which your Claims and/or Interests are classified by marking the appropriate space provided on your Ballot for such purpose.

The Bankruptcy Court has directed that, to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be filed with Kurtzman at 2335 Alaska Avenue, El Segundo, California 90245, no later than the Voting Deadline. Ballots not received by the Voting Deadline may not be counted. A Ballot that partially rejects and partially accepts the Plan or a Ballot that improperly indicates or fails to indicate acceptance or rejection of the Plan will be counted as an acceptance.

If you have any questions regarding the procedure for voting, please contact:

Michael D. Sirota, Esq.
Warren A. Usatine, Esq.
Cole, Schotz, Meisel,
Forman & Leonard, P.A.
Court Plaza North
25 Main Street
Hackensack, New Jersey 07602-0800
tel #: (201) 489-3000
fax #: (201) 489-1536

It is important for all Creditors that are entitled to vote on the Plan to exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be bound by the Plan if it is accepted by the requisite Holders of Claims and confirmed by the Bankruptcy Court.

For all Holders:

By signing and returning a Ballot, each Holder of a Claim in each Class also will be certifying to the Debtors and to the Bankruptcy Court that, among other things:

• such Holder has received and reviewed (or has had the opportunity to do so on the website) a copy of this Disclosure Statement and related Ballot and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth in the Plan;

• such Holder has cast the same vote on every Ballot completed by such Holder with respect to holdings of such Class of Claims;

• no other Ballots with respect to such Class of Claims have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such earlier Ballots are thereby revoked;

• the Debtors have made available to such Holder or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Holder; and

• except for information the Debtors, or their own agents, have provided in writing, such Holder has not relied on any statements made or other information received from any person with respect to the Plan.

B. Parties in Interest Entitled to Vote

Any Holder of a Claim against the Debtors whose Claim has not been disallowed previously by the Bankruptcy Court is entitled to vote to accept or reject the Plan, if such Claim is impaired under the Plan and ~~either (i)~~ such Holder's Claim has been scheduled by the Debtors and is not scheduled as disputed, contingent or unliquidated~~; or (ii) such Holder has filed a proof of Claim before the Bar Date~~. Any Claim to which an objection has been filed is not entitled to vote, unless the Bankruptcy Court, upon application of the Holder to whose Claim an objection has been made, temporarily allows such Claim in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before _____, 2010. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

1. **Definition of Impairment**

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

- leaves unaltered the legal, equitable, and contractual rights of the Holder of such Claim or equity Interest; or
- notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default:

- cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured;

- reinstates the maturity of such Claim or Interest as it existed before such default;

- compensates the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law;

- if such Claim or such Interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensates the Holder of such Claim or such Interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and

- does not otherwise alter the legal, equitable or contractual rights to which such Claim or Interest entitles the Holder of such Claim or Interest.

C. Voting Tabulation

In tabulating votes, the following rules shall be used to determine the Claim amount associated with a Creditor's vote:

• If the applicable Debtor or any other party in interest does not object to a Claim prior to the Voting Deadline, the Claim amount for voting purposes shall be the Claim amount contained on a timely filed proof of Claim or, if no proof of Claim was filed, the non-contingent, liquidated and undisputed Claim amount listed in its Schedules.

• If the applicable Debtor or any other party in interest objects to a Claim prior to the Voting Deadline, such Creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily Allowed by the Bankruptcy Court for voting purposes, after notice and a hearing.

• If a Creditor believes that it should be entitled to vote on the Plan, then such Creditor must serve on the Debtors, the Creditors' Committee and the UST and file with the Bankruptcy Court a motion for an Order pursuant to Bankruptcy Rule 3018(a) (a "Rule 3018(a) Motion") seeking temporary allowance for voting purposes. Such Rule 3018(a) Motion, with evidence in support thereof, must be filed by the Plan Objection Deadline (as hereinafter defined).

• The Claim amount established through the above process controls for voting purposes only and does not constitute the Allowed amount of any Claim for distribution purposes.

• To ensure that its vote is counted, each Holder of a Claim must (i) complete a Ballot; (ii) indicate the Holder's decision either to accept or reject the Plan in the boxes provided on the respective Ballot; and (iii) sign and return the Ballot to the address set forth above.

• The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

• If a Holder holds Claims in more than one Class under the Plan, the Holder may receive one Ballot coded for each Class of Claims held by such Holder.

• A Ballot that partially rejects and partially accepts the Plan or a Ballot that improperly indicates or fails to indicate acceptance or rejection of the Plan will be counted as an acceptance.

• The Debtors may not accept or count Ballots received after the Voting Deadline in connection with its request for confirmation of the Plan. **The method of delivery of Ballots to be sent to Kurtzman is at the election and risk of each Holder of a Claim**, provided that, except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by Kurtzman. In all cases, sufficient time should be allowed to assure timely delivery. **Original executed Ballots are required. Delivery of a Ballot by facsimile, e-mail or any other electronic means will not be accepted. No Ballot**

should be sent to the Debtors, Debtors' counsel, the Creditors' Committee, or the Debtors' financial advisors. The Debtors expressly reserve the right to amend, at any time and from time to time, the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the Plan). If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case, to the extent directed by the Bankruptcy Court.

• If multiple Ballots are received from or on behalf of an individual Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

• If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person shall be required to (i) indicate such capacity when signing and (ii) unless the Debtors otherwise determine, submit proper evidence satisfactory to the Debtors to so act on behalf of a beneficial interest Holder.

• The Debtors, in their reasonable discretion, subject to contrary Order of the Bankruptcy Court, and consistent with the Plan, may waive any defect in any Ballot at any time, either before or after the close of voting, with the approval of the Creditors' Committee. Except as otherwise provided herein, unless the Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Debtors may, with the approval of the Creditors' Committee, reject such Ballot as invalid and, therefore, not count it in connection with confirmation of the Plan.

• In the event a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for

purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

• Any Holder of impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

• Subject to any contrary Order of the Bankruptcy Court, the Debtors reserve the right, with the approval of the Creditors' Committee, to reject any and all Ballots not proper in form, the acceptance of which would, in the Debtors' or their counsel's opinion, not be in accordance with the provisions of the Bankruptcy Code. Subject to any contrary Order of the Bankruptcy Court, the Debtors further reserve the right, with the approval of the Creditors' Committee, to waive any defects or irregularities or conditions of delivery as to any particular Ballot unless otherwise directed by the Bankruptcy Court. Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (as to which any irregularities have not theretofore been cured or waived) will not be counted.

D. Voting Record Date

The record date for purposes of determining which Holders of Claims are entitled to vote on the Plan is _____, 2010 ("Record Date"). As of the close of business on the Record Date, the claims register shall be closed, and there shall be no further changes in the record Holders of any Claims. The Debtors shall have no obligation to recognize any transfer of any Claims occurring after the Record Date. The Debtors shall instead be entitled to recognize and

deal for all purposes under the Plan with only those record Holders stated on the claims register as of the close of business on the Record Date.

E. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for _____, 2010, at ___:___ __.m. (prevailing Eastern Time) before the Honorable Donald H. Steckroth, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of New Jersey, Martin Luther King, Jr. Federal Building, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Plan must be filed and served on or before _____, 2010, at 5:00 p.m. (prevailing Eastern Time) (the "Plan Objection Deadline") in accordance with the Confirmation Hearing notice served on you. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE PROCEDURES SET FORTH IN THE CONFIRMATION HEARING NOTICE, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

F. Procedure for Objections

Any objection to confirmation of the Plan must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. Any such objection must be filed with the Bankruptcy Court and served on the Debtors' counsel and all parties who have filed a notice of appearance by 5:00 p.m.

prevailing Eastern Time on _____, 2010. Unless an objection is timely filed and served, it may not be considered by the Bankruptcy Court.

G. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied. If so, the Bankruptcy Court shall enter the Confirmation Order. The Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

• The Plan complies with the applicable provisions of the Bankruptcy Code.

• The Debtors, as Plan proponent, will have complied with the applicable provisions of the Bankruptcy Code.

• The Plan has been proposed in good faith and not by any means forbidden by law.

• Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

• With respect to each Class of impaired Claims, either each Holder of a Claim of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.

• Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code.

• Except to the extent that the Holder of a particular Claim will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims and Priority Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.

• At least one Class of impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.

• All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

The Debtors believe that (i) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code, (ii) the Debtors have complied or will have complied with all of the requirements of Chapter 11, and (iii) the Plan has been proposed in good faith.

1. **Best Interest of Creditors and Liquidation Analysis**

Pursuant to section 1129(a)(7) of the Bankruptcy Code, for the plan to be confirmed, it must provide that Holders of Claims or Interests will receive at least as much under a plan as they would receive in a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each impaired class requires that each Holder of an Allowed Claim or Interest of such Class either: (i) accepts the Plan; or (ii) receives or retains under the plan property of a value, as of the effective date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. The Bankruptcy Court will determine whether the value received under the Plan by the Holders of Allowed Claims in each Class or Equity Interests equals or exceeds

the value that would be allocated to such Holders in a liquidation under Chapter 7 of the Bankruptcy Code.

The Debtors believe that the Plan meets the Best Interest Test and provides value which is greater than that which would be recovered by each such Holder in a Chapter 7 bankruptcy proceeding. Attached as Exhibit E is the Estimated Recovery to Creditors, which reflects the Debtors' forecast of unsecured Creditor recoveries in the Debtors' Chapter 11 Case. The Estimated Recovery to Creditors is based on the results of the liquidation of Assets and necessarily are not less than which would be recovered by each Holder in a Chapter 7 bankruptcy proceeding.

Generally, to determine what Holders of Allowed Claims and Equity Interests in each impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must determine what funds would be generated from the liquidation of Debtors' Assets and properties in the context of a Chapter 7 liquidation case, which for unsecured creditors would consist of the proceeds resulting from the disposition of the Assets of Debtor, augmented by the unencumbered Cash held by Debtor at the time of the commencement of the liquidation case. Such Cash amounts would be reduced by the costs and expenses of the liquidation and by such additional Administrative Claims and Priority Claims as may result from the termination of Debtors' business and the use of Chapter 7 for the purpose of liquidation.

In a Chapter 7 liquidation, Holders of Allowed Claims would receive distributions based on the liquidation of the assets of Debtors. Such assets would include the same assets being collected and liquidated under the Plan – the interest of Debtors in the Cash, the Assets, and the Causes of Action. However, the net proceeds from the collection of property of the Estates available for distribution to Creditors would be reduced by any commission payable to the

Chapter 7 trustee and the trustee's attorney's and accounting fees, as well as the unpaid administrative costs of the Chapter 11 estate (such as the compensation for Professionals). In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding scale commission based upon the funds distributed by such trustee to creditors, even though the Debtors will have already accumulated much of the funds and the Estates will have already incurred many of the expenses associated with generating those funds. Accordingly, there is a reasonable likelihood that creditors would "pay again" for the funds accumulated by the Debtors because the Chapter 7 trustee would be entitled to receive a commission in some amount for all funds distributed from the Estates.

It is further anticipated that a Chapter 7 liquidation would result in delay in the payment to creditors. Among other things, a Chapter 7 case could trigger a new bar date for filing Claims that would be more than ninety days following conversion of the Chapter 11 Cases to Chapter 7. Fed. R. Bankr. P. 3002(c). Hence, a Chapter 7 liquidation would not only delay distribution but raise the prospect of additional claims that were not asserted in the Chapter 11 Cases.

Moreover, Claims that may arise in the Chapter 7 case or result from the Chapter 11 Cases would be paid in full from the Assets before the balance of the Assets would be made available to pay pre-Chapter 11 Allowed Priority Claims, Allowed General Unsecured Claims, and Equity Interests. The distributions from the Assets would be paid Pro Rata according to the amount of the aggregate Claims held by each creditor. The Debtors believe that the most likely outcome under Chapter 7 would be the application of the "absolute priority rule." Under that rule, no junior creditor may receive any distribution until all senior creditors are paid in full, with interest, and no equity security holder would be entitled to receive any distribution until all creditors are paid in full. The Debtors have determined that confirmation of the Plan will

provide each Holder of a Claim or Equity Interest with no less of a recovery than it would receive if Debtor were liquidated under a Chapter 7. This determination is based upon the effect that a Chapter 7 liquidation would have on the Assets available for distribution to Holders of Claims and Equity Interests, including: (i) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee; and (ii) the amount of existing Claims and the potential increases in Claims that would have to be satisfied on a priority basis or on a parity basis with Holders of Claims in the Chapter 11 Cases. The Debtors also believe that the value of any distributions from the Assets to Allowed Claims in a Chapter 7 case would be less than the value of distributions under the Plan because such distributions in the Chapter 7 case would not occur for a substantial period of time. In the likely event litigation were necessary to resolve Claims asserted in the Chapter 7 case, the delay could be prolonged for several years. As described in the Debtors' Liquidation Analysis attached hereto as Exhibit F, when the cost of liquidation is considered, as well as the time delay in receiving distributions, the Debtors believe that certain Holders of Claims will receive substantially smaller distributions pursuant to a Chapter 7 liquidation than under the Plan.

2. **Financial Feasibility**

Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be confirmed only if the Bankruptcy Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor, unless reorganization or liquidation is proposed in the Plan. The Plan proposed by the Debtors provides for a liquidation of the Debtors' Assets and a distribution of Cash and other consideration to Creditors in accordance with the terms of the Plan. The Debtors' cash flow projections are attached as Exhibit D. In addition, the Debtors will be able to satisfy the conditions precedent to the Effective Date and will otherwise have sufficient funds to meet its post-Effective Date

expenses, including payment for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. Accordingly, the Debtors believe that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

3. **Acceptance by Impaired Classes**

The Bankruptcy Code requires, as a condition to confirmation, that each Class of Claims or Equity Interests that is impaired under a plan to accept the Plan, with the exception described in the following section. A Class that is not impaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required.

4. **Confirmation Without Acceptance by All Impaired Classes**

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if such plan has not been accepted by all impaired classes entitled to vote on such plan, provided that such plan has been accepted by at least one impaired class (without considering the vote of an "insider" class). The Debtors will seek to confirm the Plan notwithstanding the nonacceptance or deemed nonacceptance of the Plan by any impaired Class of Claims.

Section 1129(b) of the Bankruptcy Code states that notwithstanding the failure of an impaired class to accept a plan, the plan shall be confirmed, on request of the proponent of the plan, in a procedure commonly known as "cram-down," so long as the plan does not "discriminate unfairly," and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

In general, a plan does not discriminate unfairly if it provides a treatment to the Class that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. In determining whether a plan discriminates unfairly, courts will take into account a number of factors, including the effect of applicable subordination agreements between parties.

Accordingly, two Classes of unsecured creditors could be treated differently without unfairly discriminating against either Class.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of secured claims includes the requirements that (i) the Holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by debtor or transferred to another entity under the plan and (ii) each Holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtors' property subject to the liens.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims includes the following requirement that either: (i) the plan provides that each Holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the Holder of any claim or equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or equity interest any property.

THE DEBTORS BELIEVE THAT THE PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS (PROVIDED AT LEAST ONE IMPAIRED CLASS VOTES TO ACCEPT THE PLAN). ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

5. **Acceptance**

The Claims in Classes 1, **2, 2A,** 2B(i), **3A,** 3B(i), 3C, 4B(i), 4C, 5B(i), 5C, 7C, 8C, 8D, 11C, 13C, 14C, 15C, 15D, 16C, 18C, 19C and 20C are not impaired under the Plan and as a result the Holders of such Claims are deemed to have accepted the Plan.

Claims in all other applicable Classes are impaired and will receive certain distributions under the Plan, and as a result, the Holders of such Claims and Equity Interests are entitled to vote thereon. Pursuant to section 1129 of the Bankruptcy Code, the Claims in such Classes must accept the Plan in order for it to be confirmed without application of the "fair and equitable test," described above, to such Classes. As stated above, Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of Creditors designated under section 1126(e) of the Bankruptcy Code that have voted to accept or reject the Plan.)

VII. PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMING AND CONSUMMATING THE PLAN

ALL IMPAIRED HOLDERS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.

The alternative to the Plan is the Debtors' liquidation under Chapter 7 of the Bankruptcy Code. As set forth above, after evaluating this alternative, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries to claimants assuming confirmation of the Plan. Nonetheless, there are a number of risk factors that Holders of Claims should consider. Moreover, Holders should also consider the impact of a Chapter 7 alternative. Included above is

a summary of the Debtors' analysis supporting its conclusion that such a Chapter 7 liquidation would not provide the highest value to claimants.

A. Certain Bankruptcy Considerations

1. Parties in Interest May Object to The Debtors' Classification of Claims

Section 1122 of the Bankruptcy Code provides that a plan may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Debtors May Not Be Able to Secure Confirmation of the Plan

The Debtors cannot assure you that the Debtors will receive the requisite acceptances to confirm the Plan. Even if the Debtors receive the requisite acceptances, the Debtors cannot assure you that the Bankruptcy Court will confirm the Plan. A non-accepting Creditor might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, (i) a finding by the Bankruptcy Court that the plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes, (ii) confirmation of the plan is not likely to be followed by a liquidation or a need for further financial reorganization and (iii) the value of distributions to

non-accepting Holders of claims and equity interests within a particular class under the plan will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. Although there can be no assurance that these requirements will be met, the Debtors believe that the Plan will not be followed by a need for further financial reorganization and that non-accepting Holders within each Class under the Plan will receive distributions at least as great as would be received following a liquidation under Chapter 7 of the Bankruptcy Code when taking into consideration the higher value of assets under the Plan and all administrative expense claims and costs associated with any such Chapter 7 case. If the Plan is not confirmed, it is unclear what distributions Holders of Claims or Equity Interests ultimately would receive with respect to their Claims or Equity Interests. If an alternative reorganization could not be agreed to, it is possible that the Debtors would have to liquidate their assets under Chapter 7, in which case it is likely that Holders of Claims and Equity Interests would receive substantially less favorable treatment than they would receive under the Plan.

3. **The Debtors May Object to the Amount or Classification of a Claim**

The Debtors and the other parties as authorized in the Plan each reserve the right to object to the amount or classification of any Claim or Equity Interest. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim or Equity Interest whose Claim or Equity Interest is subject to an objection. Any such Holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

B. Factors Affecting Distributions to Holders of Allowed Claims after the Effective Date

1. Financial Information; Disclaimer.

Although the Debtors have used their best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, all financial information contained in this Disclosure Statement has not been audited and is based upon an analysis of data available at the time of the preparation of the Plan and Disclosure Statement. Although the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the information contained herein and attached hereto is without inaccuracies.

2. The Amount of Liabilities Projected Under the Plan Could Increase.

The Debtors' management has assumed a certain dollar value of the Debtors' liabilities for purposes of allocating distribution to Holders of the several Classes of Claims under the Plan. Although these are good faith estimates as of the date of the Plan, there can be no certainty that either unknown liabilities may arise or the aggregate value of liabilities may increase. If the projected value of liabilities assumed by management underestimates actual liabilities or contingent liabilities or disputed claims arise that result in an increase in the dollar value of the Debtors' aggregate liabilities, the level of recovery for Holders of Claims and Equity Interests under the Plan could be negatively impacted.

3. Certain Tax Consequences of the Plan Raise Unsettled and Complex Legal Issues and Involve Various Factual Determinations.

Some of the material consequences of the Plan regarding United States federal income taxes are summarized in Article VII hereof. Many of these tax issues raise unsettled and complex legal issues, and also involve various factual determinations, that raise additional uncertainties. The Debtors cannot assure you that the IRS will not take a contrary view, and no

ruling from the IRS has been or will be sought. The Debtors cannot assure you that the IRS will not challenge any position the Debtors have taken, or intend to take, with respect to any tax treatment, or that a court would not sustain such a challenge. FOR A MORE DETAILED DISCUSSION OF RISKS RELATING TO THE SPECIFIC POSITIONS THE DEBTORS INTEND TO TAKE WITH RESPECT TO VARIOUS TAX ISSUES, PLEASE REVIEW ARTICLE VII(C) HEREOF.

4. **Liquidation Under Chapter 7**

If no plan can be confirmed, the Chapter 11 Case may be converted to Case under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution to the Holders of Claims in accordance with the priorities established by the Bankruptcy Code. A further description of the effect of the conversion of the Chapter 11 Case to a liquidation under Chapter 7 is set forth above.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PLAN, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS, ACTS OF TERRORISM OR WAR, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE

EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

C. Certain Federal Income Tax Consequences of the Plan

1. General

The following discussion addresses certain United States federal income tax consequences of the consummation of the Plan. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), existing and proposed regulations thereunder, current administrative rulings, and judicial decisions as in effect on the date hereof, all of which are subject to change, possibly retroactively. No rulings or determinations by the Internal Revenue Service have been obtained or sought by the Debtors with respect to the Plan.

An opinion of counsel has not been obtained with respect to the tax aspects of the Plan. This discussion does not purport to address the federal income tax consequences of the Plan to particular classes of taxpayers (such as foreign persons, S corporations, mutual funds, small business investment companies, regulated investment companies, broker-dealers, insurance companies, tax-exempt organizations and financial institutions) or the state, local or foreign income and other tax consequences of the Plan.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR EQUITY INTEREST. SUBSTANTIAL UNCERTAINTY EXISTS WITH RESPECT TO THE TAX ISSUES DISCUSSED BELOW. EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT A TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

2. **Federal Income Tax Consequences to Holders of Claims and Equity Interests**

A Holder of an Allowed Claim or Equity Interest will generally recognize ordinary income to the extent that the amount of Cash or property received (or to be received) under the Plan is attributable to interest that accrued on a Claim but was not previously paid by the Debtors or included in income by the Holder of the Allowed Claim or Equity Interest. A Holder of an Allowed Claim or Equity Interest will generally recognize gain or loss equal to the difference between the Holder's adjusted basis in its Claim and the amount realized by the Holder upon consummation of the Plan that is not attributable to accrued but unpaid interest. The amount realized will equal the sum of Cash and the fair market value of other consideration received (or to be received). The character of any gain or loss that is recognized will depend upon a number of factors, including the status of the Holder of the Claim, the nature of the Claim or Equity Interest in its hands, whether the Claim was purchased at a discount, whether and to what extent the Creditor has previously claimed a bad debt deduction with respect to the Claim, and the Creditor's holding period of the Claim or Equity Interest. If the Claim or Equity Interest in the Creditor's hands is a capital asset, the gain or loss realized will generally be characterized as a capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if the Holder of the Claim is a non-corporate taxpayer and held such Claim or Equity Interest for longer than one year or short-term capital gain or loss if the Holder of the Claim held such Claim or Equity Interest for less than one year.

A Holder of an Allowed Claim or Equity Interest who receives, in respect of its Claim, an amount that is less than its tax basis in such Claim or Equity Interest may be entitled to a bad debt deduction if either: (i) the Holder is a corporation; or (ii) the Claim or Equity Interest constituted (a) a debt created or acquired (as the case may be) in connection with a trade or

business of the Holder or (b) a debt the loss from the worthlessness of which is incurred in the Holder's trade or business. A Holder that has previously recognized a loss or deduction in respect of its Claim or Equity Interest may be required to include in its gross income (as ordinary income) any amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in such Claim or Equity Interest. Holders of Claims or Equity Interests who were not previously required to include any accrued but unpaid interest with respect to in their gross income on a Claim or Equity Interest may be treated as receiving taxable interest income to the extent any consideration they receive under the Plan is allocable to such interest. Holders previously required to include in their gross income any accrued but unpaid interest on a Claim may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the Plan.

Holders of a Claim constituting any installment obligation for tax purposes may be required to currently recognize any gain remaining with respect to such obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of section 453B of the Tax Code. General Unsecured Claims may receive only a partial distribution of their Allowed Claims depending upon the aggregate dollar amount of Allowed Claims in each Class. Whether the Holder of such Claims or Equity Interests will recognize a loss, a deduction for worthless securities or any other tax treatment will depend upon facts and circumstances that are specific to the nature of the Holder and its Claims or Equity Interests. Accordingly, the Holders of Claims and Equity Interests should consult their own tax advisors. Under backup withholding rules, a Holder of an Allowed Claim may be subject to backup withholding at the rate of 31% with respect to payments made pursuant to the Plan unless such Holder (a) is a corporation or is

otherwise exempt from backup withholding and, when required, demonstrates this fact or (b) provides a correct taxpayer identification and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of failure to report all dividend and interest income. Any amount withheld under these rules will be credited against the Holder's federal income tax liability. Holders of Claims may be required to establish an exemption from backup withholding or to make arrangements with regard to payment thereof.

The receipt of an interest in the Tarragon Creditor Entity in consideration for the contribution of its Claims by the unsecured creditors of Tarragon Corp., Tarragon Dev. Corp., Tarragon South and/or Tarragon Dev. LLC may not constitute a realization event for tax purposes. Such creditors will recognize taxable income or loss based upon subsequent income allocations and distributions by New Ansonia to them pursuant to the New Ansonia Operating Agreement.

3. **Federal Income Tax Consequences to the Debtor**

Under the Tax Code, a taxpayer generally must include in gross income the amount of any cancellation of indebtedness income ("COD income") realized during the taxable year. Section 108 of the Tax Code provides an exception to this general rule, however, if the cancellation occurs in a case under the Bankruptcy Code, but only if the taxpayer is under the jurisdiction of the Bankruptcy Court and the cancellation is granted by the Court or is pursuant to a plan approved by the Court.

Section 108 of the Tax Code requires the amount of COD income so excluded from gross income to be applied to reduce certain tax attributes of the taxpayer. The tax attributes that may be subject to reduction include the taxpayer's NOL, certain tax credits and most tax credit carryovers, capital losses and capital loss carryovers, tax bases in assets, and foreign tax credit

carryovers. Attribute reduction is calculated only after the tax for the year of the discharge has been determined. Section 108 of the Tax Code further provides that a taxpayer does not realize COD income from cancellation of indebtedness to the extent that payment of such indebtedness would have given rise to a deduction.

Under the Plan, it is possible that Holders of Claims will receive less than full payment on their Claims. The Debtors' liability to the Holders of Claims in excess of the value of the property transferred pursuant to the Reorganization Agreement will be canceled and therefore, will result in COD income or gain to the Debtors. The Debtors should not realize any COD income, however, to the extent that payment of such Claims would have given rise to a deduction to the Debtors had such amounts been paid. In addition, any COD income that the Debtors realize should be excluded from the Debtors' gross income pursuant to the bankruptcy exception to section 108 of the Tax Code described in the immediately preceding paragraph. The Debtors anticipate sufficient net operating losses to offset any remaining taxable gain.

4. **Importance of Obtaining Professional Tax Assistance**

The foregoing is intended to be only a summary of certain of the United States federal income tax consequences of the Plan and is not a substitute for careful tax planning with a tax professional. Holders of Claims or Equity Interests are strongly urged to consult with their own tax advisors regarding the federal, state, local and foreign income and other tax consequences of the Plan, including, in addition to the issues discussed above, whether a bad debt deduction may be available with respect to their Claims and if so, when such deduction or loss would be available.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT

TAX ADVICE. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF THE CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

VIII. RECOMMENDATION

In the Debtors' opinion, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the Holders than would otherwise result in a liquidation under Chapter 7 of the Bankruptcy Code. In addition any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to the Holders of Claims and Equity Interests. Accordingly, the Debtors recommend that Holders of Claims and Equity Interests entitled to vote on the Plan support confirmation of the Plan and vote to accept the Plan.

Dated: ~~April 2~~**May 1**1, 2010

[*Signature pages of the Disclosure Statement follow*.]

TARRAGON CORPORATION

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TARRAGON DEVELOPMENT CORPORATION

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TARRAGON SOUTH DEVELOPMENT CORP.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TARRAGON DEVELOPMENT COMPANY LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

TARRAGON MANAGEMENT, INC.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

BERMUDA ISLAND TARRAGON LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

ORION TOWERS TARRAGON, LLP

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Orion Tarragon GP, Inc., its General Partner

ORLANDO CENTRAL PARK TARRAGON LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

FENWICK PLANTATION TARRAGON LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Manager of Charleston Tarragon Manager, LLC, its Manager

CHARLESTON TARRAGON MANAGER, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Manager

800 MADISON STREET URBAN RENEWAL, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Manager of Block 88 Development, LLC, its Managing Member

BLOCK 88 DEVELOPMENT, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Manager

900 MONROE DEVELOPMENT, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Manager

THE PARK DEVELOPMENT EAST, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Managing Member of Palisades Park East Tarragon, LLC, its Managing Member

ONE LAS OLAS, LTD.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Omni Equities Corporation, its General Partner

OMNI EQUITIES CORPORATION

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

CENTRAL SQUARE TARRAGON LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

THE PARK DEVELOPMENT WEST, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Managing Member of Palisades Park West Tarragon, LLC, its Managing Member

VISTA LAKES TARRAGON, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Manager

TARRAGON EDGEWATER ASSOCIATES, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Manager

MURFREESBORO GATEWAY PROPERTIES, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Morningside National, Inc., its Manager

TARRAGON STONECREST, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Morningside National, Inc., its Manager

TARRAGON STRATFORD, INC.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

MSCP, INC.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TDC HANOVER HOLDINGS, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Managing Member

COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD, P.A.
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Attorneys for Tarragon Corporation, *et al.*,
Debtors-in-Possession

In re: TARRAGON ~~CORP.~~**CORPORATION**, *et al.*, Debtors-in-Possession.	UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY HONORABLE DONALD H. STECKROTH CASE NO. 09-10555 (DHS) Chapter 11 **(Jointly Administered)**

~~FIRST~~SECOND AMENDED AND RESTATED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: ~~April 2~~**May 1**1, 2010

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INTRODUCTION TO PLAN

Tarragon Corporation ("Tarragon Corp.") and its affiliated debtors, as the debtors and debtors-in-possession in the above-captioned Chapter 11 Cases, propose the following ~~First~~**Second** Amended Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code.

On January 12, 2009, Tarragon Corp. and certain of its affiliates (collectively, the "January 12, 2009 Debtors") filed petitions for relief under the Bankruptcy Code. In addition to Tarragon Corp., the affiliated entities that filed for Chapter 11 protection on January 12, 2009 were: Tarragon Development Corporation ("Tarragon Dev. Corp."), Tarragon South Development Corp. ("Tarragon South"), Tarragon Development Company LLC ("Tarragon Dev. LLC"), Tarragon Management, Inc. ("TMI"), Bermuda Island Tarragon LLC ("Bermuda Island"), Orion Towers Tarragon, LLP ("Orion"), Orlando Central Park Tarragon L.L.C. ("Orlando Central"), Fenwick Plantation Tarragon LLC ("Fenwick"), One Las Olas, Ltd. ("Las Olas"), The Park Development West LLC ("Trio West"), 800 Madison Street Urban Renewal, LLC ("800 Madison"), 900 Monroe Development LLC ("900 Monroe"), Block 88 Development, LLC ("Block 88"), Central Square Tarragon LLC ("Central Square"), Charleston Tarragon Manager, LLC ("Charleston"), Omni Equities Corporation ("Omni"), Tarragon Edgewater Associates, LLC ("Tarragon Edgewater"), The Park Development East LLC ("Trio East"), and Vista Lakes Tarragon, LLC ("Vista").

On January 13, 2009, Murfreesboro Gateway Properties, LLC ("Murfreesboro") and Tarragon Stonecrest, LLC ("Stonecrest," and together with Murfreesboro, the "January 13, 2009 Debtors") filed petitions for Chapter 11 bankruptcy protection as well. Finally, on February 5, 2009, Tarragon Stratford, Inc. ("Stratford"), MSCP, Inc. ("MSCP") and TDC Hanover Holdings LLC ("Hanover" and collectively with Stratford and MSCP, the "February 5, 2009 Debtors", and

together with the January 12, 2009 Debtors and the January 13, 2009 Debtors, the "Debtors ") filed their petitions for Chapter 11 bankruptcy protection.

This document is the Plan proposed by the Debtors. Filed contemporaneously with this Plan is the Debtors' Disclosure Statement, which is provided to help you understand this Plan.[1] The Disclosure Statement contains, among other things, a discussion of the Debtors' history, a description of the Debtors' business, a summary of the material events that have occurred during the Chapter 11 proceedings and a summary of the Plan.

THE DEBTORS URGE ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS TO READ THIS PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY. NO SOLICITATION MATERIALS OTHER THAN THE DISCLOSURE STATEMENT AND ANY DOCUMENTS, SCHEDULES, EXHIBITS OR LETTERS ATTACHED THERETO OR REFERENCED THEREIN HAVE BEEN AUTHORIZED BY THE DEBTORS OR THE BANKRUPTCY COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS PLAN.

The Distributions to be made to Holders of Claims and Interests, in each of the Classes of Claims and Equity Interests for the Debtor, are set forth in Article II herein.

ARTICLE I.

RULES OF INTERPRETATION, COMPUTATION OF TIME AND DEFINED TERMS

Rules of Interpretation

For purposes of interpreting the Plan: (i) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular

[1] If you would like a copy of the Disclosure Statement sent to you at the Debtors' expense, please make such request in writing to Cole, Schotz, Meisel, Forman & Leonard P.A., c/o Frances Pisano, 25 Main Street, Hackensack, New Jersey 07601, or email to fpisano@coleschotz.com.

terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (ii) any reference herein to an existing document or exhibit filed, or to be filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented from time to time; (iii) unless otherwise specified, all references herein to articles and sections are references to articles and sections of this Plan; (iv) the words "herein," "hereof," and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (v) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (vi) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (vii) all exhibits to this Plan are incorporated into this Plan, and shall be deemed to be included in this Plan, regardless of when filed with the Bankruptcy Court; and (viii) whenever a distribution of property is required to be made on a particular date, the distribution shall be made on such date, or as soon as practicable thereafter.

1.1. Computation of Time

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

1.2. Defined Terms

For purposes of this Plan, unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them below. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules, as applicable.

1.3. "**800 Madison Property" shall mean that certain real property and all improvements thereon commonly known and referred to as 800 Madison Street, Hoboken, New Jersey.**

1.4. **"**Administrative Expense Claim" means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases under sections 503(b) and 507(a)(2) of the Bankruptcy Code including, without limitation, any Claims arising under the UTA Term Loan, Section 503(b)(9) Administrative Claims, any actual and necessary costs and expenses of preserving the Estate of any Debtor, any actual and necessary costs and expenses of operating the business of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors-in-Possession in connection with the conduct of its business including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under section 330 or 503(b) of the Bankruptcy Code, and any fees or charges assessed against the Estates of the Debtors under section 1930 of chapter 123 of Title 28 of the United States Code.

1.5. ~~1.4.~~ "Administrative Expense Claim Bar Date" means the date fixed by an Order of the Bankruptcy Court, by which all applications or requests for treatment of an Administrative Expense Claim as an Allowed Administrative Expense Claim, other than (i) Administrative Expense Claims of Professionals retained pursuant to Sections 327, 328 or 1103 of the Bankruptcy Code, (ii) all fees payable and unpaid pursuant to 28 U.S.C. § 1930, (iii) a liability incurred and payable in the ordinary course of business by any Debtor (and not past due); (iv) Administrative Expense Claims of all employees (other than insiders as that term is defined in section 101(31) of the Bankruptcy Code) that are or were employed by the Debtors as of January

12, 2009, including claims for wages, salaries and commissions and for accrued but unused vacation, sick or personal days of such employees; (v) any Administrative Expense Claims that have already been paid by the Debtors; and (vi) Section 503(b)(9) Administrative Claims, must be filed with the Bankruptcy Court.

1.6. ~~1.5.~~ "Affiliate" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

1.7. ~~1.6.~~ "Affiliate Notes" means certain promissory notes dated January 7, 2008 in the approximate amount of $40 million given by Tarragon Corp. to Beachwold Partners, L.P. and Robert P. Rothenberg.

1.8. ~~1.7.~~ "Affiliated Debt Holders" shall collectively mean Beachwold Partners L.P. and Robert Rothenberg.

1.9. ~~1.8.~~ "Allowed" means, with reference to any Claim or Equity Interest, proof of which was timely and properly filed or, if no proof of a Claim or Equity Interest was filed, which has been or hereafter is listed by the Debtors in their Schedules, as liquidated in amount and not disputed or contingent and, in each case, as to which: (i) no objection to allowance has been interposed within the applicable period fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (ii) an objection has been interposed and such Claim has been allowed, in whole or in part, by a Final Order; provided, however, that any Claims allowed solely for the purpose of voting to accept or reject this Plan pursuant to an Order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or by Order of the Bankruptcy Court, "Allowed Administrative Expense Claim," or "Allowed Claim," shall not, for purposes of computation of distributions under this Plan, include interest on such Administrative Expense Claim or Claim from and after the Commencement Date. **The**

allowance of Equity Interests in Block 88 and 800 Madison and Intercompany Claims against Block 88 and 800 Madison (as defined in the Block 88/800 Madison Stipulation and Order) shall be determined in accordance with the Block 88 Dispute Resolution Provisions.

1.10. ~~1.9.~~ "Ansonia" means Ansonia LLC.

1.11. ~~1.10.~~ "Ansonia LP" means Ansonia Apartments, L.P., a Delaware limited partnership.

1.12. ~~1.11.~~ "Ansonia Properties" shall mean those properties owned by certain subsidiaries of Ansonia LP and Tarragon which are encumbered by the GECC Ansonia Loan.

1.13. ~~1.12.~~ "Assets" means all assets and property (real, personal and mixed) of the Estates of the Debtors, regardless of whether reflected in the financial records of the Debtors or on the Schedules, including but not limited to: equipment, Cash, deposits, refunds, rebates, abatements, fixtures, real property interests, contractual interests, intangibles, Claims, Causes of Action, suits, setoffs, recoupments, equitable or legal rights, interests and remedies.

1.14. ~~1.13.~~ "Avoidance Actions" means any and all Causes of Action that any Debtor may assert under Chapter 5 of the Bankruptcy Code or any similar applicable law, regardless of whether or not such Causes of Action are commenced as of the Effective Date

1.15. ~~1.14.~~ "Ballot" means each of the ballot forms distributed by the Debtors to each member of an impaired Class entitled to vote under Article II hereof in connection with the solicitation of acceptances or rejections of the Plan.

1.16. ~~1.15.~~ "Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

1.17. ~~1.16.~~ "Bankruptcy Court" means the United States Bankruptcy Court for the District of New Jersey, having jurisdiction over the Chapter 11 Cases, or if such Court ceases to

exercise jurisdiction over the Chapter 11 Cases, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases in lieu of the United States Bankruptcy Court for the District of New Jersey.

1.18. ~~1.17.~~ "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, and any Local Rules of the Bankruptcy Court, as amended from time to time, and as applicable to the Chapter 11 Cases.

1.19. ~~1.18.~~ "Bar Date" means May 4, 2009, the last date fixed by an order of the Bankruptcy Court for Creditors and Governmental Units, respectively, to file proofs of Claim in the Chapter 11 Cases.

1.20. ~~1.19.~~ "Beachwold" shall mean Beachwold Partners, L.P.

1.21. "Block 88 Dispute Resolution Provisions" shall mean the dispute resolution provision of Article XVI of the Block 88 Operating Agreement, and is intended to have the same meaning as the term "Dispute Resolution Provisions" as such term is defined in the Block 88/800 Madison Stipulation and Order.

1.22. "Block 88 Operating Agreement" shall mean that certain Block 88 Development, LLC Operating Agreement dated effective as of December 6, 2002.

1.23. "Block 88/800 Madison Stipulation and Order" shall mean that certain Stipulation and Consent Order Resolving Objection of Mia M. Macri Irrevocable Living Trust ("Macri Trust") and Frank Raia ("Raia") to the Debtors' Motion: (A) for an Order Approving a Settlement Agreement with BofA Pursuant to Fed. R. Bankr. P. 9019; (B) for a Final Order (I) Approving Post-Petition Financing for 800 Madison Street Urban Renewal LLC, (II) Granting Liens and Superpriority Administrative Expense Status

Pursuant to 11 U.S.C. §§ 363 and 364 and (III) Modifying Automatic Stay Pursuant to 11 U.S.C. § 362; and (C) Granting Related Relief, as entered by the Bankruptcy Court on October 14, 2009 as Docket No. 1151.

1.24. "BofA" shall mean Bank of America, N.A.

1.25. "BofA 800 Madison DIP Loan" shall mean the post-petition financing provided by BofA to 800 Madison approved by Final Order of the Bankruptcy Court entered on October 14, 2009.

1.26. "BofA Documents" means collectively (i) the Block 88/800 Madison Stipulation and Order, (ii) the BofA Settlement Agreement and the BofA Settlement Approval Order, (iii) that certain Final Order (A) Authorizing 800 Madison Street Urban Renewal, LLC to Obtain Post-Petition Financing and Grant Liens, Security Interests and Superpriority Administrative Claims Pursuant to 11 U.S.C. § 364(c) and (d); (B) Granting Adequate Protection; (C) Modifying the Automatic Stay Pursuant to 11 U.S.C. § 362; and (D) Granting Related Relief, as entered by the Bankruptcy Court on October 14, 2009, and (iv) that certain Super-Priority Debtor in Possession Building Loan Agreement, dated as of August 20, 2009, by and among 800 Madison and BofA.

1.27. "BofA Guaranty" shall mean the Guaranty made as of August 20, 2009 by Tarragon Corp. and Tarragon Dev. Corp. and all documents related thereto in favor of BofA in connection with the BofA Settlement Agreement.

1.28. "BofA Settlement Agreement" shall mean the Settlement Agreement entered on August 20, 2009 between certain Debtors and BofA, and all documents related thereto, as approved by the BofA Settlement Approval Order.

1.29. "BofA Settlement Approval Order" shall mean that certain Order Pursuant to Fed. R. Bankr.P.9019 Approving Settlement and Entry into a Settlement Agreement with BofA, as entered by the Bankruptcy Court on October 14, 2009 as Docket No. 1152.

1.30. ~~1.20.~~ "Borrowers" shall having the meaning set forth in the Term Loan.

1.31. ~~1.21.~~ "Business Day" means any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

1.32. ~~1.22.~~ "Cash" means legal tender of the United States of America or the equivalent thereof, including bank deposits, checks and wire transfers.

1.33. ~~1.23.~~ "Causes of Action" means any and all causes of action, grievances, arbitrations, actions, suits, demands, demand letters, Claims, complaints, notices of non-compliance or violation, enforcement actions, investigations or proceedings of the Debtors and/or their Estates that are or may be pending on the Effective Date or that could be instituted or prosecuted by the Debtors.

1.34. ~~1.24.~~ "Chapter 11 Cases" means the cases under Chapter 11 of the Bankruptcy Code commenced by (i) the following Debtors on January 12, 2009: Tarragon Corp., Tarragon Dev. Corp., Tarragon South, Tarragon Dev. LLC, TMI, Bermuda Island, Orion, Orlando Central, Fenwick, Las Olas, Trio West, 800 Madison, 900 Monroe, Block 88, Central Square, Charleston, Omni, Tarragon Edgewater, Trio East, and Vista; (ii) the following Debtors on January 13, 2009: Murfreesboro and Stonecrest; and (iii) the following Debtors on February 5, 2009: Stratford, MSCP and Hanover.

1.35. ~~1.25.~~ "Claim" shall mean a "claim" against any Debtor, as that term is defined in section 101(5) of the Bankruptcy Code.

1.36. ~~1.26.~~ "Class" means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to section 1123(a)(1) of the Bankruptcy Code.

1.37. ~~1.27.~~ "Clerk" means the clerk of the Bankruptcy Court.

1.38. ~~1.28.~~ "Closing Date" means the date on which the transactions with Reorganized Tarragon and New Ansonia as set forth in this Plan are consummated.

1.39. ~~1.29.~~ "Collateral" means any property or interest in property of the Estate of any Debtor subject to a lien, charge, or other encumbrance to secure the payment or performance of a Claim, which lien, charge or other, encumbrance is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code.

1.40. ~~1.30.~~ "Commencement Date" means January 12, 2009 with respect to the January 12, 2009 Debtors, January 13, 2009 with respect to the January 13, 2009 Debtors, and February 5, 2009 with respect to the February 5, 2009 Debtors, the respective dates on which the Debtors commenced their Chapter 11 Cases.

1.41. ~~1.31.~~ "Confirmation Date" means the date upon which the Bankruptcy Court enters the Confirmation Order on its docket.

1.42. ~~1.32.~~ "Confirmation Hearing" means the duly noticed hearing to be held in accordance with section 1128(a) of the Bankruptcy Code at which confirmation of this Plan is considered by the Bankruptcy Court, as such hearing may be adjourned or continued from time to time.

1.43. ~~1.33.~~ "Confirmation Order" means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.44. ~~1.34.~~ "Credit Agreement" means that certain Secured, Super-Priority Debtor-in-Possession and Exit Financing Credit and Security Agreement dated as of March 24, 2010, by and among the Borrowers and UTA, as Lender.

1.45. ~~1.35.~~ "Creditor" means any Person that is the Holder of a Claim against a Debtor or Debtors.

1.46. ~~1.36.~~ "Creditors' Committee" means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

1.47. ~~1.37.~~ "Cure" means with respect to the assumption of an Executory Contract or unexpired lease pursuant to Section 365(b) of the Bankruptcy Code, (i) the distribution of Cash, or the distribution of such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties under an Executory Contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law or (ii) the taking of such other actions as may be agreed upon by the parties or ordered by the Bankruptcy Court.

1.48. ~~1.38.~~ "Debtors" has the meaning set forth in the Introduction to the Plan.

1.49. ~~1.39.~~ "Debtors-in-Possession" means the Debtors in their capacity as debtors-in-possession in the Chapter 11 Cases pursuant to sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

1.50. ~~1.40.~~ "Deferred Confirmation Expenses" shall mean, to the extent not already paid on or before the Effective Date of the Plan, (i) all Allowed Administrative and Priority Claims in the Chapter 11 Cases of Tarragon Corp., Tarragon Dev. Corp., Tarragon Dev. LLC and Tarragon South, including any fees and expenses of Professionals and all costs associated

with the Tarragon Creditor Entity, except as otherwise specifically set forth herein or in the Credit Agreement, and (ii) all pre-confirmation and post-confirmation fees due to the Office of the UST.

1.51. ~~1.41.~~ "Disbursing Agent" means either (i) Reorganized Tarragon with respect to any Distributions that are to be made pursuant to the Plan for Allowed Administrative Expense Claims and Priority Claims, ~~or~~ (ii**) Reorganized Tarragon with respect to any Distributions that are to be made pursuant to the BofA Settlement Agreement, the BofA Settlement Approval Order and/or the Block 88 Operating Agreement to Holders of Allowed Claims against or Equity Interests in 800 Madison or Block 88, or (iii**) the Tarragon Creditor Entity or Reorganized Tarragon, as applicable, with respect to all other Distributions that are to be made pursuant to the Plan.

1.52. ~~1.42.~~ "Disclosure Statement" means the Debtors' ~~First~~**Second** Amended and Restated Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code relating to this Plan including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.53. ~~1.43.~~ "Disputed" means, with reference to any Claim or Equity Interest, any Claim or Equity Interest proof of which was timely and properly filed and that has been or hereafter is listed on the Schedules as unliquidated, disputed or contingent and, in either case, or in the case of an Administrative Expense Claim, any Administrative Expense Claim, Claim or Equity Interest which is disputed under this Plan or as to which any of the Debtors or, if not prohibited by this Plan, any other party in interest has interposed a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined

by a Final Order, and any Claim or Equity Interest proof of which was required to be filed by Order of the Bankruptcy Court but as to which a proof of claim or interest was not timely or properly filed. **With reference to the Equity Interests in Block 88 or 800 Madison and Intercompany Claims against Block 88 and 800 Madison (as defined in the Block 88/800 Madison Stipulation and Order), whether such Equity Interests and Intercompany Claims are disputed shall be determined and resolved in accordance with the Block 88/800 Madison Stipulation and Order and the Block 88 Dispute Resolution Provisions.**

1.54. ~~1.44.~~ "Disputed Claim" means that portion (including, when appropriate, the whole) of a Claim to which an objection has been filed by the applicable deadline for bringing such objection and which objection has not been resolved in accordance with the procedures set forth in this Plan. **To the extent that a Disputed Claim might refer to the Equity Interests in Block 88 or 800 Madison or Intercompany Claims against Block 88 or 800 Madison (as defined in the Block 88/800 Madison Stipulation and Order), such Equity Interests and Intercompany Claims shall be determined and resolved in accordance with the Block 88/800 Madison Stipulation and Order and the Block 88 Dispute Resolution Provisions. To the extent that a Disputed Claim might refer to the Equity Interests in any of the Ursa LLCs or Intercompany Claims against an Ursa LLC, such Equity Interests and Intercompany Claims shall be determined and resolved in accordance with the Ursa Documents and the Ursa Dispute Resolution Provisions.**

1.55. ~~1.45.~~ "Disputed Claim Amount" means the amount set forth in the proof of Claim relating to a Disputed Claim or, if an amount is estimated with respect to a Disputed Claim in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, the amount so estimated pursuant to an Order of the Bankruptcy Court. **To the extent that a Disputed**

Claim Amount might refer to the Equity Interests in Block 88 or 800 Madison or Intercompany Claims against Block 88 and 800 Madison (as defined in the Block 88/800 Madison Stipulation and Order), such Equity Interests and Intercompany Claims shall be determined and resolved in accordance with the Block 88/800 Madison Stipulation and Order and the Block 88 Dispute Resolution Provisions. To the extent that a Disputed Claim might refer to the Equity Interests in any of the Ursa LLCs or Intercompany Claims against an Ursa LLC, such Equity Interests and Intercompany Claims shall be determined and resolved in accordance with the Ursa Documents and the Ursa Dispute Resolution Provisions.

1.56. ~~1.46.~~ "Distribution" means any distribution by Reorganized Tarragon or the Tarragon Creditor Entity, as applicable, to the Holders of Allowed Claims and Holders of Allowed Equity Interests as of the Commencement Date.

1.57. ~~1.47.~~ "Docket" means the dockets in the Chapter 11 Cases maintained by the Clerk of the Bankruptcy Court.

1.58. ~~1.48.~~ "Effective Date" means the date which is (i) at least one (1) day after the Confirmation Order becomes a Final Order, and (ii) all conditions to the Effective Date as set forth in Article 9.2 of this Plan have been satisfied or, if waivable, waived.

1.59. ~~1.49.~~ "Entity" means an entity as defined in section 101(15) of the Bankruptcy Code.

1.60. ~~1.50.~~ "Equity Interests" or "Interests" means all equity interests in the Debtors including, but not limited to, all issued, unissued, authorized or outstanding shares of stock together with any warrants, options or contract rights to purchase or acquire such interests at any time or membership interests in a limited liability corporation or partnership interests.

1.61. ~~1.51.~~ "Estate" means the estates created upon the commencement of the Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.

1.62. ~~1.52.~~ "Executory Contract" means any executory contract or unexpired lease as of the Commencement Date, subject to section 365 of the Bankruptcy Code, between a Debtor and any other Person or Persons, specifically excluding contracts and agreements entered into pursuant to this Plan or subject to section 1113 of the Bankruptcy Code.

1.63. ~~1.53.~~ "Fee Application" means an application by a Professional for a Professional Compensation and Reimbursement Claim.

1.64. ~~1.54.~~ "Final Order" means an Order of the Bankruptcy Court or a Court of competent jurisdiction to hear appeals from the Bankruptcy Court, that has not been reversed, stayed, modified or amended and as to which the time to appeal, to petition for certiorari, or to move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or, if pending, as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rules under the Bankruptcy Rules or applicable state court rules of civil procedure, may be filed with respect to such Order shall not cause such Order to not be a Final Order.

1.65. ~~1.55.~~ "Friedman" shall mean William S. Friedman.

1.66. ~~1.56.~~ "GECC Ansonia Loan" shall mean those certain loans made by GECC that are secured by the Ansonia Properties.

1.67. ~~1.57.~~ "General Unsecured Claim" means any Unsecured Claim against a Debtor that is not a Secured Claim, UTA Term Loan Claim, Administrative Expense Claim, Priority Tax

Claim, or Other Priority Claim, but including, without limitation, Claims arising from the rejection of an unexpired lease or Executory Contract pursuant to this Plan or otherwise.

1.68. ~~1.58.~~ "Governmental Unit" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

1.69. ~~1.59.~~ "Holder" means the beneficial holder of any Claim or Equity Interest.

1.70. ~~1.60.~~ "Indenture Trustee" means The Bank of New York Mellon Trust Company, N.A., as successor to JP Morgan Chase Bank, National Association.

1.71. ~~1.61.~~ "Indenture Trustee Charging Lien" shall mean the charging liens granted to secure Tarragon Corp.'s payment obligations under the Indentures and authorized pursuant to §6.6 of the Indentures, granting the Indenture Trustee a lien prior to the securities issued pursuant to the Indentures on all money or property held or collected by the Indenture Trustee, other than money or property held in trust to pay principal and interest on particular securities.

1.72. ~~1.62.~~ "Indentures" shall mean the Junior Subordinated Indentures, dated as of June 14, 2005, September 12, 2005 and March 1, 2006 (as amended and supplemented) between Tarragon Corp. and JPMorgan Chase Bank, National Association, as Trustee, pursuant to which subordinated notes in the aggregate principal amount of $125,000,000.00 were issued, which are now owned or controlled by Taberna.

1.73. ~~1.63.~~ "Intercompany Claim" means a Claim by a Debtor against another Debtor. **When used herein in connection with the Block 88/800 Madison Stipulation and Order, "Intercompany Claims" shall and is intended to have the meaning ascribed to such term in the Block 88/800 Madison Stipulation and Order.**

1.74. ~~1.64.~~ "Lien" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

1.75. ~~1.65.~~ "Order" means an order or judgment of the Bankruptcy Court as entered on the Docket.

1.76. ~~1.66.~~ "Other Priority Claim" means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

1.77. ~~1.67.~~ "Other Secured Claim" means any Secured Claim arising prior to the Commencement Date against any of the Debtors, other than a Secured Claim of a claimant separately classified under this Plan and not otherwise paid or satisfied by an other Order authorizing the payment of such Other Secured Claim before the Effective Date.

1.78. ~~1.68.~~ "Person" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

1.79. ~~1.69.~~ "Plan" means this ~~First~~**Second** Amended and Restated Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, including, without limitation, the Plan Supplement and 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.

1.80. ~~1.70.~~ "Plan Documents" mean the agreements, documents and instruments entered into on or as of the Effective Date as contemplated by, and in furtherance of, the Plan.

1.81. ~~1.71.~~ "Plan Supplement" means the forms of documents specified in Article 11.12 of this Plan.

1.82. ~~1.72.~~ "Post-Petition Administrative Trade Claims" means all liabilities of the Debtors for post-Commencement Date ordinary course obligations and trade payables of the Debtors' business as of the Effective Date (excluding any expenses incurred with respect to the administration of the Cases such as Professional Compensation and Reimbursement Claims)

which would qualify as Allowed Administrative Expense Claims under Section 503(b) of the Bankruptcy Code.

1.83. ~~1.73.~~ "Priority Claim" means a Priority Tax Claim or Other Priority Claim.

1.84. ~~1.74.~~ "Priority Tax Claim" means any Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.85. ~~1.75.~~ "Professional" means a Person or Entity employed pursuant to a Final Order in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Confirmation Date, pursuant to sections 327, 328, 329, 330 and/or 331 of the Bankruptcy Code, or for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.86. ~~1.76.~~ "Professional Compensation and Reimbursement Claim" means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services incurred after the Commencement Date and prior to and including the Effective Date.

1.87. ~~1.77.~~ "Pro Rata, Ratable or Ratable Share" each mean a number (expressed as a percentage) equal to the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of or number of: (i) Allowed Claims plus (ii) Disputed Claims (in their aggregate face or, if applicable, estimated amount) in such Class as of the date of determination.

1.88. ~~1.78.~~ "Reorganized Tarragon" means Tarragon Corp. on and after the Effective Date.

1.89. ~~1.79.~~ "Record Date" shall have the meaning set forth in the Disclosure Statement.

1.90. ~~1.80.~~ "Reinstated" means (i) leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the Holder of such Claim so as to leave such Claim unimpaired or (ii) notwithstanding any contractual provision or applicable law that entitles the Holder of a

Claim to demand or receive accelerated payment of such Claim after the occurrence of a default*:* (a) curing any such default that occurred before or after the Commencement Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (b) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim as such maturity existed before such default; (c) compensating the Holder of such Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (d) if such Claim arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(l)(A) of the Bankruptcy Code, compensating the Holder of such Claim (other than a Debtor or an Insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (e) not otherwise altering the legal, equitable, or contractual rights to which such Claim entitles the Holder.

1.91. ~~1.81.~~ "Retained Actions" means the Ridgefield Claim and any Cause of Action which any of the Debtors may hold against any Person that is pending before a court of competent jurisdiction or through arbitration as of the Effective Date, including without limitation, (i) that certain litigation entitled *Tarragon Development Corp. v. Brown's Farm et al.* Adv. Pro No. 09-1867 (DHS), (ii) that certain demand for arbitration filed by Soares Da Costa Construction Services, LLC against Alta Mar Development LLC, Balsam Acquisition, LLC and Tarragon Dev. Corp. with the American Arbitration Association, bearing case number 50 110 S 00346 06, (iii) that certain litigation commenced by Central Square against Great Divide Insurance Company in the Circuit Court of the 17th Judicial Circuit, Broward County, Florida, bearing Case No. 07000612, and (iv) that certain litigation filed by Tarragon Stoneybrook

Apartments, LLC against Summitt Contractors, Inc. and its bonding company Federal Insurance Company in the Circuit Court for Orange County, Florida.

1.92. ~~1.82.~~ "Ridgefield Claim" means any claim of Tarragon Corp. for the return of a $1,000,000 deposit paid in conjunction with an Agreement of Sale to purchase property located at 1 Bell Drive, Ridgefield Borough, New Jersey.

1.93. ~~1.83.~~ "Rothenberg" shall mean Robert P. Rothenberg.

1.94. ~~1.84.~~ "Schedules" means the schedules of assets and liabilities, the list of Holders of Equity Interests and the statements of financial affairs filed by the Debtors under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments pursuant to Bankruptcy Rule 1009 and modifications thereto through the Confirmation Date.

1.95. ~~1.85.~~ "Section 503(b)(9) Administrative Claim" means a Claim against a Debtor alleged to be entitled to an administrative expense priority under 11 U.S.C. §503(b)(9) for goods sold to such Debtor in the ordinary course of the Debtor's business and received by such Debtor within 20 days before the Commencement Date.

1.96. ~~1.86.~~ "Secured Claim" means a Claim that is secured by a lien on property in which the Estate has an interest, which lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, provided, however, that a Secured Claim shall not include any portion of the Claim to the extent that the value of such entity's Collateral is less than the amount of such Claim.

1.97. "Securities Action Plaintiff" means the plaintiff in the consolidated securities putative class action lawsuit entitled *In re Tarragon Corporation Securities Litigation*, Civil Action No. 07-7972, pending in the United States District Court for the Southern District of New York.

1.98. ~~1.87.~~ "Sponsor" shall mean the Plan funder and sponsor of the Debtors.

1.99. ~~1.88.~~ "Surplus Cash" means all cash on hand of **Reorganized Tarragon and the other** Borrowers **under the Term Loan** in excess of $500,000~~,~~ other than proceeds of the Term Loan.

1.100. ~~1.89.~~ "Taberna" shall mean Taberna Capital Management LLC and certain of its affiliates

1.101. ~~1.90.~~ "Taberna Claims" shall mean those certain Claims of Taberna against Tarragon Corp.

1.102. ~~1.91.~~ "Unsecured Claim" means any Claim against a Debtor that arose or is deemed by the Bankruptcy Code or Bankruptcy Court, as the case may be, to have arisen before the Commencement Date and that is not a Secured Claim, Other Secured Claim, Administrative Expense Claim, Priority Tax Claim or Other Priority Claim.

1.103. "Ursa Dispute Resolution Provisions" shall mean the dispute resolution provision of the applicable Ursa Operating Agreement.

1.104. "Ursa Documents" means that certain (i) Order (A) Authorizing the Debtors to Sell Their Interests in Block 112 Development, LLC Free and Clear of Liens, Claims and Interests; (B) Waiving the Ten Day Stay Pursuant to Fed.R.Bankr.P. 6004(h); and (C) Granting Other Related Relief, as entered by the Bankruptcy Court on September 10,

2009, and (ii) Agreement by and among Tarragon Corp., Tarragon Dev. Corp., URSA Development Group, LLC and Block 112 Development, LLC dated August, 2009.

1.105. "Ursa LLCs" shall have the meaning set forth in the Disclosure Statement.

1.106. "Ursa Operating Agreement" shall have the meaning set forth in the Disclosure Statement.

1.107. ~~1.92.~~ "UST" means the United States Trustee.

1.108. ~~1.93.~~ "UTA" means UTA Capital LLC.

1.109. ~~1.94.~~ "UTA Term Loan Claims" means all Claims of UTA arising under or pursuant to the Term Loan, including, without limitation, principal and interest on the Term Loan, plus all reasonable fees and expenses arising under the Term Loan.

1.110. ~~1.95.~~ "Voting Deadline" means the date fixed by the Court pursuant to an Order: (i) Approving the Disclosure Statement Pursuant to 11 U.S.C. § 1125(b); (ii) Fixing a Record Date for Voting and Procedures for Filing Objections to the Plan and Temporary Allowance of Claims; (iii) Scheduling a Hearing and Approving Notice and Objection Procedures in Respect of Plan Confirmation; (iv) Approving Solicitation Packages and Procedures for Distribution Thereof; and (v) Approving the Form of Ballot and Establishment of Procedures for Voting on the Plan.

ARTICLE II.

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

2.1. Overview

This section classifies Claims and Equity Interests -- except for Administrative Expense Claims and Priority Tax Claims, which are not classified -- for all purposes, including voting, confirmation and distribution under this Plan. This section also provides whether each Class of Claims or Equity Interests is impaired or unimpaired, and provides the treatment each Class will

receive under this Plan. References in this Plan to the amount of Claims are based on information reflected in the Debtor's Schedules or in filed proofs of Claim, and are not intended to be admissions regarding the Allowed amount of the Claims or waivers of the Debtors or their respective successors' rights to assert any otherwise available objection, defense, recoupment, setoff, claim, or counterclaim against any Claim. The following table ("Claims Treatment Table") summarizes the Classes of Claims and Equity Interests under this Plan:

CLASS	DESCRIPTION	IMPAIRED/UNIMPAIRED	VOTING STATUS
None	Administrative Expense Claims	Unimpaired	Not Entitled to Vote
None	Priority Tax Claims	Unimpaired	Not Entitled to Vote
Class 1	UTA Term Loan Claims	Unimpaired	Not Entitled to Vote
Class 2	**BofA 800 Madison DIP Loan Claims**	**Unimpaired**	**Not Entitled to Vote**
2. Claims Against Tarragon Corp.			
Class 2A	Secured Claims	~~Not Applicable~~**Unimpaired**	Not ~~Applicable~~**Entitled to Vote**
Class 2B(i)	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
Class 2B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 2B(iii)	Federal Home Loan Mortgage Corporation Claims	Impaired	Entitled to Vote
Class 2B(iv)	Fannie Mae Claims	Impaired	Entitled to Vote
Class 2B(v)	GECC Claims	Impaired	Entitled to Vote
Class 2B(vi)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 2B(vii)	Unsecured Affiliated Debt Holders Claims	Impaired	Not Entitled to Vote
Class 2C	Equity Interests	Impaired	Deemed to Reject Plan
3. Claims Against Tarragon Dev. Corp.			
Class 3A	Secured Claims	~~Not Applicable~~**Unimpaired**	Not ~~Applicable~~**Entitled to Vote**
Class 3B(i)	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote

Class 3B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 3B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 3C	Equity Interests	Unimpaired	Not Entitled to Vote
4. Claims Against Tarragon South			
Class 4A	Secured Claims	Not Applicable	Not Applicable
Class 4B(i)	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
Class 4B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 4B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 4C	Equity Interests	Unimpaired	Not Entitled to Vote
5. Claims Against Tarragon Dev. LLC			
Class 5A	Secured Claims	Not Applicable	Not Applicable
Class 5B(i)	Unsecured Priority Claims	Unimpaired	Not Entitled to Vote
Class 5B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 5B(iii)	GECC Claims	Impaired	Entitled to Vote
Class 5B(iv)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 5C	Equity Interests	Unimpaired	Not Entitled to Vote
6. Intentionally Deleted.			
7. Claims Against Bermuda Island			
Class 7A	Secured Claims	Impaired	Entitled to Vote
Class 7B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 7B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 7B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 7C	Equity Interests	Unimpaired	Not Entitled to Vote
8. Claims Against Orion			
Class 8A	Secured Claims	Impaired	Entitled to Vote
Class 8B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 8B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 8B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 8C	Equity Interests of Debtors and/or Affiliates of Debtors	Unimpaired	Not Entitled to Vote

Class 8D	Equity Interests of non-Debtors and/or non-Affiliates of Debtors	Unimpaired	Not Entitled to Vote
9. Claims Against Orlando Central			
Class 9A	Secured Claims	Not Applicable	Not Applicable
Class 9B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 9B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 9B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 9C	Equity Interests	Impaired	Deemed to Reject Plan
10. Claims Against Fenwick			
Class 10A	Secured Claims	Not Applicable	Not Applicable
Class 10B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 10B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 10B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 10C	Equity Interests	Impaired	Deemed to Reject Plan
11. Claims Against Las Olas			
Class 11A(i)	Secured Claims (Bank Atlantic)	Impaired	Entitled to Vote
Class 11A(ii)	Secured Claims (Regions Bank)	Impaired	Entitled to Vote
Class 11B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 11B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 11B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 11C	Equity Interests	Unimpaired	Not Entitled to Vote
12. Claims Against Trio West			
Class 12A	Secured Claims	Not Applicable	Not Applicable
Class 12B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 12B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 12B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 12C	Equity Interests	Impaired	Deemed to Reject Plan

13. Claims Against 800 Madison			
Class 13A	Secured Claims	Impaired	Entitled to Vote
Class 13B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 13B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 13B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 13C	Equity Interests	Unimpaired	Not Entitled to Vote
14. Claims Against 900 Monroe			
Class 14A	Secured Claims	Impaired	Entitled to Vote
Class 14B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 14B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 14B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 14C	Equity Interests	Unimpaired	Not Entitled to Vote
15. Claims Against Block 88			
Class 15A	Secured Claims	Not Applicable	Not Applicable
Class 15B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 15B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 15B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 15C	Equity Interests ~~of Debtors and/or Affiliates of Debtors~~	Unimpaired	Not Entitled to Vote
~~Class 15D~~	~~Equity Interests of non-Debtors and/or non-Affiliates of Debtors~~	~~Unimpaired~~	~~Not Entitled to Vote~~
16. Claims Against Central Square			
Class 16A	Secured Claims	Impaired	Entitled to Vote
Class 16B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 16B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 16B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 16C	Equity Interests	Unimpaired	Not Entitled to Vote
17. Claims Against Charleston			
Class 17A	Secured Claims	Not Applicable	Not Applicable
Class 17B(i)	Unsecured Priority	Impaired	Entitled to Vote

	Claims		
Class 17B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 17B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 17C	Equity Interests	Impaired	Deemed to Reject Plan
18. Claims Against Omni			
Class 18A	Secured Claims	Not Applicable	Not Applicable
Class 18B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 18B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 18B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 18C	Equity Interests	Unimpaired	Not Entitled to Vote
19. Claims Against Tarragon Edgewater			
Class 19A	Secured Claims	Not Applicable	Not Applicable
Class 19B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 19B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 19B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 19C	Equity Interests	Unimpaired	Not Entitled to Vote
20. Claims Against Trio East			
Class 20A	Secured Claims	Impaired	Entitled to Vote
Class 20B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 20B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 20B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 20C	Equity Interests	Unimpaired	Not Entitled to Vote
21. Claims Against Vista			
Class 21A	Secured Claims	Not Applicable	Not Applicable
Class 21B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 21B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 21B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 21C	Equity Interests	Impaired	Deemed to Reject Plan
22. Claims Against Murfreesboro			

Class 22A	Secured Claims	Not Applicable	Not Applicable
Class 22B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 22B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 22B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 22C	Equity Interests	Impaired	Deemed to Reject Plan
23. Claims Against Stonecrest			
Class 23A	Secured Claims	Not Applicable	Not Applicable
Class 23B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 23B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 23B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 23C	Equity Interests	Impaired	Deemed to Reject Plan
24. Claims Against Stratford			
Class 24A	Secured Claims	Not Applicable	Not Applicable
Class 24B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 24B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 24B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 24C	Equity Interests	Impaired	Deemed to Reject Plan
25. Claims Against MSCP			
Class 25A	Secured Claims	Not Applicable	Not Applicable
Class 25B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 25B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote
Class 25B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 25C	Equity Interests	Impaired	Deemed to Reject Plan
26. Claims Against Hanover			
Class 26A	Secured Claims	Not Applicable	Not Applicable
Class 26B(i)	Unsecured Priority Claims	Impaired	Entitled to Vote
Class 26B(ii)	Unsecured Non-Priority Claims	Impaired	Entitled to Vote

Class 26B(iii)	Intercompany Claims	Impaired	Not Entitled to Vote
Class 26C	Equity Interests	Impaired	Deemed to Reject Plan

2.2. Unclassified Claims

Certain types of Claims are not placed into voting classes; instead, they are unclassified. Such Claims are not considered impaired, and Holders of such Claims do not vote on this Plan because their claims are automatically entitled to specific treatment provided under the Bankruptcy Code. As such, the Debtors have not placed such Claims in a Class. The treatment of these Claims is provided below:

2.3. Administrative Expense Claims

Administrative Expense Claims are Claims against the Debtors constituting a cost or expense of administration of the Chapter 11 Cases allowed under sections 503(b) and 507(a)(2) of the Bankruptcy Code, including any actual and necessary costs and expenses of operating the Debtors' business, any indebtedness or obligations incurred or assumed by the Debtors in connection with the conduct of its business, any allowance of compensation or reimbursement of expenses for Professionals to the extent allowed by the Bankruptcy Court under sections 330 and 331 of the Bankruptcy Code, and fees or charges assessed against the Debtors' Estates under section 1930, chapter 12, title 28, United States Code ("Statutory Fees", which are treated separately below) and Allowed 503(b)(9) Administrative Claims.

Subject to the allowance procedures and the deadlines provided herein, and except (i) to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a different treatment, or (ii) with respect to Deferred Confirmation Expenses which shall be paid in accordance with the specific terms of the Plan, Allowed Administrative Expense Claims (excluding Assumed liabilities, which include but are not limited to Allowed 503(b)(9)

Administrative Claims and Post-Petition Administrative Trade Claims) shall be paid Cash without interest in full by the Debtors on the later of: (i) twenty days after the Effective Date; or (ii) thirty days from the date of entry of a Final Order determining and Allowing such Claim as an Administrative Expense Claim, or as soon thereafter as is practicable.

Allowed Administrative Expense Claims representing Post-Petition Administrative Trade Claims shall be paid in full and/or performed by the Debtors in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or Bankruptcy Court Orders governing, instruments evidencing or other documents relating to, such transactions.

Allowed 503(b)(9) Administrative Claims shall be paid in full and/or performed by the Debtors within 120 days from the later of the Closing Date or the date such Allowed 503(b)(9) Administrative Claims are Allowed by the Bankruptcy Court.

2.4. Professional Compensation and Reimbursement Claims

Except with respect to Deferred Confirmation Expenses which shall be paid in accordance with the specific terms of the Plan, any Person seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code: (i) shall file respective final Fee Applications for services rendered and reimbursement of expenses incurred through the Confirmation Date no later than sixty days after the Confirmation Date or such other date as may be fixed by the Bankruptcy Court and, (ii) if granted such an award by the Bankruptcy Court, shall be paid by Reorganized Tarragon in full in such amounts as are Allowed by the Bankruptcy Court (a) seven days after such Professional Compensation and Reimbursement Claim becomes an Allowed Professional Compensation and Reimbursement Claim, or as soon thereafter as is practicable, or (b) upon such other terms as

may be mutually agreed upon between such Holder of an Allowed Professional Compensation and Reimbursement Claim and the Debtor, on and after the Effective Date; provided, however, that Deferred Confirmation Expenses shall be paid in accordance with the specific terms of the Plan. Failure to file a final Fee Application timely shall result in the Professional Compensation and Reimbursement Claim being forever barred and discharged.

Notwithstanding anything herein to the contrary, and except as otherwise provided by prior Order of the Bankruptcy Court or with respect to Deferred Compensation Expenses: (i) payment of a Professional Compensation and Reimbursement Claim that is an Allowed Claim as of the Confirmation Date shall be made on the Effective Date; and (ii) payment of a Professional Compensation and Reimbursement Claim that becomes an Allowed Claim following the Effective Date shall be made on or before the date that is the earlier of (a) the date such Professional Compensation and Reimbursement Claim is required to be paid in accordance with the Administrative Order or (b) seven days after an Order deeming such Professional Compensation and Reimbursement Claim an Allowed Claim is entered by the Bankruptcy Court.

2.5. Payment of Statutory Fees

Notwithstanding anything herein to the contrary, except for Deferred Confirmation Expenses which shall be paid in accordance with the specific terms of the Plan, all fees due and payable to the Clerk's Office pursuant to section 1930 of title 28 of the United States Code, including, without limitation, any United States Trustee quarterly fees incurred pursuant to section 1930(a)(6) of title 28 of the United States Code shall be paid on the Effective Date.

2.6. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Allowed Priority Tax Claim, (a) payment in Cash equal to the amount of such Claim on the

later of (i) the Effective Date, or (ii) seven Business Days after entry of a Final Order Allowing such Priority Tax Claim, or as soon thereafter as is practicable, but in no event later than thirty days after entry of such Final Order, unless such Holder shall have agreed to different treatment of such Allowed Claim, or (b) pursuant to Section 1129(a)(9)(C) of the Bankruptcy Code, in regular quarterly installments over a period of five (5) years with interest at the rate permitted under the Internal Revenue Code; provided, however, that any Claim or demand for payment of a penalty (other than a penalty of the type specified in section 507(a)(8)(G) of the Bankruptcy Code) shall be disallowed pursuant to this Plan and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, their Estates, or any property of such Entities.

ARTICLE III.

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Claims, other than Administrative Expense Claims, Professional Compensation and Reimbursement Claims and Priority Tax Claims are classified for all purposes, including voting, confirmation and distribution pursuant to the Plan, as follows:

Except for the Administrative Expense Claims and Priority Tax Claims discussed above, all Claims against, and Equity Interests in, the Debtors and with respect to all property of the Debtors and their Estates, are defined and hereinafter designated in respective Classes. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and is classified in another Class or Classes, to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such other Class or Classes. A Claim or Equity Interest is classified in a particular

Class only to the extent that the Claim or Equity Interest is an Allowed Claim[2] or Allowed Equity Interest in that Class and has not been paid, released or otherwise satisfied or waived before the Effective Date. Notwithstanding anything to the contrary contained in this Plan, no Distribution shall be made on account of any Claim that is not an Allowed Claim.

This Plan is intended to deal with all Claims against and Equity Interests in the Debtors of whatever character, whether known or unknown, whether or not with recourse, whether or not contingent or unliquidated, and whether or not previously Allowed by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code. However, only Holders of Allowed Claims will receive any distribution under this Plan. For purposes of determining Pro Rata distributions under this Plan and in accordance with this Plan, Disputed Claims shall be included in the Class in which such Claims would be included if Allowed, until such Claims are finally disallowed. **Nothing in this Plan is intended to and shall not be deemed to alter, amend, impair or modify the terms of the BofA Documents or the Ursa Documents, as applicable; in the event and to the extent that there are any inconsistencies between this Plan and the terms of the BofA Documents or the Ursa Documents, as applicable, the terms of the BofA Documents or the Ursa Documents, as applicable, shall control.**

ARTICLE IV.

TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

4.1. UTA Term Loan Claims / 800 Madison DIP Loan Claims

(A) ~~4.1.~~ Class 1: UTA Term Loan Claims

[2] For purposes of this Plan, any general reference to "Allowed Claim" shall include Allowed Administrative Expense Claims.

(i) Classification~~:~~**.** The Claims in Class 1 are the UTA Term Loan Claims.

(ii) Treatment**.** Each Holder of a Class 1 Claim shall, in full, final, and complete satisfaction of such Class 1 Claim, be paid pursuant to the terms of the loan documents evidencing the Term Loan and Section 7.1(E) hereof.

(iii) Impairment and Voting**.** Class 1 is unimpaired by this Plan. Therefore, the Holders of Class 1 Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(B) Class 2: BofA 800 Madison DIP Loan Claims

(i) Classification. The Claims in Class 2 are the BofA 800 Madison DIP Loan Claims.

(ii) Treatment. Each Holder of a Class 2 Claim shall, in full, final, and complete satisfaction of such Class 2 Claim, be paid pursuant to the terms of the loan documents evidencing the BofA 800 Madison DIP Loan and the Order of the Bankruptcy Court approving same.

(iii) Impairment and Voting. Class 2 is unimpaired by this Plan. Therefore, the Holders of Class 2 Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.2. Tarragon Corp.

(A) Class 2A: Secured Claims ~~There are no Class 2A Claims.~~

(i) Classification. Class 2A consists of the BofA Guaranty Claim.

(ii) Treatment. In full and final satisfaction of the Class 2A Claim, BofA shall receive the treatment provided under the BofA Settlement Agreement. Reorganized Tarragon shall reaffirm the obligations of Tarragon Corp. under the BofA Guaranty.

(iii) Impairment and Voting. Class 2A is unimpaired by this Plan. Therefore, the Holders of Class 2A Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(B) Class 2B(i): Unsecured Priority Claims

(i) Classification. Class 2B(i) shall consist of unsecured Priority Claims.

(ii) Treatment. Each Holder of a Class 2B(i) Claim shall, in full, final, and complete satisfaction of such Class 2B(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Effective Date.

(iii) Impairment and Voting. Class 2B(i) is unimpaired by this Plan. Therefore, the Holders of Class 2B(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(C) Class 2B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 2B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In full, final, and complete satisfaction of Class 2B(ii) Claims, Holders of Class 2B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 2B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.

(iii) Impairment and Voting. Class 2B(ii) is impaired, and the Holders of Allowed Class 2B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 2B(iii): Federal Home Loan Mortgage Corporation Claims

(i) Classification. Class 2B(iii) consists of Claims arising under (1) that certain Guaranty (Multistate) effective as of February 5, 2007 given by Tarragon Corp. in favor of ARCS Commercial Mortgage Co., L.P., and (2) that certain Guaranty (Multistate) effective as of December 6, 2006 given by Tarragon Corp. in favor of ARCS Commercial Mortgage Co., L.P. (collectively, the "Freddie Mac Guarantees").

(ii) Treatment. The guaranty given to Federal Home Loan Mortgage Corporation by Tarragon Corp. shall be reaffirmed by Reorganized Tarragon.

(iii) Impairment and Voting. Class 2B(iii) is impaired, and the Holders of Allowed Class 2B(iii) Claims are entitled to vote to accept or reject this Plan.

(E) Class 2B(iv): Fannie Mae Claims

(i) Classification. Class 2B(iv) consists of Claims arising under (i) that certain Acknowledgment and Agreement of Key Principal to Personal Liability for

Exceptions to Non-Recourse Liability that was executed by Tarragon Corp. in connection with that certain Consolidated, Amended and Restated Multifamily Note in the original principal amount of $14,600,000, dated as of November 30, 2006 by and between Woodcreek National, L.C. and ARCS Commercial Mortgage Co., L.P., (ii) that certain Acknowledgment and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability that was executed by Tarragon Corp. in connection with that certain Multifamily Note in the original principal amount of $5,880,000 dated June 7, 2000 by and between Mustang Creek National, L.P. and ARCS Commercial Mortgage Co., L.P., (iii) that certain Acknowledgment and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability that was executed by Tarragon Corp. in connection with that certain Multifamily Note in the original principal amount of $6,000,000 dated as of October 31, 2006 by and between Summit on the Lake Associates, Ltd. and Wells Fargo Bank, N.A., and (iv) that certain Acknowledgment and Agreement of Key Principal to Personal Liability for Exceptions to Non-Recourse Liability that was executed by Tarragon Corp. in connection with that certain Multifamily Note in the original principal amount of $2,177,800 dated March 29, 2007 by and between So. Elms National Associates Limited Partnership and Wachovia Multifamily Capital, Inc. (collectively, the "Fannie Mae Guarantees").

(ii) Treatment. The guaranty given to Fannie Mae by Tarragon Corp. shall be reaffirmed by Reorganized Tarragon.

(iii) Impairment and Voting. Class 2B(iv) is impaired, and the Holders of Allowed Class 2B(iv) Claims are entitled to vote to accept or reject this Plan.

(F) Class 2B(v): General Electric Credit Corporation Claims

(i) Classification. Class 2B(v) consists of Claims arising under (1) that certain Amended and Restated Guaranty of the Non-Recourse Exceptions dated June 30, 2006 by and among General Electric Credit Corporation ("GECC"), Tarragon Corp. and William S. Friedman, (2) that certain Guaranty dated August 29, 2005 by and between Tarragon Corp. and GECC, (3) that certain Cross Collateralization Guaranty dated November 30, 2005 by and between Tarragon Corp. and GECC, as amended by that certain First Amendment to Cross Collateralization Guaranty dated September 12, 2007, ~~and~~ (4) that certain General Guaranty dated March 27, 2007 by and between Tarragon Corp. and GECC**, and (5) that certain Cross-Collateralization Guaranty dated September 29, 2006 between Tarragon Corp. and GECC** (collectively, the "Tarragon Corp. GECC Guarantees").

(ii) Treatment. New Ansonia shall guaranty certain debt owed to GECC by Tarragon Corp. on substantially the same terms as the Tarragon Corp. GECC Guarantees.

(iii) Impairment and Voting. Class 2B(v) is impaired and the Holders of Allowed Class 2B(v) Claims are entitled to vote to accept or reject this Plan.

(G) Class 2B(vi): Intercompany Claims

(i) Classification. Class 2B(vi) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 2B(vi) Claims shall receive a Distribution *pari passu* with Holders of Class 2B(ii) Claims.

(iii) Impairment and Voting. Class 2B(vi) is impaired and Holders of Allowed Class 2B(vi) Claims are not entitled to vote to accept or reject this Plan.

(H) Class 2B(vii): Unsecured Affiliated Debt Holders Claims

(i) Classification. Class 2B(vii) consists of the Affiliated Debt of Beachwold Partners L.P. and Robert Rothenberg.

(ii) Treatment.

(a) In exchange for (1) contributing the Beachwold Residential Claims, (2) giving a general release of any and all claims against Tarragon Corp. and its direct and indirect subsidiaries by Beachwold and Rothenberg, and (3) agreeing to facilitate the liquidation of Tarragon's assets, Beachwold Residential shall receive (A) 50% of the equity in New Ansonia, and (B) a portion of the net proceeds received from the liquidation of such assets as more specifically described herein.

(b) In exchange for cancelling the Affiliate Notes and any other amounts owed by Tarragon Corp. to Beachwold and Rothenberg (other than the Beachwold Residential Claims), Beachwold shall receive 60% of the equity in Reorganized Tarragon and Rothenberg shall receive 40% of the equity in Reorganized Tarragon.

(iii) Impairment and Voting. Class 2B(vii) is impaired and Holders of Class 2B(vii) Claims will not be entitled to vote to accept or reject the Plan.

(I) Class 2C: Equity Interests

(i) Classification. Class 2C is comprised of the Equity Interests in Tarragon Corp.

(ii) Treatment. Holders of Class 2C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Tarragon Corp. shall be cancelled on the Effective Date without the payment of any monies or consideration.

(iii) Impairment and Voting Class 2C is impaired, and the Holders of Allowed Class 2C Claims are deemed to have rejected the Plan.

4.3. Tarragon Dev. Corp.

(A) Class 3A: Secured Claims ~~There are no Class 3A Claims.~~

(i) Classification. Class 3A consists of the BofA Guaranty Claim.

(ii) Treatment. In full and final satisfaction of the Class 3A Claim, BofA shall receive the treatment provided under the BofA Settlement Agreement.

(iii) Impairment and Voting. Class 3A is unimpaired by this Plan. Therefore, the Holders of Class 3A Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(B) Class 3B(i): Unsecured Priority Claims

(i) Classification. Class 3B(i) shall consist of unsecured Priority Claims.

(ii) Treatment. Each Holder of a Class 3B(i) Claim shall, in full, final, and complete satisfaction of such Class 3B(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Effective Date.

(iii) Impairment and Voting. Class 3B(i) is unimpaired by this Plan. Therefore, the Holders of Class 3B(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(C) Class 3B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 3B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In full, final, and complete satisfaction of Class 3B(ii) Claims, Holders of Class 3B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 3B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.

(iii) Impairment and Voting. Class 3B(ii) is impaired, and the Holders of Allowed Class 3B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 3B(iii): Intercompany Claims

(i) Classification. Class 3B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 3B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 3B(ii) Claims.

(iii) Impairment and Voting. Class 3B(iii) is impaired and Holders of Class 3B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 3C: Equity Interests

(i) Classification. Class 3C is comprised of the Equity Interests in Tarragon Dev. Corp.

(ii) Treatment. Holders of Class 3C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Tarragon Dev. Corp. shall be retained by such Holder.

(iii) Impairment and Voting Class 3C is unimpaired by this Plan. Therefore, the Holders of Class 3C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.4. Tarragon South

(A) Class 4A: Secured Claims There are no Class 4A Claims.

(B) Class 4B(i): Unsecured Priority Claims

(i) Classification. Class 4B(i) shall consist of unsecured Priority Claims.

(ii) Treatment. Each Holder of a Class 4B(i) Claim shall, in full, final, and complete satisfaction of such Class 4B(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Effective Date.

(iii) Impairment and Voting. Class 4B(i) is unimpaired by this Plan. Therefore, the Holders of Class 4B(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(C) Class 4B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 4B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In full, final, and complete satisfaction of Class 4B(ii) Claims, Holders of Class 4B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions made by New Ansonia in accordance with the terms of the New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 4B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.

(iii) Impairment and Voting. Class 4B(ii) is impaired, and the Holders of Allowed Class 4B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 4B(iii): Intercompany Claims

(i) Classification. Class 4B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 4B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 4B(ii) Claims.

(iii) Impairment and Voting. Class 4B(iii) is impaired by this Plan and Holders of Class 4B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 4C: Equity Interests

(i) Classification. Class 4C is comprised of the Equity Interests in Tarragon South.

(ii) Treatment. Holders of Class 4C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Tarragon South shall be retained by such Holder.

(iii) Impairment and Voting Class 4C is unimpaired by this Plan. Therefore, the Holders of Class 4C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.5. Tarragon Dev. LLC

(A) Class 5A: Secured Claims There are no Class 5A Claims.

(B) Class 5B(i): Unsecured Priority Claims

(i) Classification. Class 5B(i) shall consist of unsecured Priority Claims.

(ii) Treatment. Each Holder of a Class 5B(i) Claim shall, in full, final, and complete satisfaction of such Class 5B(i) Claim, be paid in full in Cash in accordance with Section 507 of the Bankruptcy Code within ten (10) days after the Effective Date.

(iii) Impairment and Voting. Class 5B(i) is unimpaired by this Plan. Therefore, the Holders of Class 5B(i) Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(C) Class 5B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 5B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. In full, final, and complete satisfaction of Class 5B(ii) Claims, Holders of Class 5B(ii) Claims shall contribute such Claims to the Tarragon Creditor Entity. The Tarragon Creditor Entity shall receive (i) its share of any distributions

made by New Ansonia in accordance with the terms of the New Ansonia Operating Agreement, and (ii) its share of the net proceeds of the sale of certain assets of Tarragon in accordance with the terms of the Plan, and the Holders of Class 5B(ii) Claims shall be entitled to receive their share of such distributions pursuant to the terms of the TCE Operating Agreement.

(iii) Impairment and Voting. Class 5B(ii) is impaired, and the Holders of Allowed Class 5B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 5B(iii): General Electric Credit Corporation Claims

(i) Classification. Class 5B(iii) consists of Claims arising under that certain Non-Recourse Loan Guaranty dated September 29, 2006 by and between Tarragon Dev. LLC and GECC, as amended by that certain First Amendment to Non-Recourse Loan Guaranty dated September 12, 2007 (the "Tarragon Dev. LLC Guaranty").

(ii) Treatment. New Ansonia shall guaranty certain debt owed to GECC by Tarragon on substantially the same terms as the Tarragon Dev. LLC GECC Guaranty.

(iii) Impairment and Voting. Class 5B(iii) is impaired, and the Holders of Allowed Class 5B(iii) Claims are entitled to vote to accept or reject this Plan.

(E) Class 5B(iv): Intercompany Claims

(i) Classification. Class 5B(iv) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 5B(iv) Claims shall receive a Distribution *pari passu* with Holders of Class 5B(ii) Claims.

(iii) Impairment and Voting. Class 5B(iv) is impaired by this Plan and Holders of Class 5B(iv) Claims are not entitled to vote to accept or reject this Plan.

(F) Class 5C: Equity Interests

(i) Classification. Class 5C is comprised of the Equity Interests in Tarragon Dev. LLC.

(ii) Treatment. Holders of Class 5C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Tarragon Dev. LLC shall be retained by such Holder.

(iii) Impairment and Voting Class 5C is unimpaired by this Plan. Therefore, the Holders of Class 5C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.6. Intentionally Deleted.

4.7. Bermuda Island

(A) Class 7A: Secured Claims

(i) Classification. Class 7A consists of the Claims held by ~~Bank of America, N.A. ("Bank of America")~~**BofA**. Class 7A Claims shall be Allowed in an amount equal to the amount of outstanding obligations owed by Bermuda Island as of the Commencement Date and shall be administered by the Disbursing Agent.

(ii) Treatment. Subject to the terms of a separately presented and approved **BofA** Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the ~~settlement that has been approved by the Bankruptcy Court~~**BofA Settlement Agreement**.

(iii) Impairment and Voting. Class 7A is impaired by this Plan. Holders of Allowed Class 7A Claims are entitled to vote to accept or reject this Plan.

(B) Class 7B(i): Unsecured Priority Claims

(i) Classification. Class 7B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 7B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Bermuda Island in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 7B(i) is impaired by this Plan. Holders of Allowed Class 7B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 7B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 7B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 7B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Bermuda Island in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 7B(ii) is impaired, and the Holders of Allowed Class 7B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 7B(iii): Intercompany Claims

(i) Classification. Class 7B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 7B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 7B(ii) Claims.

(iii) Impairment and Voting. Class 7B(iii) is impaired by this Plan and Holders of Class 7B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 7C: Equity Interests

(i) Classification. Class 7C is comprised of the Equity Interests in Bermuda Island.

(ii) Treatment. Holders of Class 7C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Bermuda Island shall be retained by such Holder.

(iii) Impairment and Voting Class 7C is unimpaired by this Plan. Therefore, the Holders of Class 7C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.8. Orion

(A) Class 8A: Secured Claims

(i) Classification. Class 8A consists of the Claims held by ~~Bank of America~~**BofA**. Class 8A Claims shall be Allowed in an amount equal to the amount of outstanding obligations owed by Orion as of the Commencement Date.

(ii) Treatment. Subject to the terms of a separately presented and approved **BofA** Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the ~~settlement that has been approved by the Bankruptcy Court~~**BofA Settlement Agreement**.

(iii) Impairment and Voting. Class 8A is impaired by this Plan. Holders of Allowed Class 8A Claims are entitled to vote to accept or reject this Plan.

(B) Class 8B(i): Unsecured Priority Claims

(i) Classification. Class 8B(i) shall consist of unsecured Priority Claims.

(ii) Treatment. Holders of Class 8B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orion in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 8B(i) is impaired by this Plan. Holders of Allowed Class 8B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 8B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 8B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 8B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orion in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 8B(ii) is impaired, and the Holders of Allowed Class 8B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 8B(iii): Intercompany Claims

(i) Classification. Class 8B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 8B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 8B(ii) Claims.

(iii) Impairment and Voting. Class 8B(iii) is impaired by this Plan and Holders of Class 8B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 8C: Equity Interests of Debtors and/or an Affiliate of a Debtor.

(i) Classification. Class 8C is comprised of the Equity Interests in Orion owned by a Debtor and/or an Affiliate of a Debtor.

(ii) Treatment. Holders of Class 8C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Orion owned by a Debtor and/or an Affiliate of a Debtor shall be retained by such Holder.

(iii) Impairment and Voting Class 8C is unimpaired by this Plan. Therefore, the Holders of Class 8C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

(F) Class 8D: Equity Interests of non-Debtors and/or non-Affiliates of a Debtor

(i) Classification. Class 8D is comprised of the Equity Interests in Orion owned by a non-Debtor and/or non-Affiliates of a Debtor.

(ii) Treatment. Holders of Class 8D Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Orion owned by a non-Debtor and/or an non-Affiliate of a Debtor shall be retained by such Holder.

(iii) Impairment and Voting Class 8D is unimpaired by this Plan. Therefore, the Holders of Class 8D Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.9. Orlando Central

(A) Class 9A: Secured Claims. There are no Class 9A Claims.

(B) Class 9B(i): Unsecured Priority Claims

(i) Classification. Class 9B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 9B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orlando Central in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 9B(i) is impaired by this Plan. Holders of Allowed Class 9B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 9B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 9B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 9B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Orlando Central in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 9B(ii) is impaired, and the Holders of Allowed Class 9B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 9B(iii): Intercompany Claims

(i) Classification. Class 9B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 9B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 9B(ii) Claims.

(iii) Impairment and Voting. Class 9B(iii) is impaired by this Plan and Holders of Class 9B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 9C: Equity Interests

(i) Classification. Class 9C is comprised of the Equity Interests in Orlando Central.

(ii) Treatment. Holders of Class 9C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Orlando Central shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Orlando Central shall be deemed dissolved and the Class 9C Equity Interests will be cancelled.

(iii) Impairment and Voting. Class 9C is impaired, and the Holders of Class 9C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 9C Claims will not be entitled to vote to accept or reject the Plan.

4.10. Fenwick

(A) Class 10A: Secured Claims. There are no Class 10A Claims.

(B) Class 10B(i): Unsecured Priority Claims

(i) Classification. Class 10B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 10B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from

the liquidation of the Assets of Fenwick in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 10B(i) is impaired by this Plan. Holders of Allowed Class 10B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 10B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 10B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 10B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Fenwick in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 10B(ii) is impaired, and the Holders of Allowed Class 10B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 10B(iii): Intercompany Claims

(i) Classification. Class 10B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 10B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 10B(ii) Claims.

(iii) Impairment and Voting. Class 10B(iii) is impaired by this Plan and Holders of Class 10B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 10C: Equity Interests

(i) Classification. Class 10C is comprised of the Equity Interests in Fenwick.

(ii) Treatment. Holders of Class 10C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Fenwick shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Fenwick shall be deemed dissolved and the Class 10C Equity Interests will be cancelled.

(iii) Impairment and Voting Class 10C is impaired, and the Holders of Class 10C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 10C Claims will not be entitled to vote to accept or reject the Plan.

4.11. Las Olas

(A) Class 11A(i): Secured Claims (Bank Atlantic)

(i) Classification. Class 11A(i) consists of the Claims held by Bank Atlantic. Class 11A Claims(i) shall be Allowed in an amount equal to the amount of outstanding obligations owed by Las Olas to Bank Atlantic as of the Commencement Date and shall be administered by the Disbursing Agent.

(ii) Treatment. Subject to the terms of a separately presented and approved Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court.

(iii) Impairment and Voting. Class 11A(i) is impaired by this Plan. Holders of Allowed Class 11A(i) Claims are entitled to vote to accept or reject this Plan.

(B) Class 11A(ii): Secured Claims (Regions Bank)

(i) Classification. Class 11A(ii) consists of the Claims held by Regions Bank. Class 11A(ii) Claims shall be Allowed in an amount equal to the amount of

outstanding obligations owed by Las Olas to Regions Bank as of the Commencement Date and shall be administered by the Disbursing Agent.

(ii) Treatment. Subject to the terms of a separately presented and approved Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court.

(iii) Impairment and Voting. Class 11A(ii) is impaired by this Plan. Holders of Allowed Class 11A(ii) Claims are entitled to vote to accept or reject this Plan.

(C) Class 11B(i): Unsecured Priority Claims

(i) Classification. Class 11B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 11B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Las Olas in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 11B(i) is impaired by this Plan. Holders of Allowed Class 11B(i) Claims are entitled to vote accept or reject this Plan.

(D) Class 11B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 11B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 11B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Las Olas, if any, in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 11B(ii) is impaired, and the Holders of Allowed Class 11B(ii) Claims are entitled to vote to accept or reject this Plan.

(E) Class 11B(iii): Intercompany Claims

(i) Classification. Class 11B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 11B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 11B(ii) Claims.

(iii) Impairment and Voting. Class 11B(iii) is impaired by this Plan and Holders of Class 11B(iii) Claims are not entitled to vote to accept or reject this Plan.

(F) Class 11C: Equity Interests

(i) Classification. Class 11C is comprised of the Equity Interests in Las Olas.

(ii) Treatment. Holders of Class 11C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Las Olas shall be retained by such Holder.

(iii) Impairment and Voting Class 11C is unimpaired by this Plan. Therefore, the Holders of Class 11C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.12. Trio West

(A) Class 12A: Secured Claims There are no Class 12A Claims.

(B) Class 12B(i): Unsecured Priority Claims

(i) Classification. Class 12B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 12B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio West in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 12B(i) is impaired by this Plan. Holders of Allowed Class 12B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 12B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 12B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 12B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio West in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 12B(ii) is impaired, and the Holders of Allowed Class 12B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 12B(iii): Intercompany Claims

(i) Classification. Class 12B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 12B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 12B(ii) Claims.

(iii) Impairment and Voting. Class 12B(iii) is impaired by this Plan and Holders of Class 12B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 12C: Equity Interests

(i) Classification. Class 12C is comprised of the Equity Interests in Trio West.

(ii) Treatment. Holders of Class 12C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Trio West shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Trio West shall be deemed dissolved and the Class 12C Equity Interests will be cancelled.

(iii) Impairment and Voting Class 12C is impaired, and the Holders of Class 12C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 12C Claims will not be entitled to vote to accept or reject the Plan.

4.13. 800 Madison

(A) Class 13A: Secured Claims

(i) Classification. Class 13A consists of the Claims held by ~~Bank of America~~**BofA**. Class 13A Claims shall be Allowed in an amount equal to the amount of outstanding obligations owed by 800 Madison as of the Commencement Date and shall be administered by the Disbursing Agent.

(ii) Treatment. ~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of ~~such~~**Class 13A** Claims shall receive such treatment as is set forth in the ~~settlement that has been approved by the Bankruptcy Court~~**BofA Settlement Agreement**.

(iii) Impairment and Voting. Class 13A is impaired by this Plan. Holders of Allowed Class 13A Claims are entitled to vote to accept or reject this Plan.

(B) Class 13B(i): Unsecured Priority Claims

(i) Classification. Class 13B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 13B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 800 Madison in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, the provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents**.

(iii) Impairment and Voting. Class 13B(i) is impaired by this Plan. Holders of Allowed Class 13B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 13B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 13B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 13B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 800 Madison in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, the provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by,**

the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

(iii) Impairment and Voting. Class 13B(ii) is impaired, and the Holders of Allowed Class 13B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 13B(iii): Intercompany Claims

(i) Classification. Class 13B(iii) is comprised of Intercompany Claims.

(ii) Treatment. Holders of Class 13B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 13B(ii) Claims**; provided, however, that notwithstanding the foregoing, the provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents**.

(iii) Impairment and Voting. Class 13B(iii) is impaired by this Plan and Holders of Class 13B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 13C: Equity Interests

(i) Classification. Class 13C comprises the Equity Interests in 800 Madison.

(ii) Treatment. Holders of Class 13C Equity Interests will ~~not receive any Distribution of property under this Plan~~**receive the treatment provided in the BofA Documents** and all Equity Interests in 800 Madison shall be retained by such Holder. **The provisions of this subsection shall be subject to, and to the extent inconsistent with**

controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

(iii) Impairment and Voting Class 13C is unimpaired by this Plan. Therefore, the Holders of Class 13C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.14. 900 Monroe

(A) Class 14A: Secured Claims

(i) Classification. Class 14A consists of the Claims held by ~~Bank of America~~**BofA**. Class 14A Claims shall be Allowed in an amount equal to the amount of outstanding obligations owed by 900 Monroe as of the Commencement Date.

(ii) Treatment. ~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive such treatment as is set forth in the ~~settlement that has been approved by the Bankruptcy Court~~**BofA Settlement Agreement**.

(iii) Impairment and Voting. Class 14A is impaired by this Plan. Holders of Allowed Class 14A Claims are entitled to vote to accept or reject this Plan.

(B) Class 14B(i): Unsecured Priority Claims

(i) Classification. Class 14B(i) shall consist of unsecured Priority Claims.

(ii) Treatment. Holders of Class 14B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from

the liquidation of the Assets of 900 Monroe in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 14B(i) is impaired by this Plan. Holders of Allowed Class 14B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 14B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 14B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 14B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of 900 Monroe in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 14B(ii) is impaired, and the Holders of Allowed Class 14B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 14B(iii): Intercompany Claims

(i) Classification. Class 14B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 14B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 14B(ii) Claims.

(iii) Impairment and Voting. Class 14B(iii) is impaired by this Plan and Holders of Class 14B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 14C: Equity Interests

(i) Classification. Class 14C is comprised of the Equity Interests in 900 Monroe.

(ii) Treatment. Holders of Class 14C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in 900 Monroe shall be retained by such Holder.

(iii) Impairment and Voting Class 14C is unimpaired by this Plan. Therefore, the Holders of Class 14C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.15. Block 88

(A) Class 15A: Secured Claims There are no Class 15A Claims.

(B) Class 15B(i): Unsecured Priority Claims

(i) Classification. Class 15B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 15B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Block 88 in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, the provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents**.

(iii) Impairment and Voting. Class 15B(i) is impaired by this Plan. Holders of Allowed Class 15B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 15B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 15B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 15B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Block 88 in accordance with Section 507 of the Bankruptcy Code**; provided, however, that notwithstanding the foregoing, the provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents**.

(iii) Impairment and Voting. Class 15B(ii) is impaired, and the Holders of Allowed Class 15B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 15B(iii): Intercompany Claims

(i) Classification. Class 15B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 15B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 15B(ii) Claims**; provided, however, that notwithstanding the foregoing, the provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents**.

(iii) Impairment and Voting. Class 15B(iii) is impaired by this Plan and Holders of Class 15B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 15C: Equity Interests ~~of Debtors and/or an Affiliate of a Debtor~~.

(i) Classification. Class 15C is comprised of the Equity Interests in Block 88 ~~owned by a Debtor and/or an Affiliate of a Debtor~~.

(ii) Treatment. Holders of Class 15C Equity Interests will ~~not receive any Distribution of property under this Plan~~**receive the treatment provided in the BofA Documents** and all Equity Interests in Block 88 ~~owned by a Debtor and/or an Affiliate of a Debtor~~ shall be retained by such Holder. **The provisions of this subsection shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection shall alter, amend, impair or modify the rights of the parties under the BofA Documents.**

(iii) Impairment and Voting Class 15C is unimpaired by this Plan. Therefore, the Holders of Class 15C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

~~(F) Class 15D: Equity Interests of non-Debtors and/or non-Affiliates of a Debtor~~

~~(i) Classification. Class 15D is comprised of the Equity Interests in Block 88 owned by a non-Debtor and/or non-Affiliates of a Debtor.~~

~~(ii) Treatment. Holders of Class 15D Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Block 88 owned by a non-Debtor and/or an non-Affiliate of a Debtor shall be retained by such Holder.~~

~~(iii) Impairment and Voting Class 15D is unimpaired by this Plan. Therefore, the Holders of Class 15D Claims are not entitled to vote to accept or reject this Plan~~

~~and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.~~

4.16. Central Square

(A) Class 16A: Secured Claims

(i) Classification. Class 16A consists of the Claims held by Regions Bank. Class 16A Claims shall be Allowed in an amount equal to the amount of outstanding obligations owed by Central Square as of the Commencement Date and shall be administered by the Disbursing Agent.

(ii) Treatment. Subject to the terms of a separately presented and approved Settlement Agreement, Holders of such Claims shall receive such treatment as is set forth in the settlement that has been approved by the Bankruptcy Court.

(iii) Impairment and Voting. Class 16A is impaired by this Plan. Holders of Allowed Class 16A Claims are entitled to vote to accept or reject this Plan.

(B) Class 16B(i): Unsecured Priority Claims

(i) Classification. Class 16B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 16B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Central Square in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 16B(i) is impaired by this Plan. Holders of Allowed Class 16B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 16B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 16B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 16B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Central Square in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 16B(ii) is impaired, and the Holders of Allowed Class 16B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 16B(iii): Intercompany Claims

(i) Classification. Class 16B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 16B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 16B(ii) Claims.

(iii) Impairment and Voting. Class 16B(iii) is impaired by this Plan and Holders of Class 16B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 16C: Equity Interests

(i) Classification. Class 16C is comprised of the Equity Interests in Central Square.

(ii) Treatment. Holders of Class 16C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Central Square shall be retained by such Holder.

(iii) Impairment and Voting Class 16C is unimpaired by this Plan. Therefore, the Holders of Class 16C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.17. Charleston

(A) Class 17A: Secured Claims There are no Class 17A Claims.

(B) Class 17B(i): Unsecured Priority Claims

(i) Classification. Class 17B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 17B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Charleston in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 17B(i) is impaired by this Plan. Holders of Allowed Class 17B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 17B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 17B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 17B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Charleston in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 17B(ii) is impaired, and the Holders of Allowed Class 17B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 17B(iii): Intercompany Claims

(i) Classification. Class 17B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 17B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 17B(ii) Claims.

(iii) Impairment and Voting. Class 17B(iii) is impaired by this Plan and Holders of Class 17B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 17C: Equity Interests

(i) Classification. Class 17C comprises the Equity Interests in Charleston.

(ii) Treatment. Holders of Class 17C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Charleston shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Charleston shall be deemed dissolved and the Class 17C Equity Interests will be cancelled.

(iii) Impairment and Voting Class 17C is impaired, and the Holders of Class 17C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 17C Claims will not be entitled to vote to accept or reject the Plan.

4.18. Omni

(A) Class 18A: Secured Claims There are no Class 18A Claims.

(B) Class 18B(i): Unsecured Priority Claims

(i) Classification. Class 18B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 18B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Omni in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 18B(i) is impaired by this Plan. Holders of Allowed Class 18B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 18B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 18B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 18B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Omni in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 18B(ii) is impaired, and the Holders of Allowed Class 18B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 18B(iii): Intercompany Claims

(i) Classification. Class 18B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 18B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 18B(ii) Claims.

(iii) Impairment and Voting. Class 18B(iii) is impaired by this Plan and Holders of Class 18B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 18C: Equity Interests

(i) Classification. Class 18C is comprised of the Equity Interests in Omni.

(ii) Treatment. Holders of Class 18C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Omni shall be retained by such Holder.

(iii) Impairment and Voting Class 18C is unimpaired by this Plan. Therefore, the Holders of Class 18C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.19. Tarragon Edgewater

(A) Class 19A: Secured Claims There are no Class 19A Claims.

(B) Class 19B(i): Unsecured Priority Claims

(i) Classification. Class 19B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 19B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Tarragon Edgewater in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 19B(i) is impaired by this Plan. Holders of Allowed Class 19B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 19B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 19B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 19B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Tarragon Edgewater in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 19B(ii) is impaired, and the Holders of Allowed Class 19B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 19B(iii): Intercompany Claims

(i) Classification. Class 19B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 19B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 19B(ii) Claims.

(iii) Impairment and Voting. Class 19B(iii) is impaired by this Plan and Holders of Class 19B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 19C: Equity Interests

(i) Classification. Class 19C is comprised of the Equity Interests in Tarragon Edgewater.

(ii) Treatment. Holders of Class 19C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Tarragon Edgewater shall be retained by such Holder.

(iii) Impairment and Voting Class 19C is unimpaired by this Plan. Therefore, the Holders of Class 19C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.20. Trio East

(A) Class 20A: Secured Claims

(i) Classification. Class 20A consists of the Claims held by ~~Bank of America~~**BofA**. Class 20A Claims shall be Allowed in an amount equal to the amount of outstanding obligations owed by Trio East as of the Commencement Date and shall be administered by the Disbursing Agent.

(ii) Treatment. ~~Subject to the terms of a separately presented and approved Settlement Agreement,~~ Holders of such Claims shall receive such treatment as is set forth in the ~~settlement that has been approved by the Bankruptcy Court~~**BofA Settlement Agreement**.

(iii) Impairment and Voting. Class 20A is impaired by this Plan. Holders of Allowed Class 20A Claims are entitled to vote to accept or reject this Plan.

(B) Class 20B(i): Unsecured Priority Claims

(i) Classification. Class 20B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 20B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio East in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 20B(i) is impaired by this Plan. Holders of Allowed Class 20B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 20B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 20B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 20B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Trio East in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 20B(ii) is impaired, and the Holders of Allowed Class 20B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 20B(iii): Intercompany Claims

(i) Classification. Class 20B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 20B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 20B(ii) Claims.

(iii) Impairment and Voting. Class 20B(iii) is impaired by this Plan and Holders of Class 20B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 20C: Equity Interests

(i) Classification. Class 20C is comprised of the Equity Interests in Trio East.

(ii) Treatment. Holders of Class 20C Equity Interests will not receive any Distribution of property under this Plan and all Equity Interests in Trio East shall be retained by such Holder.

(iii) Impairment and Voting Class 20C is unimpaired by this Plan. Therefore, the Holders of Class 20C Claims are not entitled to vote to accept or reject this Plan and are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

4.21. Vista

(A) Class 21A: Secured Claims There are no Class 21A Claims.

(B) Class 21B(i): Unsecured Priority Claims

(i) Classification. Class 21B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 21B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Vista in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 21B(i) is impaired by this Plan. Holders of Allowed Class 21B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 21B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 21B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 21B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Vista in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 21B(ii) is impaired, and the Holders of Allowed Class 21B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 21B(iii): Intercompany Claims

(i) Classification. Class 21B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 21B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 21B(ii) Claims.

(iii) Impairment and Voting. Class 21B(iii) is impaired by this Plan and Holders of Class 21B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 21C: Equity Interests

(i) Classification. Class 21C comprises the Equity Interests in Vista.

(ii) Treatment. Holders of Class 21C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Vista shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Vista shall be deemed dissolved and the Class 21C Equity Interests will be cancelled.

(iii) Impairment and Voting Class 21C is impaired, and the Holders of Class 21C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 21C Claims will not be entitled to vote to accept or reject the Plan.

4.22. Murfreesboro

(A) Class 22A: Secured Claims. There are no Class 22A Claims.

(B) Class 22B(i): Unsecured Priority Claims

(i) Classification. Class 22B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 22B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Murfreesboro in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 22B(i) is impaired by this Plan. Holders of Allowed Class 22B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 22B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 22B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 22B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Murfreesboro in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 22B(ii) is impaired, and the Holders of Allowed Class 22B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 22B(iii): Intercompany Claims

(i) Classification. Class 22B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 22B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 22B(ii) Claims.

(iii) Impairment and Voting. Class 22B(iii) is impaired by this Plan and Holders of Class 22B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 22C: Equity Interests

(i) Classification. Class 22C comprises the Equity Interests in Murfreesboro.

(ii) Treatment. Holders of Class 22C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Murfreesboro shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Murfreesboro shall be deemed dissolved and the Class 22C Equity Interests will be cancelled.

(iii) Impairment and Voting. Class 22C is impaired, and the Holders of Class 22C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 22C Claims will not be entitled to vote to accept or reject the Plan.

4.23. Stonecrest

(A) Class 23A: Secured Claims. There are no Class 23A Claims.

(B) Class 23B(i): Unsecured Priority Claims

(i) Classification. Class 23B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 23B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stonecrest in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 23B(i) is impaired by this Plan. Holders of Allowed Class 23B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 23B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 23B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 23B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stonecrest in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 23B(ii) is impaired, and the Holders of Allowed Class 23B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 23B(iii): Intercompany Claims

(i) Classification. Class 23B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 23B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 23B(ii) Claims.

(iii) Impairment and Voting. Class 23B(iii) is impaired by this Plan and Holders of Class 23B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 23C: Equity Interests

(i) Classification. Class 23C comprises the Equity Interests in Stonecrest.

(ii) Treatment. Holders of Class 23C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity

Interests in Stonecrest shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Stonecrest shall be deemed dissolved and the Class 23C Equity Interests will be cancelled.

(iii) Impairment and Voting. Class 23C is impaired, and the Holders of Class 23C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 23C Claims will not be entitled to vote to accept or reject the Plan.

4.24. Stratford

(A) Class 24A: Secured Claims There are no Class 24A Claims.

(B) Class 24B(i): Unsecured Priority Claims

(i) Classification. Class 24B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 24B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Stratford in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 24B(i) is impaired by this Plan. Holders of Allowed Class 24B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 24B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 24B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 24B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from

the liquidation of the Assets of Stratford in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 24B(ii) is impaired, and the Holders of Allowed Class 24B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 24B(iii): Intercompany Claims

(i) Classification. Class 24B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 24B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 24B(ii) Claims.

(iii) Impairment and Voting. Class 24B(iii) is impaired by this Plan and Holders of Class 24B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 24C: Equity Interests

(i) Classification. Class 24C comprises the Equity Interests in Stratford.

(ii) Treatment. Holders of Class 24C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Stratford shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Stratford shall be deemed dissolved and the Class 24C Equity Interests will be cancelled.

(iii) Impairment and Voting Class 24C is impaired, and the Holders of Class 24C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 24C Claims will not be entitled to vote to accept or reject the Plan.

4.25. MSCP

(A) Class 25A: Secured Claims There are no Class 25A Claims.

(B) Class 25B(i): Unsecured Priority Claims

(i) Classification. Class 25B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 25B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of MSCP in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 25B(i) is impaired by this Plan. Holders of Allowed Class 25B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 25B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 25B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 25B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of MSCP in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 25B(ii) is impaired, and the Holders of Allowed Class 25B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 25B(iii): Intercompany Claims

(i) Classification. Class 25B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 25B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 25B(ii) Claims.

(iii) Impairment and Voting. Class 25B(iii) is impaired by this Plan and Holders of Class 25B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 25C: Equity Interests

(i) Classification. Class 25C comprises the Equity Interests in MSCP.

(ii) Treatment. Holders of Class 25C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in MSCP shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, MSCP shall be deemed dissolved and the Class 25C Equity Interests will be cancelled.

(iii) Impairment and Voting Class 25C is impaired, and the Holders of Class 25C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 25C Claims will not be entitled to vote to accept or reject the Plan.

4.26. Hanover

(A) Class 26A: Secured Claims There are no Class 26A Claims.

(B) Class 26B(i): Unsecured Priority Claims

(i) Classification. Class 26B(i) shall consist of unsecured Priority Claims and shall be administered by the Disbursing Agent.

(ii) Treatment. Holders of Class 26B(i) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from

the liquidation of the Assets of Hanover in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 26B(i) is impaired by this Plan. Holders of Allowed Class 26B(i) Claims are entitled to vote accept or reject this Plan.

(C) Class 26B(ii): Unsecured Non-Priority Claims

(i) Classification. Class 26B(ii) consists of all unsecured non-priority Claims.

(ii) Treatment. Holders of Class 26B(ii) Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of the proceeds from the liquidation of the Assets of Hanover in accordance with Section 507 of the Bankruptcy Code.

(iii) Impairment and Voting. Class 26B(ii) is impaired, and the Holders of Allowed Class 26B(ii) Claims are entitled to vote to accept or reject this Plan.

(D) Class 26B(iii): Intercompany Claims

(i) Classification. Class 26B(iii) comprises of Intercompany Claims.

(ii) Treatment. Holders of Class 26B(iii) Claims shall receive a Distribution *pari passu* with Holders of Class 26B(ii) Claims.

(iii) Impairment and Voting. Class 26B(iii) is impaired by this Plan and Holders of Class 26B(iii) Claims are not entitled to vote to accept or reject this Plan.

(E) Class 26C: Equity Interests

(i) Classification. Class 26C comprises the Equity Interests in Hanover.

(ii) Treatment. Holders of Class 26C Equity Interests will not receive any Distribution of property nor retain any property under this Plan and all Equity Interests in Hanover shall be cancelled on the Effective Date without the payment of any monies or consideration. On the Effective Date, Hanover shall be deemed dissolved and the Class 26C Equity Interests will be cancelled.

(iii) Impairment and Voting. Class 26C is impaired, and the Holders of Class 26C Claims will be conclusively deemed to have rejected the Plan. Therefore, Holders of Class 26C Claims will not be entitled to vote to accept or reject the Plan.

ARTICLE V.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1. Assumption or Rejection of Executory Contracts and Unexpired Leases.

(A) Executory Contracts and Unexpired Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all Executory Contracts and unexpired leases that exist between the applicable Debtor and any Person as of the Confirmation Date and which are set forth on Schedule 5 hereto, shall be deemed assumed by ~~Reorganized Tarragon~~**such Debtor** as of the Effective Date, except for any Executory Contract or unexpired lease (i) which has been previously assumed pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, (ii) which has been previously rejected pursuant to an Order of the Bankruptcy Court entered before the Confirmation Date, ~~or~~ (iii) as to which a motion for approval of the rejection of such Executory Contract or unexpired lease has been filed and served before the Confirmation Date**, or (iv) the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison, it being understood that the BofA Documents, as applicable, shall govern the treatment of the Block 88 Operating Agreement and any express or implied operating**

agreement or corporate governance agreement with respect to 800 Madison. All Executory Contracts, other contracts and agreements and any unexpired leases that exist between any of the Debtors and any of their subsidiaries and/or affiliates and any Person shall be rejected by the Debtors as of the Confirmation Date unless expressly assumed on Schedule 5**; provided, however, the treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison shall be governed by the BofA Documents, as applicable**. The applicable Debtor shall provide notice of any amendments to Schedule 5 to the parties to the Executory Contracts and unexpired leases affected thereby. The listing of a document on Schedule 5 shall not constitute an admission by the applicable Debtor that such agreement is an Executory Contract or an unexpired lease or that the applicable Debtor has any liability thereunder.

Each Executory Contract and unexpired lease listed or to be listed on Schedule 5 shall include (i) modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such Executory Contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on Schedule 5 and (ii) Executory Contracts or unexpired leases appurtenant to the premises listed on Schedule 5 including, without limitation, all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vault, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem relating to such premises to the extent any of the foregoing are Executory Contracts or unexpired leases, unless any of the foregoing agreements previously have been assumed.

The Debtors propose to assume certain of the Ursa Operating Agreements upon confirmation of the Plan and, therefore, the Debtors that are parties to those Ursa Operating Agreements will remain unchanged.

(B) Insurance Policies. Each of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, including, without limitation, any retrospective premium rating plans relating to such policies, are treated as Executory Contracts under the Plan. Notwithstanding the foregoing, distributions under the Plan to any Holder of a Claim covered by any of such insurance policies and related agreements, documents or instruments that are assumed hereunder, shall be in accordance with the treatment provided under this Plan. Nothing contained in this Article shall constitute or be deemed a waiver of any Cause of Action that any of the Debtors may hold against any entity including, without limitation, the insurer under any of the Debtors' policies of insurance.

(C) Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute as of the Effective Date, the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the (i) assumption of the Executory Contracts and unexpired leases to be assumed pursuant to Article 5.1(A) hereof, and (ii) rejection of the Executory Contracts and unexpired leases to be rejected pursuant to Article 5.1(A) hereof. Upon the Effective Date, each counter party to an Executory Contract or unexpired lease listed on listed on Schedule 5 shall be deemed to have consented to assumption contemplated by Bankruptcy Code Section 365(c)(1)(B), to the extent such consent is necessary for such assumption**; provided, however, the treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate**

governance agreement with respect to 800 Madison shall be governed by the BofA Documents, as applicable.

(D) Cure of Defaults. Except as may otherwise be agreed to by the parties, within ninety days after the Effective Date, or as due in the ordinary course of business, and provided such Executory Contract or unexpired lease has not been rejected as of the Effective Date, Reorganized Tarragon shall cure any and all undisputed defaults under any Executory Contract or unexpired lease assumed pursuant to the Plan in accordance with section 365(b)(1) of the Bankruptcy Code or in accordance with agreements previously negotiated by the parties in respect of the reduction of pre- Commencement Date Claims, **as applicable; provided, however, the treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison shall be governed by the BofA Documents,** as applicable. Notice of the cure amount is set forth on Schedule 5, as applicable, to the Plan. If no Cure amount is set forth on those Schedules, the applicable Debtor believes no cure amount is due. Notwithstanding the foregoing, in the event of a dispute regarding (i) the nature or amount of any cure obligation, (ii) the ability of **a Debtor,** Reorganized Tarragon or any assignee to provide "adequate assurances of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or unexpired lease to be assumed or assigned, or (iii) any other matter pertaining to any such assumption, the cure obligation shall be satisfied no later than thirty days of the entry of a Final Order determining the obligation, if any, of the applicable Debtor or Reorganized Tarragon with respect thereto, or as may otherwise be agreed to by the parties.

(E) Cure Procedure. The Plan and Schedule 5 (included in the Plan Supplement) shall constitute notice to any non-Debtor party to any Executory Contract or

unexpired lease to be assumed pursuant to the Plan of the amount of any cure amount owed, if any, under the applicable Executory Contract or unexpired lease. **Any non-Debtor party that fails to respond or object on or before the deadline scheduled by the Bankruptcy Court for objections to the Plan, shall be deemed to have consented to such proposed cure amount for all purposes in the Chapter 11 Cases. The treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison shall be governed by the BofA Documents, as applicable.**

(F) Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an Executory Contract or unexpired lease, after the Bar Date, pursuant to Article 5.1(A) of this Plan must be filed with the Bankruptcy Court and served upon the Clerk and the Debtors' counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty days after notice of entry of the Confirmation Order and/or notice of an amendment to Schedule 5. Any Claims not filed within such time will be forever barred from assertion against the applicable Debtor and its Estate, Reorganized Tarragon and New Ansonia and its property. Any Claim arising out of the rejection, prior to the Bar Date, of an Executory Contract or unexpired lease, shall have been filed with the Bankruptcy Court and served upon the applicable Debtor prior the Bar Date or is forever barred from assertion against the applicable Debtor and its Estate, Reorganized Tarragon and New Ansonia and its property. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as General Unsecured Claims under the Plan.

(G) Indemnification Obligations. For purposes of the Plan, the obligations of any of the Debtors to defend, indemnify, reimburse or limit the liability of any present member,

manager, director, officer or employee who is or was a member, manager, director, officer or employee, respectively, on or after the Commencement Date against any Claims or obligations pursuant any to operating agreement, certificates of formation or similar corporate governance documents, applicable state law, or specific agreement, or any combination of the foregoing, shall: (i) be assumed by ~~Reorganized Tarragon~~**such Debtor**; (ii) survive confirmation of the Plan; (iii) remain unaffected thereby; and (iv) not be discharged, irrespective of whether indemnification, defense, reimbursement or limitation is owed in connection with an event occurring before, on or after the Commencement Date.

5.2. Reservation regarding BofA Documents

Notwithstanding the foregoing, the provisions of this Article V shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Article V shall alter, amend, impair or modify the rights of the parties under the BofA Documents. The treatment of the Block 88 Operating Agreement and any express or implied operating agreement or corporate governance agreement with respect to 800 Madison shall be governed by the BofA Documents, as applicable.

5.3. Reservation regarding Ursa Documents

Notwithstanding the foregoing, the provisions of this Article V shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the Ursa Documents, and nothing contained in this Article V shall alter, amend, impair or modify the rights of the parties under the Ursa Documents.

ARTICLE VI.

ACCEPTANCE OR REJECTION OF THIS PLAN

6.1. Voting Classes

Holders of Allowed Claims in each impaired Class are entitled to vote as a class to accept or reject this Plan. Each Holder of an Allowed Claim in the applicable Classes delineated in the Claims Treatment Table are entitled to vote to accept or reject this Plan.

6.2. Acceptance by Impaired Classes

An impaired Class of Claims shall be deemed to have accepted this Plan if (i) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept this Plan and (ii) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Class voting in such Class have voted to accept this Plan.

6.3. Non Consensual Confirmation

At the Debtors' request, this Plan may be confirmed under the so-called "cram down" provisions set forth in section 1129(b) of the Bankruptcy Code if, in addition to satisfying the other requirements for confirmation, this Plan "does not discriminate unfairly" and is determined to be "fair and equitable" with respect to each Class of Claims or Equity Interests that has not accepted this Plan (*i.e.*, dissenting Classes). Because certain Classes are deemed to have rejected this Plan, the Debtors are requesting confirmation of this Plan, as it may be modified from time to time in accordance with the terms of this Plan, under section 1129(b) of the Bankruptcy Code. The Debtors also will request confirmation under this provision for any impaired Class that rejects this Plan. The Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan or any amendment or supplement thereto, including to amend or modify it to satisfy the

requirements of section 1129(b) of the Bankruptcy Code, if necessary, in accordance with section 1127 of the Bankruptcy Code and this Plan.

ARTICLE VII.

IMPLEMENTATION OF THE PLAN

In addition to the provisions set forth elsewhere in the Plan, the following shall constitute the means for implementation of the Plan:

7.1. Post Confirmation Tarragon.

(A) Tarragon Creditor Entity

Upon the Effective Date, the unsecured creditors of Tarragon Corp., Tarragon Dev. Corp., Tarragon South and Tarragon Dev. LLC other than Beachwold and Rothenberg (collectively, the "Tarragon Creditors") shall contribute all of their Claims against Tarragon Corp, Tarragon Dev. Corp., Tarragon South and Tarragon Dev. LLC to a creditor trust, limited liability or other entity (the "Tarragon Creditor Entity") in exchange for 100% of the equity or other ownership interest in such Tarragon Creditor Entity.

(B) Reorganized Tarragon; Beachwold Residential and New Ansonia

1 Formation of Beachwold Residential, LLC

On or before the Effective Date, Beachwold and Rothenberg shall form Beachwold Residential, LLC, a Delaware limited liability company ("Beachwold Residential").

2 Contributions to Beachwold Residential

In exchange for collectively contributing Two Million ($2,000,000) Dollars face amount of the Affiliate Notes and other amounts owed by Tarragon Corp. to Beachwold and Rothenberg (the "Beachwold Residential Claims") and giving the release referenced in subsection 4(i) below, Beachwold and Rothenberg shall collectively receive 100% of the equity in Beachwold Residential.

3 Formation of New Ansonia

Upon the Effective Date, Beachwold Residential shall form a new Delaware limited liability company or other entity agreed to by Beachwold, Rothenberg and the Tarragon Creditors ("New Ansonia"). Beachwold Residential shall initially own 100% of the equity of New Ansonia. New Ansonia will be a privately held company and will not be subject to any filing requirements of the Securities and Exchange Commission. New Ansonia is not a successor to the Debtors.

4 Contributions to New Ansonia

(i) Beachwold Residential. In exchange for (1) Beachwold Residential contributing the Beachwold Residential Claims, (2) the general release of any and all claims against Tarragon Corp. and its direct and indirect subsidiaries by Beachwold (including Friedman) and Rothenberg, and (3) Beachwold Residential agreeing to facilitate the liquidation of Tarragon's assets, Beachwold Residential shall receive 50% of the equity in New Ansonia.

(ii) Tarragon Creditors. In exchange for collectively contributing all of their Claims against Tarragon Corp, Tarragon Dev. Corp., Tarragon South and Tarragon Dev. LLC to New Ansonia on the Effective Date (the "TCE Ansonia Claims"), the Tarragon Creditor Entity shall receive 50% of the equity in New Ansonia.

5 Contributions to Reorganized Tarragon

In exchange for cancelling the Affiliate Notes and any other amounts owed by Tarragon Corp. to Beachwold and Rothenberg (other than the Beachwold Residential Claims), Beachwold shall receive 60% of the equity in Reorganized Tarragon and Rothenberg shall receive 40% of the equity in Reorganized Tarragon.

6 Acquisition of the New Ansonia Transferred Assets by New Ansonia

On the Effective Date, New Ansonia shall purchase from the Debtors or their Affiliates in a taxable transaction all of the Debtors' or its Affiliates' interests in the entities listed on Exhibit A (the "New Ansonia Acquired Interests"). New Ansonia shall purchase the New Ansonia Acquired Interests by (i) cancelling the Beachwold Residential Claims and the TCE Ansonia Claims, and (ii) accepting a transfer of all of the New Ansonia Acquired Interests subject to all pre-existing liens and liabilities.

The transfer of the New Ansonia Acquired Interests to New Ansonia (i) shall be deemed a permitted transfer notwithstanding anything to the contrary contained in any corporate governance document, loan document or other document to which any Debtor or its Affiliates is a party to or bound by, and (ii) shall not trigger, cause or constitute a default or an event of default under any corporate governance document, loan document or other document to which any Debtor or its Affiliates is a party to or bound by. Notwithstanding the foregoing, any Person having been served or provided with a copy of the Plan and/or the Disclosure Statement, and not objecting to the transfer in accordance with the terms set forth herein, shall be deemed to have consented to the transfer of the New Ansonia Acquired Interests to New Ansonia.

The partnership interests in Ansonia LP which shall be transferred to New Ansonia as part of the New Ansonia Acquired Interests shall be held subject to a negative pledge that will preclude New Ansonia from pledging or otherwise encumbering such interests until the Term Loan (as defined below) has been satisfied in full.

In addition, prior to the repayment in full of the Term Loan and the associated exit fee, all distributions otherwise payable to the members of New Ansonia shall be distributed to UTA and applied, *first*, to any outstanding interest due on the Term Loan, *second*, to reduce the principal

amount of the Term Loan, and *third*, to pay the exit fee. Borrowers shall not owe New Ansonia any obligations to repay or reimburse any such amounts paid by New Ansonia.

(C) UTA Term Loan

UTA has agreed to provide the Borrowers with $4,820,000 in cash in the form of an eighteen month term loan ("Term Loan"); *provided*, *however*, that in the event that the Plan is not confirmed by June 15, 2010, the Term Loan shall mature on September 15, 2010. Interest on the Term Loan accrues at the rate of 15% per annum on the outstanding balance and is paid monthly in arrears. Unpaid interest accrues and compounds monthly.

The Credit Agreement evidencing the Term Loan provides that, except for the New Ansonia Acquired Interests and as otherwise set forth in the Credit Agreement, the Term Loan shall be secured by liens and security interests in and on all of Borrowers' assets that can be pledged (real, personal and mixed), subject to (i) any valid and properly perfected liens and security interest existing on the date the Plan is confirmed, (ii) to then existing restrictions on the grant of subordinated liens, and (iii) the exclusion of any Chapter 5 claims. The Bankruptcy court granted interim approval of the Term Loan on March 31, 2010, at which time the Borrowers received an initial draw of $4,200,000. A hearing to consider final approval of the Term Loan is scheduled for April 15, 2010.

Subject to the terms of the Credit Agreement evidencing the Term Loan, in the event that the existing loan made by GECC to Ansonia LP or subsidiaries of Ansonia LP is satisfied in full (or with the prior written consent of GECC if such loan is not satisfied in full), UTA shall have the option to receive (in addition to principal, interest and the exit fee) 11% of the equity of New Ansonia. Upon such option exercise, Beachwold Residential and Rothenberg's collective interest in New Ansonia shall be reduced to 29% and the Tarragon Creditor Entity's interest in New Ansonia shall be increased to 60%.

(D) Beachwold Participation in the Term Loan

Rothenberg and two individual retirement plans having Friedman and Lucy Friedman as their respective plan beneficiaries have collectively purchased an approximate 12.86% participating interest in the Term Loan for $620,000.

(E) Liquidation

1 Liquidation of Assets

Following confirmation of the Plan, Reorganized Tarragon and the Tarragon Creditor Entity shall proceed diligently to liquidate the presently owned physical and intangible assets of Tarragon Corp. and certain of its Affiliates, including all Causes of Action, but excluding the names, trade names, management manuals, facsimile numbers, telephone numbers and email addresses of Tarragon Corp. and its Affiliates (the "Liquidation Assets") in accordance with the terms and conditions of the Plan. Reorganized Tarragon will have primary responsibility for the disposition of the Liquidation Assets, but each sale or other disposition of a Liquidation Asset shall be subject to the approval of the Tarragon Creditor Entity (which approval shall not be unreasonably withheld with respect to any Material Liquidation Asset (as such term is defined below), for so long as the principal, interest and exit fee, but not additional interest, on the Term Loan remains outstanding). Notwithstanding the forgoing, with regard to certain Liquidation Assets listed on Exhibit B (the "Material Liquidation Assets"), UTA, Borrowers, Beachwold and the Creditors' Committee agreed to a schedule of estimated minimum net liquidation proceeds (the "Minimum Liquidation Proceeds") to be realized from the sale or other disposition of such Material Liquidation Assets. UTA shall have approval rights (such approval not to be unreasonably withheld, conditioned or delayed) only with regard to a proposed sale or other disposition of a Material Liquidation Asset that, if consummated, would result in net liquidation

proceeds below the Minimum Liquidation Proceeds amount associated to such Material Liquidation Asset.

Notwithstanding anything to the contrary in the immediately preceding paragraph or elsewhere in this Plan, Confirmation Order or documents ancillary thereto (including any amendment or modification of each thereof), the disposition of the Liquidation Assets, including, without limitation, the Material Liquidation Assets, that comprise BofA's collateral (the "BofA Collateral") securing the Debtors' pre- and post-petition obligations to BofA (including, without limitation, the obligations under the BofA Guaranty) shall be solely in accordance with the terms and conditions of the BofA Documents, as applicable. Without limiting the foregoing, subject to the BofA Settlement Agreement, notwithstanding confirmation of the Plan, BofA shall retain the right to foreclose on any of the BofA Collateral and utilize the consents to foreclosure delivered to BofA in connection with the BofA Settlement Agreement.

Notwithstanding anything to the contrary in this Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), BofA's Claims, Liens, rights and interests shall continue unaffected by the confirmation of the Plan, the occurrence of the Effective Date or consummation of the Plan unless and until all of such Claims, Liens, rights and interests are fully satisfied in accordance with the terms and conditions of the BofA Documents.

Notwithstanding anything to the contrary in this Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this subsection (E)1 shall be

subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this subsection (E)1 shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

2 Duties of Reorganized Tarragon

Until such time as all Liquidation Assets have been sold or otherwise disposed of pursuant to the terms of the Plan, Reorganized Tarragon (and any Affiliate or subsidiary thereof) shall:

- provide quarterly reports to the TCE Trustee regarding the Liquidation Assets, its cash on hand, and any other matter reasonably requested by the TCE Trustee (which reports may be prepared on a consolidated basis);
- provide the TCE Trustee with access to its books and records upon reasonable notice and during normal business hours;
- keep separate books and records, account separately for, and keep separate in all respects, all costs, expenses, proceeds and business related to or derived from the Liquidation Assets on the one hand, and any after-acquired property on the other hand;
- adhere to an operating budget to be agreed upon by Reorganized Tarragon and the Tarragon Creditor Entity (or the Creditors' Committee, if such budget is finalized prior to the Effective Date);
- provide notice of any offer to purchase any Liquidation Asset to the TCE Trustee, and, upon the direction of the TCE Trustee, accept such offer (except that Reorganized Tarragon shall not be obligated to accept any offer with regard to a proposed sale or other disposition of a Material Liquidation Asset if such sale or disposition would result in net liquidation proceeds below the Minimum Liquidation Proceeds amount associated with such Material Liquidation Asset without UTA's approval);
- provide notice of any offer to settle any Cause of Action to the TCE Trustee, and, upon the direction of the TCE Trustee, accept such offer;

and Reorganized Tarragon (and any affiliate or subsidiary thereof) shall not:

- Agree to or consummate a Material Transaction without the consent of the TCE Trustee on behalf of the Tarragon Creditor Entity (which consent shall not be

unreasonably withheld with respect to any Material Liquidation Asset for so long as the principal, interest and exit fee, but not additional interest, on the Term Loan remains outstanding).

For purposes of this section **E(2)**, "Material Transaction" shall mean (i) any pledge of any Liquidation Asset by Reorganized Tarragon (or any Affiliate or subsidiary thereof), (ii) the incurrence by Reorganized Tarragon (or any Affiliate or subsidiary thereof) of any debt (other than *de minimis* amounts incurred in the ordinary course of business or pursuant to the operating budget), (iii) any agreement or arrangement with Friedman, Rothenberg, Beachwold, or any family member, affiliate or insider (as defined section 101(31) of the Bankruptcy Code) of any of them; (iv) the sale or other disposition of any Liquidation Asset, or (v) any other transaction that could reasonably be expected to have a material impact on the proceeds received by the Tarragon Creditor Entity from the sale or other disposition of any of the Liquidation Assets.

Reorganized Tarragon and the Tarragon Creditor Entity shall work in good faith to determine the protocol for Reorganized Tarragon to secure the Tarragon Creditor Entity's approval of a potential Material Transaction in a manner reasonably calculated to maximize the value of the Liquidation Assets. The parties shall endeavor to finalize such protocol prior to confirmation of the Plan. In the event that such protocol is not agreed to prior to confirmation of the Plan, the written consent of the TCE Trustee shall be required before Reorganized Tarragon agrees to or consummates a Material Transaction (which consent shall not be unreasonably withheld with respect to any Material Liquidation Asset for so long as the principal, interest and exit fee, but not additional interest, on the Term Loan remains outstanding).

3 Distributions

All Surplus Cash, and, upon the sale or other disposition of any Liquidation Asset, net proceeds of sale, after (i) payment of all senior liens on the asset being sold that exist as of the date of such sale or disposition, (ii) payment of all other creditor claims against the owner of the

asset being sold that exist as of the date of such sale or disposition, and (iii) payment of all reasonable and customary expenses of sale, shall be distributed as ~~follows~~**set forth immediately below; provided, however, that with respect to the revenue generated by 800 Madison, the use of such revenue shall be governed by the terms and conditions of the BofA Documents**:

(i) First, 100% to UTA until (a) all reimbursement obligations to UTA provided for in the loan documents evidencing the Term Loan with respect to reimbursement of any expenses incurred by UTA after the funding of the Term Loan in enforcing its rights or maintaining the collateral pledged as security for the Term Loan have been satisfied in full, and (b) all interest on the Term Loan that is then due and payable has been paid in full; *then*

(ii) Second, 100% to UTA until all principal of the Term Loan has been paid in full; *then*

(iii) Third, 100% to UTA until the exit fee under the Term Loan has been paid in full; *then*

(iv) Fourth, 100% to payment of Deferred Confirmation Expenses according to the Plan until such Deferred Confirmation Expenses are paid in full, and then to the Tarragon Creditor Entity to be distributed pursuant to the terms of the Plan until a collective total of $8 million has been paid or distributed to all parties pursuant to clauses (i)-(iii), this clause (iv) or as Permitted Overhead Expenses (as defined below); *then*

(v) Fifth, 11% to UTA as additional interest, and 89% to payment of Deferred Confirmation Expenses according to the Plan until such

Deferred Confirmation Expenses are paid in full, and then to the Tarragon Creditor Entity, until a total of $2 million has been paid or distributed pursuant to this clause (v); provided, however, that UTA shall first be reimbursed for all of its reasonable unreimbursed expenses related to the Term Loan in excess of $100,000 after a total of $1,000,000 has been paid or distributed, and before any further payments or distributions are made pursuant to this clause (v); *then*

(vi) Sixth, 22% to UTA as additional interest and the remaining 78% as follows: first, the entire 78% shall be distributed to payment of Deferred Confirmation Expenses according to the Plan until such Deferred Confirmation Expenses are paid in full, and then after such Deferred Confirmation Expenses are paid in full, 12% shall be retained by Reorganized Tarragon, and 66% shall be distributed to the Tarragon Creditor Entity.

Notwithstanding the foregoing, for any month in which Reorganized Tarragon and the other Borrowers under the Term Loan do not have Surplus Cash, up to $90,000 per month of cash flow or net liquidation proceeds may be utilized for payment of their overhead expenses and operating costs, including without limitation, taxes and priority claims ("Permitted Overhead Expenses") prior to any payment or distribution described above.

Reorganized Tarragon and the other Borrowers ~~and their Affiliates~~**under the Term Loan** shall be permitted to utilize any cash on hand that is less than $500,000 (excluding net proceeds from the sale of any of the collateral for the Term Loan and the proceeds of the Term Loan) for payment of their Permitted Overhead Expenses prior to any payment or distribution described above.

Notwithstanding anything contained in this Section (E)3 to the contrary, with respect to 800 Madison, the post-confirmation payments to BofA and use of cash collateral shall be subject to the terms and conditions of the BofA Documents.

Notwithstanding anything to the contrary in this Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this subsection (E)3 shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents and nothing contained in this subsection (E)3 shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

(F) Deferred Confirmation Expenses

In accordance with the January 16, 2009 Administrative Order establishing procedures for interim compensation and reimbursement of expenses to professionals, (a) each Professional retained in the cases referenced in the preceding paragraph was authorized to file monthly fee statements for interim approval and allowance of compensation for services rendered and reimbursement of expenses incurred during the immediately preceding month, and (b) in the absence of objection, the Debtors were authorized to pay each Professional 80% of the fees and 100% of the expenses requested in the monthly fee statement. Given the Debtors' liquidity problems, they ceased paying the 80% of the fees and 100% of the expenses requested in the Professionals' monthly statements for December 2009 through the present. In addition, the Debtors did not pay the 20% holdbacks for the months of June 2009 through September 2009 that were awarded by the Court in connection with the Professionals' second interim fee applications. From the Term Loan proceeds, Professionals will be paid on the Effective Date only a portion of the fees and expenses incurred and accrued through confirmation of the Plan. Professionals will not be paid 100% of those fees and expenses at confirmation, as ordinarily

required. Rather, a material portion of professional fees will be deferred pending the repayment in full of the Term Loan post-confirmation.

(G) Dissolution of Creditors' Committee

The Plan and the Confirmation Order will provide that upon the occurrence of the Effective Date, the Creditors' Committee shall dissolve automatically, whereupon its members, professionals and agents shall be released from any duties and responsibilities in these cases and under the Bankruptcy Code (except with respect to (i) obligations arising under confidentiality agreements, which shall remain in full force and effect, (ii) applications for the payment of fees and reimbursement of expenses, and (iii) any pending motions or any motions or other actions seeking enforcement of implementation of the provisions of the Plan).

(H) Tarragon Creditor Entity

The Tarragon Creditor Entity shall be owned by the Tarragon Creditors. All rights of the Tarragon Creditors as members of the Tarragon Creditor Entity, including rights to distributions and management, shall be set forth in an Operating Agreement (the "TCE Operating Agreement"), a copy of which will be filed with the Plan Supplement. Among other things, and as set forth in the TCE Operating Agreement, the Tarragon Creditor Entity shall be administered by a trustee (the "TCE Trustee") to be appointed by the Creditors' Committee prior to its dissolution. The powers and duties of the TCE Trustee are set forth in the TCE Operating Agreement. Among other things, and as set forth more fully in the TCE Operating Agreement, the TCE Trustee shall have the authority to retain such counsel, financial advisors and other professionals it deems necessary and appropriate to discharge its duties.

Reorganized Tarragon shall pay, out of cash on hand on the Effective Date, the reasonable "start up" costs and expenses of the Tarragon Creditor Entity pursuant to a budget to be agreed upon by Reorganized Tarragon and the Creditor's Committee and such costs shall be

deemed to be a Deferred Confirmation Expense. All other costs and expenses of the Tarragon Creditor Entity related to the liquidation of the Debtors in accordance with the terms of the Plan shall be paid by the Tarragon Creditor Entity.

(I) Post Confirmation Officers

On or promptly following the Effective Date, the post-confirmation senior executive officers of New Ansonia will include Rothenberg and Friedman and the post-confirmation senior executive officers of Reorganized Tarragon will include Friedman and Rothenberg.

In addition to the above referenced senior executive officers, junior executive officers who will be responsible for the day-to-day business affairs of New Ansonia, Reorganized Tarragon and their respective Affiliates will be appointed from time to time.

(J) Operating Agreement of New Ansonia

The Tarragon Creditor Entity and Beachwold Residential have entered into an Operating Agreement, which shall become effective on the Effective Date (the "New Ansonia Operating Agreement").

(K) Property Management

New Ansonia shall enter into one or more five year property management agreement ("the Beachwold Property Management Agreement") with Beachwold or their designee (the "Beachwold Manager"). The Beachwold Property Management Agreement shall provide for, among other things, Beachwold to manage the properties directly or indirectly owned by New Ansonia, for a fee of 5% ("Beachwold Management Fee") of the gross revenues generated from such properties. The Beachwold Management Fee shall cover all overhead and administrative costs associated with managing such properties, including, without limitation, all overhead and administrative costs associated with any subcontract.

The Beachwold Manager shall enter into a three-year subcontract for property management services (the "Jupiter Management Agreement") with Jupiter Communities LLC or its designee ("Jupiter"), substantially in the form to be filed with the Plan Supplement. The Jupiter Management Agreement shall provide for, among other things, Jupiter to manage the properties owned by Tarragon or New Ansonia in Texas, Alabama and Tennessee and any other properties that are mutually agreed upon by the parties thereto for a fee of 3% of the gross revenues generated from the properties located in Texas, a fee of 2.5% of the gross revenues generated from the properties located in Alabama and Tennessee, and a fee as may agreed by the parties thereto with respect to any other properties. For the avoidance of doubt, the fees payable to Jupiter under this provision shall be payable by the Beachwold Manager out of the Beachwold Management Fee. Such management fees shall cover all overhead and administrative costs associated with managing such properties other than those overhead and administrative costs that are sufficiently discrete so as to enable Jupiter to determine the specific amount that is directly related to the applicable property and other than any operating costs or expenses related to the applicable property. In addition, the Beachwold Manager shall engage Jupiter to provide risk management services pursuant to agreements to be negotiated among the parties.

(L) Rothenberg Tax Neutrality

(A) At the time that (i) a person not currently a member of New Ansonia ("Funding Member") makes funds available to New Ansonia and is admitted to New Ansonia as a member and such person requires that Ansonia waive its right to approve and consent to transactions, (ii) New Ansonia elects to sell, lease or otherwise dispose of any assets or equity interests of New Ansonia or its direct or indirect subsidiaries, or (iii) New Ansonia elects to refinance any property owned by New Ansonia or its direct or indirect subsidiaries, to

the extent Ansonia's consent is required, Ansonia has agreed to waive, and shall be deemed by the Plan to have waived, its consent rights with respect to such transaction specified in (i)-(iii) above, on the terms and conditions set forth in this subsection (L). In the event that the Tax Neutrality Loans (as defined below) provided for herein are not made as required, the waiver would no longer be effective and Ansonia's consent will be required.

(B) If a transaction specified in (i)-(iii) above would result in a taxable gain being allocated to Ansonia, a loan will be made by the Funding Member or, with respect to (ii) or (iii) above, by New Ansonia out of the proceeds of such transaction, to cover the estimated taxes of the members of Ansonia based on the estimated gain to be allocated to Ansonia. If the loan is not made at the time of the transaction, there shall be assurances satisfactory to Ansonia that the loan will be made and that it shall be made to permit taxes (including estimated taxes) to be paid on a timely basis. If a member has no taxes to pay in any year for which a loan is made, such member receiving a loan shall repay such loan promptly upon making such determination or if the taxes payable by such member in any such year are less than the loan amount made in such year, the member receiving a loan shall repay the portion of the loan which exceeds such members taxes promptly upon making such determination. Each member receiving a loan for any year shall provide to New Ansonia reasonably promptly during the calendar year immediately following the transaction a certificate from an independent certified public accountant that the amount of the federal, state and local taxes payable by such member exceeds the amount of all loans made for the year in which such transactions occurred. If a member shall fail to provide such a certificate, then if he or she does not cure such failure within 10 business days of receiving a notice from New Ansonia that such member has not

provided such certification, the loan(s) made to such member in such year shall be due and payable.

(C) The maximum amount of all such loans will be $5 million, subject to reduction to the extent that New Ansonia makes distributions to Rothenberg and/or Ansonia (other than to cover taxes) prior to making such loans. Such loans are referred to herein as the "Tax Neutrality Loans".

(D) Loans will be non-interest bearing for five years and thereafter such loans will bear interest at 1.2% per annum. Each of the loans will be due eight years after the loan was made. Each borrower will be personally liable for 50% of an amount equal to (i) any unpaid portion of the principal of the loans made to him less (ii) the value, measured at the time of foreclosure by lender, of such member's share of Ansonia's equity in Ansonia LP as pledged to secure the Tax Neutrality Loans.

(E) The Tax Neutrality Loans will be secured by each of the Ansonia's member's interest in Ansonia. In addition, Rothenberg's loan(s) will be secured by his interests, whether direct or indirect, in Beachwold Residential and New Ansonia. Any distributions from Ansonia or New Ansonia otherwise payable or actually paid to the borrowers will be used to repay each such member's loan obligations pro rata, and other distributions to Rothenberg will be used to pay his obligations on the loans. To the extent that Rothenberg's obligations are fully satisfied before the other members, his share of future distributions shall be paid to him.

(~~L~~**M**) Implementation of the Transaction with New Ansonia and the Plan

(A) Cure of Defaults

Any non-monetary defaults in/of (i) mortgages, security agreements or other loan documents which are secured by security interests in property owned by the Debtors and/or by

non-debtor entities which are wholly or partially owned, directly or indirectly, by the Debtors or are otherwise under the Debtors' control (collectively, the "Non-Debtors") or (ii) the Debtors, the Non-Debtors or any of their respective insiders, affiliates or subsidiaries under any shareholder, operating and/or partnership agreements or other organizational documents to which any of the Debtors, the Non-Debtors or any of their respective insiders, affiliates or subsidiaries are a party or are otherwise bound shall be deemed unenforceable and the non-monetary defaults shall be deemed cured and of no force or effect following the consummation of the transactions contemplated by the Plan and the documents referred to therein as of the Effective Date. Further, any non-monetary defaults in and/or under any mortgages, security agreements or other loan documents or any shareholder, partnership or operating agreement or other organizational document of any Debtor, any Non-Debtor or any insider, affiliate or subsidiary of a Debtor or a Non-Debtor caused by anything contained in the Plan or by the transactions, documents or agreements provided for therein, or by the commencement of the bankruptcy cases, or by any proceedings that occurred in the bankruptcy cases, shall be deemed unenforceable, shall be deemed waived and shall be of no force or effect.

Nothing in the Plan nor in the transactions, documents or agreements contemplated by the Plan shall or shall be deemed to cause or otherwise result in a default in or breach under any mortgages, security agreements or other loan documents, or any partnership, operating agreement or shareholder agreement or other organizational document with respect to any Debtor, any Non-Debtor or any of the respective insiders, subsidiaries or affiliates of a Debtor or a Non-Debtor (including, without limitation, change of control and transfer consents, consents to appoint a successor general partner or manager, requirements to provide opinions, rights of first refusal, rights of first offer, transfer notice requirements, consent to the sale or other disposition

of assets and change of management consents) and that such mortgages, security agreements and other loan documents, and shareholder agreements, operating agreements, partnership agreements and other organizational documents shall and shall be deemed to be not in default and shall be deemed in full force and effect notwithstanding anything in the Plan or in the transactions, documents and agreements contemplated by the Plan.

Notwithstanding anything to the contrary in this Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this Section 7.1(M)(A) shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section 7.1(M)(A) shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

For avoidance of doubt, the Equity Interests of 800 Madison and Block 88 are not being conveyed, transferred or assigned to New Ansonia.

(B) Abandonment

At any time prior to the Effective Date, a Debtor, with the written consent of UTA and the Creditors' Committee, may abandon or surrender (i) real properties to the mortgagee and/or holder of security interest(s), or (ii) pursuant to section 554 of the Bankruptcy Code, such Debtor's equity interest in a non-Debtor Affiliate.

(C) Transfer Taxes

To the fullest extent permitted under section 1146(a) of the Bankruptcy Code and applicable law, the sale, transfer, conveyance and/or assignment of any assets, equity, real

property and interests in real property pursuant to the Plan shall not be taxed under any law imposing any such tax.

7.2. Corporate Action for **the Debtors,** Reorganized Tarragon and New Ansonia. On the Effective Date, all matters and actions provided for under the Plan that would otherwise require approval of the members, partners, managers, officers and/or directors of the Debtors, Reorganized Tarragon or New Ansonia or their successors-in-interest under the Plan and all other Plan Documents, and the election or appointment, as the case may be, of managers or officers of Reorganized Tarragon or New Ansonia pursuant to the Plan, shall be deemed to have been authorized and effective in all respects as provided herein and shall be taken without any requirement for further action by members, managers or directors of Reorganized Tarragon or New Ansonia.

Notwithstanding anything to the contrary in this Plan, the Confirmation Order or any documents ancillary to the Plan and/or the Confirmation Order (including any amendment or modification of each thereof), the provisions of this Section 7.2 shall be subject to, and to the extent inconsistent with controlled by, the terms of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section 7.2 shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

For avoidance of doubt, the Equity Interests of (i) 800 Madison, (ii) Block 88, and (iii) the Debtors or their Affiliates in the Ursa LLCs are not being conveyed, transferred or assigned to New Ansonia.

7.3. Approval of Agreements. The solicitation of votes on the Plan also shall be deemed as a solicitation for the approval of the Plan Documents and Plan Supplement and all

transactions contemplated by the Plan. Entry of the Confirmation Order shall constitute approval of the Plan Documents and Plan Supplement and all transactions contemplated thereby.

7.4. Special Procedures for Lost, Stolen, Mutilated or Destroyed Instruments. In addition to any requirements under any certificate of incorporation or bylaws or other similar governance document, any Holder of a Claim evidenced by an instrument that has been lost, stolen, mutilated or destroyed will, in lieu of surrendering such instrument, deliver to the Disbursing Agent: (i) evidence satisfactory to the Disbursing Agent and the Debtors, Reorganized Tarragon or New Ansonia, as the case may be, of the loss, theft, mutilation or destruction; and (ii) such security or indemnity as may be required by the Disbursing Agent to hold the Disbursing Agent and the Debtors, Reorganized Tarragon or New Ansonia, as the case may be, harmless from any damages, liabilities or costs incurred in treating such individual as a Holder of an instrument. Upon compliance with this Article, the Holder of a Claim evidenced by any such lost, stolen, mutilated or destroyed instrument will, for all purposes under the Plan, be deemed to have surrendered such instrument.

7.5. Operation of the Debtors-in-Possession Between the Confirmation Date and the Effective Date. The Debtors shall each continue to operate as Debtors-in-Possession, subject to the supervision of the Bankruptcy Court, pursuant to the Bankruptcy Code, during the period from the Confirmation Date through and until the Effective Date.

7.6. Vesting of Assets.

(A) From and after the Effective Date, Reorganized Tarragon and New Ansonia may operate its business, and may use, acquire and dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions imposed by the

Bankruptcy Code, but subject to the continuing jurisdiction of the Bankruptcy Court as set forth in Article X of this Plan.

(B) As of the Effective Date, all property of the Debtors conveyed, transferred and/or assigned to New Ansonia shall be free and clear of all Liens, Claims and Equity Interests, except as provided in the Confirmation Order. **For avoidance of doubt, the Equity Interests of 800 Madison and Block 88 are not being conveyed, transferred or assigned to New Ansonia.**

7.7. Discharge of Debtors. The rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Commencement Date, against the Debtors and the Debtors-in-Possession, their Estates, or any of their assets or properties. Except as otherwise provided herein, (A) on the Effective Date, all such Claims against and Equity Interests in any of the Debtors shall be satisfied, discharged and released in full, and (B) all Persons are precluded and enjoined from asserting against Reorganized Tarragon or New Ansonia, their respective successors, or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date. **Notwithstanding the foregoing, the provisions of this Section 7.7 shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section 7.7 shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.**

7.8. Injunctions or Stays. All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code and in the Plan, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly 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, creditors and equity and/or interest holders who have held, hold, or may hold Claims against or Equity Interest in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia or against the property or interests in property of the Debtors or New Ansonia on account of any such Claim or Equity Interest, and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia or against the property or interests in property of the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia on account of any such Claim or Equity Interest. Such injunction shall extend to successors of the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon or New Ansonia and their respective properties and interests in property. **Notwithstanding the foregoing, the provisions of this Section 7.8 shall be subject to, and to the extent inconsistent with controlled by, the terms**

and conditions of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section 7.8 shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.

7.9. Exculpation. The Debtors, Reorganized Tarragon, New Ansonia, the Tarragon Creditor Entity, the TCE Trustee, the Creditors' Committee, each of the members of the Creditors' Committee, and their respective members, partners, officers, directors, employees and agents (including any attorneys, financial advisors, investment bankers and other professionals retained by such Persons) shall have no liability to any Holder of any Claim or Equity Interest for any act or omission in connection with, or arising out of the Chapter 11 Cases, the Disclosure Statement, the Plan, the Plan Documents, the solicitation of votes for and the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under this Plan. **Notwithstanding the foregoing, the provisions of this Section 7.9 shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Section 7.9 shall alter, amend, impair or modify the rights of the parties under the BofA Documents.**

7.10. Survival of the Debtors' Indemnification Obligations. Any obligations of the Debtors pursuant to their corporate charters and bylaws or other organizational documents to indemnify current and former officers and directors of the Debtors with respect to all present and future actions, suits and proceedings against the Debtors or such directors and/or officers, based upon any act or omission for or on behalf of the Debtors shall not be discharged or impaired by

confirmation of the Plan. To the extent provided in this section, such obligations shall be deemed and treated as executory contracts to be assumed by the Debtors hereunder and shall continue as obligations of Reorganized Tarragon. Upon the Effective Date, except in the case of gross negligence, willful misconduct or fraud, the commencement or prosecution by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liability subject to indemnification by the Debtors, Reorganized Tarragon or New Ansonia shall be enjoined.

7.11. Dissolution of Certain Entities. The following entities will be deemed dissolved upon the Effective Date: Orlando Central, Murfreesboro, Stonecrest, Fenwick, Trio West, Charleston, Vista, Stratford, MSCP and Hanover.

7.12. Merger of Certain Entities. Prior to or following the hearing regarding the confirmation of the Plan, one or more of Morningside National, Inc., a Florida corporation, Mountain View National, Inc., a Nevada corporation, National Income Realty Investors, Inc., a Nevada corporation, Orion Tarragon GP, Inc., a Texas corporation, Orion Tarragon LP, Inc., a Nevada corporation, Parkdale Gardens National Corp., a Texas corporation, Tarragon Limited, Inc., a Nevada corporation, Vinland Property Investors, Inc., a Nevada corporation and Vintage National, Inc., a Texas corporation, shall merge with and into Tarragon Corp. with Tarragon Corp. being the surviving corporation.

7.13. ~~7.12.~~ Taberna Claims.

(A) Except as otherwise provided in this Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to this Plan, the promissory notes and other agreements and instruments that evidence the Taberna Claims shall be deemed

cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and the obligations of Tarragon Corp. under such promissory notes and other agreements and instruments governing the Taberna Claims shall be discharged; provided, however, that the Indentures shall continue in effect solely for the purposes of allowing the Indenture Trustee to enforce the indemnity provisions of the Indentures, allowing the Indenture Trustee to make distributions to be made on account of the Taberna Claims under this Plan; and, to the extent necessary, allowing the Indenture Trustee to enforce its Indenture Trustee Charging Lien, after which point the Indentures shall be cancelled and discharged. The Holders of or parties of such cancelled notes and other agreements and instruments shall have no rights from or relating to such notes and other agreements and instruments, or the cancellation thereof, except the rights provided pursuant to this Plan.

(B) Notwithstanding any other provision of this Plan, Tarragon Corp. shall recognize the Proof of Claims filed by the Indenture Trustee in respect of the Taberna Claims for all purposes under this Plan. Accordingly, any Proof of Claim filed by the registered or beneficial Holder of such Taberna Claims shall be deemed disallowed as duplicative of the Proofs of Claim filed by the Indenture Trustee without the need for any further action or an order of the Bankruptcy Court. The Indenture Trustee shall be deemed to be the Holder of the Taberna Claims, as applicable, for purposes of distributions to be made hereunder, and all distributions on account of such Claims shall be made by the Indenture Trustee.

ARTICLE VIII.

DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS AND EQUITY INTERESTS

8.1. Method of Distributions Under the Plan

(A) In General

On the Effective Date, other than Allowed Administrative Expenses Claims and Priority Claims which shall be paid by Reorganized Tarragon in accordance with the Plan, any cash distributions that are required to be made pursuant to the Plan shall be made by Reorganized Tarragon. In addition, any distributions that are required to be made in connection with the proceeds of sale or refinance of any of the Assets shall be made by Reorganized Tarragon.

(B) Timing of Distributions

Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(C) Minimum Distributions

No payment of Cash less than One Hundred Dollars ($100.00) shall be made by the Tarragon Creditor Entity or Reorganized Tarragon to any Holder of a Claim unless a request therefor is made in writing to the Tarragon Creditor Entity or Reorganized Tarragon, as applicable.

(D) Fractional Dollars

Any other provisions of the Plan to the contrary notwithstanding, no payments of fractions of dollars will be made. Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down).

(E) Unclaimed Distributions

Any Distributions under the Plan that are unclaimed for a period of four (4) months after distribution thereof shall be revested in the Tarragon Creditor Entity and any entitlement of any Holder of any Claim to such Distributions shall be extinguished and forever barred.

(F) Distributions to Holders as of the Record Date

As of the close of business on the Record Date, the claims register shall be closed. The Debtors, Reorganized Tarragon and New Ansonia shall have no obligation to recognize any transfer of any Claims occurring after the Record Date unless written notice of such transfer is provided to the Disbursing Agent. The Debtors, Reorganized Tarragon and New Ansonia shall be entitled to recognize and deal for all purposes under the Plan (except as to voting to accept or reject the Plan) with only those record Holders stated on the Claims register as of the close of business on the Record Date and those parties that have provided written notice of any transfer to the Disbursing Agent.

(G) Setoffs and Recoupment

Any of the Debtors, Reorganized Tarragon, the Tarragon Creditor Entity or New Ansonia, as the case may be, may, but shall not be required to, set off against or recoup from any Claim and the payments to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that such Debtor, Reorganized Tarragon, the Tarragon Creditor Entity or New Ansonia, as the case may be, may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, Reorganized Tarragon, the Tarragon Creditor Entity or New Ansonia of any such Claim or right it may have against such Claimant.

(H) Procedures for resolving and treating contested claims

(i) Objections to and Resolution of Disputed Administrative and Priority Claims: Reorganized Tarragon and the Tarragon Creditor Entity shall have the exclusive right to make and file objections to Administrative Expense Claims and Priority Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that Reorganized Tarragon and/or the Tarragon Creditor Entity shall have the authority

to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, Reorganized Tarragon and/or the Tarragon Creditor Entity shall file and serve all objections to Administrative Expense Claims and Priority Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than ninety (90) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

(ii) Objections to and Resolution of Disputed General Unsecured Claims: The Tarragon Creditor Entity shall have the exclusive right to make and file objections to General Unsecured Claims after the Effective Date. All objections shall be litigated to Final Order; provided, however, that the Tarragon Creditor Entity shall have the authority to compromise, settle, resolve or withdraw any objections, without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, the Tarragon Creditor Entity shall file and serve all objections to General Unsecured Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court no later than one-hundred eighty (180) days after the Effective Date or such later date as may be approved by the Bankruptcy Court. Any Disputed General Unsecured Claim shall be defended and liquidated in the Bankruptcy Court or any other administrative or judicial tribunal of appropriate jurisdiction as selected by the Tarragon Creditor Entity and approved by the Bankruptcy Court.

(iii) Procedure for Omnibus Objections to Claims: Notwithstanding Bankruptcy Rule 3007, Reorganized Tarragon and/or the Tarragon Creditor Entity are permitted to file omnibus objections to Claims (an "Omnibus Objection") on any grounds, including but not limited to those grounds specified in Bankruptcy Rule 3007(d). Reorganized Tarragon and/or the Tarragon Creditor Entity, as the case may be, shall supplement each Omnibus

Objection with particularized notices of objection (a "Notice") to the specific person identified on the first page of each relevant proof of claim. For claims that have been transferred, a Notice shall be provided only to the person or persons listed as being the owner of such claim on the Debtors' claims register as of the date the objection is filed. The Notice shall include a copy of the relevant Omnibus Objection but not the exhibits thereto listing all claims subject to the objection thereby; rather, the Notice shall (a) identify the particular claim or claims filed by the claimant that are the subject of the Omnibus Objection, (b) provide a unique, specified and detailed basis for the objection, (c) explain the Debtors' proposed treatment of the claim, (d) notify such claimant of the steps that must be taken to contest the objection, and (e) otherwise comply with the Bankruptcy Rules.

(iv) Estimation of Claims: Reorganized Tarragon, New Ansonia and/or the Tarragon Creditor Entity, as the case may be, may, at any time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether Reorganized Tarragon, New Ansonia and/or the Tarragon Creditor Entity has previously objected to such claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Disputed Claim at any time during litigation concerning an objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute the Allowed amount of such claim for all purposes under the Plan. All of the objection and estimation procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently comprised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(v) Entitlement to Plan Distributions Upon Allowance:

Notwithstanding any other provision of the Plan, no distribution shall be made with respect to any Claim to the extent it is a Disputed Claim, unless and until such Disputed Claim becomes an Allowed Claim. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim (regardless of when), the holder of such Allowed Claim shall thereupon become entitled to distributions in respect of such Claim, the same as though such Claim has been an Allowed Claim on the Effective Date.

(vi) Reserve. The Tarragon Creditor Entity shall reserve from the Distributions to be made to Holders of Allowed General Unsecured Claims an amount equal to 100% of the Distribution to which Holders of Disputed Claims would be entitled to under the Plan if such Disputed Claims were Allowed Claims in their Disputed Claim Amount or such other amount as is ordered by the Bankruptcy Court after notice and hearing (the "Reserve"). The creation of any such Reserve shall not delay or impair the Distributions to all Holders of Allowed General Unsecured Claims.

Notwithstanding the foregoing, the provisions of this Article VIII shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Article VIII shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

ARTICLE IX.

CAUSES OF ACTION

9.1. Preservation of Causes of Action. Entry of the Confirmation Order shall not be deemed or construed as a waiver or release by any of the Debtors of any Causes of Action. In accordance with section 1123(b)(3) of the Bankruptcy Code, all Causes of Action shall be

either retained by ~~Reorganized Tarragon or~~ the applicable Debtor that owns such Cause of Action on the Effective Date or assigned to the Tarragon Creditor Entity. Pursuant to the Plan and section 1123(b)(3)(B) of the Bankruptcy Code, the Tarragon Creditor Entity shall be designated as the representative of each Debtor's estate for purposes of bringing, prosecuting and compromising all Avoidance Actions. The proceeds of Avoidance Actions, if any, shall be distributed by the Tarragon Creditor Entity to the creditors of the applicable Debtor's estate for whose benefit each of the Avoidance Actions is brought. All Retained Actions shall be retained by Reorganized Tarragon. All funds received from the Retained Actions shall be distributed in the same manner as "Liquidation Assets" under this Plan. Subject to Article VII of the Plan, Reorganized Tarragon, the applicable Debtor that owns such Causes of Action or the Tarragon Creditor Entity, as applicable, will determine whether to bring, settle, release, compromise, or enforce any rights (or decline to do any of the foregoing) with respect to any Causes of Action.

Except as expressly provided in this Plan, the failure of the Debtors to specifically list any Claim, Causes of Action, right of action, suit or proceeding in the Schedules, the Disclosure Statement or any Schedule to the Plan Supplement does not, and will not be deemed to, constitute a waiver or release by the Debtors of such Claim, Cause of Action, right of action, suit or proceeding, and either Reorganized Tarragon, the applicable Debtor that owns such Claims or the Tarragon Creditor Entity, as applicable, will retain the right to pursue such Claims, Causes of Action, rights of action, suits or proceeding in its sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches will apply to such claim, right of action, and suit or proceeding upon or after the Confirmation or consummation of the Plan. Further, recovery of any proceeds of Causes of

Action shall be deemed "for the benefit of the [applicable] estate" as set forth in section 550(a) of the Bankruptcy Code.

9.2. Reservation regarding BofA Documents

Notwithstanding the foregoing, the provisions of this Article IX shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents, and nothing contained in this Article IX shall alter, amend, impair or modify the rights of the parties under the BofA Documents.

ARTICLE X.

CONDITIONS TO CONFIRMATION AND EFFECTIVE DATE

10.1. Conditions to Confirmation. The following conditions shall be met before Confirmation of the Plan:

(A) An Order shall have been entered finding that:

(1) the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy shall have been issued by the Bankruptcy Court; and

(2) the Debtors, the Creditors' Committee and their respective principals, officers, directors, attorneys, accountants, financial advisors, advisory affiliates, employees, and agents solicited acceptance or rejection of the Plan in good faith pursuant to 11 U.S.C. § 1125(e); and

(B) the proposed Confirmation Order shall be in form and substance reasonably satisfactory to the Debtors and shall have been signed by the Bankruptcy Court and entered on the docket of this Chapter 11 Cases.

10.2. Conditions Precedent to the Effective Date. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived:

(A) The Confirmation Order shall authorize and direct that the Debtors and the Creditors' Committee take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases and other agreements or documents created in connection with the Plan, including the Plan Documents and the transactions contemplated thereby.

(B) The Confirmation Order, and each Order referred to in Article 9.1 hereof, shall have become a Final Order.

(C) Except for Deferred Confirmation Expenses, the statutory fees owing to the United States Trustee shall have been paid in full.

(D) All other actions, authorizations, consents and regulatory approvals required (if any) and all Plan Documents necessary to implement the provisions of the Plan shall have been obtained, effected or executed in a manner acceptable to the Debtors or, if waivable, waived by the Person or Persons entitled to the benefit thereof.

10.3. Effect of Failure of Conditions. If each condition to the Effective Date has not been satisfied or duly waived within one year after the Confirmation Date, then upon motion by any party in interest, made before the time that each of the conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this Article, the Plan shall be deemed null and void in all respects including, without limitation, the discharge of Claims pursuant to section 1141 of the Bankruptcy Code and the assumptions or rejections of Executory Contracts and unexpired leases provided for herein, and nothing contained herein shall (i) constitute a waiver or release of any Claims by or against any of the Debtors or (ii) prejudice in any manner the rights of any of the Debtors.

10.4. Waiver of Conditions to Confirmation and Effective Date. Each of the conditions to Confirmation and the Effective Date may be waived in writing, in whole or in part, by any of the Debtors at any time, without notice or an Order of the Bankruptcy Court, but only after consultation with the Creditors' Committee. The failure of any of the Debtors to exercise any of the foregoing rights will not be deemed a waiver of any other rights, and each such right will be deemed an ongoing right that may be asserted at any time.

10.5. Effects of Plan Confirmation.

(A) Limitation of Liability. Neither the Debtors, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon, New Ansonia, the Creditors' Committee, the members of the Creditors' Committee, the Disbursing Agent, nor any of their respective post-Commencement Date employees, officers, directors, agents or representatives, or any Professional (which, for the purposes of this Article, shall include any counsel of the Debtors, the Tarragon Creditor Entity, the TCE Trustee, New Ansonia, Reorganized Tarragon or the Creditors' Committee) employed by any of them, shall have or incur any liability to any Person whatsoever, including, specifically, any Holder of a Claim or Equity Interests, under any theory of liability (except for any Claim based upon willful misconduct or gross negligence), for any act taken or omission made in good faith directly related to formulating, negotiating, preparing, disseminating, implementing, confirming or consummating the Plan, the Plan Documents, the Confirmation Order, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken in connection with the Plan Documents, provided that nothing in this paragraph shall limit the liability of any Person for breach of any express obligation it has under the terms of the Plan, the Plan Documents, or under any agreement or other document entered into by such Person either after the Commencement

Date or in accordance with the terms of the Plan or for any breach of a duty of care owed to any other Person occurring after the Effective Date. In all respects, the Debtors, New Ansonia, the Tarragon Creditor Entity, the TCE Trustee, Reorganized Tarragon, the Creditors' Committee, the Disbursing Agent, and each of their respective members, managers, officers, directors, employees, advisors and agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. **Notwithstanding the foregoing, the provisions of this Section 10.5(A) shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Section 10.5(A) shall alter, amend, impair or modify the rights of the parties under the BofA Documents or the Ursa Documents, as applicable.**

(B) Subordination. The classification and manner of satisfying all Claims and Equity Interests and the respective distributions and treatments under the Plan take into account or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights satisfied, compromised and settled pursuant to this Article IX.

(C) Mutual Releases. Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Debtors, the Tarragon Creditor Entity, the TCE Trustee,

Reorganized Tarragon, New Ansonia, the Creditors' Committee, the members of the Creditors' Committee and all Holders of Claims and/or Interests and each of their respective affiliates, principals, officers, directors, partners, members, attorneys, accountants, financial advisors, advisory affiliates, employees and agents (each a "Released Party") shall each conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge each other Released Party from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that any Released Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, Reorganized Tarragon, New Ansonia, the Creditors' Committee, the members of the Creditors' Committee, the Chapter 11 Case, the Plan, the purchase, sale, or rescission of the purchase or sale of any assets of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or any related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than any Claims, direct actions, causes of action, demands, rights, judgments, debts, obligations, assessments, compensations, costs, deficiencies or other expenses of any nature whatsoever (including without limitation, attorneys' fees) (i) arising under or based on the Plan or any other documents, instrument or agreement to be executed or delivered therewith, or (ii) arising under Chapter 5 of the Bankruptcy Code, or (iii) in the case of gross negligence, willful

misconduct or fraud**; provided, however, that nothing herein shall limit the Securities Class Action Plaintiff from pursuing its claims against Tarragon Corp. solely to the extent of available insurance coverage and proceeds**. Notwithstanding any language to the contrary contained in this Plan or the Disclosure Statement, no provision shall release any non-Debtor, including any current and/or former officer and/or director of the Debtors from any liability in connection with any legal action or claim brought by the United States Securities and Exchange Commission in connection with a violation of securities laws. **Notwithstanding the foregoing, (i) the provisions of this Section shall be subject to the terms and conditions of the BofA Documents, and nothing contained in this Section 10.5(C) shall alter the rights of the parties under the BofA Documents, and (ii) no release, waiver or discharge of any Claims against any non-Debtor shall be binding on or enforceable against Ursa.**

(D) Insurance Policies. All of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. On the Effective Date, the Debtors shall be deemed to have assumed by Reorganized Tarragon or the applicable Debtor all insurance policies and any agreements, documents, and instruments relating to coverage of Claims covered by those insurance policies, subject to all rights, remedies and defenses of the Debtors under any agreements, insurance policies and applicable law. Nothing in the Plan, or in any Order confirming the Plan, shall preclude plaintiffs in pending litigation matters from pursuing their claims against the Debtors solely to the extent of available insurance coverage and proceeds. Claims against the Debtors, to the extent of available insurance, are preserved and not discharged by the Plan.

10.6. Conversion of Bankruptcy Cases.

At or prior to the hearing regarding the confirmation of the Plan, the Debtors may request that the Bankruptcy Court order the conversion to Chapter 7 of one or more of the Debtors'

Chapter 11 Cases pursuant to Bankruptcy Code section 1112(a). As of the date hereof, the Debtors anticipate requesting that the Bankruptcy Court convert TMI's Chapter 11 Case to Chapter 7.

ARTICLE XI.

RETENTION OF JURISDICTION

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

(A) To hear and determine all matters with respect to the assumption or rejection of any Executory Contract or unexpired lease to which any of the Debtors is a party or with respect to which any of the Debtors may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;

(B) To hear and determine any and all adversary proceedings, applications and contested matters, including, without limitation, adversary proceedings and contested matters arising in connection with the prosecution of the Avoidance Actions, to the extent specifically reserved in accordance with Article 8.1 of the Plan, and all other Causes of Action, whether commenced before or after the Effective Date;

(C) To hear and determine any objections to Claims and to address any issues relating to Disputed Claims;

(D) 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;

(E) To issue such Orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

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

(G) To hear and determine all Fee Applications; provided, however, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of Reorganized Tarragon shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(H) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

(I) Except as otherwise limited herein, to recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

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

(K) To hear any other matter not inconsistent with the Bankruptcy Code;

(L) To enter a final decree closing the Chapter 11 Cases;

(M) To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(N) To decide or resolve any motions, adversary proceedings, contested or litigated matters pending in the Bankruptcy Court and any other matters pending in the Bankruptcy Court and grant or deny any applications involving the Debtors that may be pending in the Bankruptcy Court on the Effective Date;

(O) 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;

(P) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement, including the Plan Documents;

(Q) To enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);

(R) To resolve disputes concerning any reserves with respect to Disputed Claims, Disputed Equity Interests or the administration thereof;

(S) To resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Cases, the Claims Bar Date, the hearing on the approval of the Disclosure Statement as containing adequate information, the hearing on the confirmation of the Plan for the purpose of determining whether a Claim or Equity Interest is discharged hereunder or for any other purpose; and

(T) To issue Orders pursuant to Section 363(b) of the Bankruptcy Code; provided, however, that Bankruptcy Court approval is not required to consummate any sales after confirmation of the Plan.

Notwithstanding the foregoing, the provisions of this Article XI shall be subject to, and to the extent inconsistent with controlled by, the terms and conditions of the BofA Documents or the Ursa Documents, as applicable, and nothing contained in this Article XI

shall alter, amend, impair or modify the rights of the parties under the BofA Documents, or the Ursa Documents, as applicable.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

12.1. Effectuating Documents and Further Transactions. The Debtors, Reorganized Tarragon, the Tarragon Creditor Entity and New Ansonia are each authorized to execute, deliver, file or record such contracts, instruments, releases, and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

12.2. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.

12.3. Post-Confirmation Date Fees and Expenses. From and after the Confirmation Date, the Debtors and Reorganized Tarragon shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, but only to the extent funds are available taking into account the reasonable working capital needs of Reorganized Tarragon, pay the reasonable fees and expenses of Professionals thereafter incurred by the Debtors and Reorganized Tarragon until its termination in accordance with the provisions

of the Plan, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

12.4. Payment of Statutory Fees. Except for Deferred Confirmation Expenses which shall be paid pursuant to the terms of the Plan, all fees payable pursuant to section 1930 of the title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in Cash equal to the amount of such fees on the Effective Date. Reorganized Tarragon shall timely pay post-confirmation quarterly fees assessed pursuant to 28 U.S.C. § 1930(a)(6) until such time as the Bankruptcy Court enters a final decree closing the Chapter 11 Cases, or enters an Order either converting this case to a case under Chapter 7 or dismissing this case. After the Confirmation Date, Reorganized Tarragon shall file with the Bankruptcy Court and shall transmit to the United States Trustee a true and correct statement of all disbursements made by Reorganized Tarragon on a quarterly basis, or portion thereof, that the Chapter 11 Cases remains open in a format prescribed by the United States Trustee.

12.5. Amendment or Modification of the Plan. Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time before the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code.

12.6. Severability. In the event that the Bankruptcy Court determines, before the Confirmation Date, that any provision in the Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void or

unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

12.7. Revocation or Withdrawal of the Plan. Each of the Debtors reserves the right to revoke or withdraw the Plan before the Confirmation Date. If any of the Debtors revokes or withdraws the Plan before the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against any of the Debtors or any other Person or to prejudice in any manner the rights of any of the Debtors or any Person in any further proceedings involving any of the Debtors.

12.8. Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtors, the Tarragon Creditor Entity, the Holders of Claims, and Equity Interests, and their respective successors and assigns, including, without limitation, New Ansonia.

12.9. Notices. All notices, requests and demands to or upon the Debtors, New Ansonia, Reorganized Tarragon or the Tarragon Creditor Entity to be effective shall be in writing and, unless otherwise expressly provided herein or in the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors or Reorganized Tarragon:	Tarragon Corporation 192 Lexington Ave., 15th Floor New York, New York 10016 Attention: William S. Friedman, CEO
with copies to:	Cole, Schotz, Meisel, Forman & Leonard, P.A. 25 Main Street P.O. Box 800 Hackensack, NJ 07602-0800 Attn: Michael D. Sirota, Esq. Warren A. Usatine, Esq. Telephone: (201) 489-3000

	Facsimile: (201) 489-1536
If to the Tarragon Creditor Entity:	The Creditors' Committee shall select and identify the TCE Trustee, in a notice to be filed with the Bankruptcy Court, ~~not~~**no** later than three business days prior to the deadline established by the Bankruptcy Court for the filing of objections to confirmation of this Plan.
with copies to:	Patterson Belknap Webb & Tyler 1133 Avenue of the Americas New York, NY 10036-6710 Attn: Daniel A. Lowenthal, Esq. - and – Harry M. Gutfleish, Esq. Forman Holt Eliades & Ravin LLC 80 Route 4 East, Suite 290 Paramus, New Jersey 07652
If to New Ansonia:	192 Lexington Ave., 15th Floor New York, New York 10016 Attention: William S. Friedman, CEO
with copies to:	Robert Rothenberg 122 Oak Street Woodmere, New York 11598 - and – William S. Friedman 320 Central Park West New York, New York 10025

12.10. Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, 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 Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

12.11. Withholding and Reporting Requirements. In connection with the consummation of the Plan, the Debtors, the Tarragon Creditor Entity, Reorganized Tarragon or

New Ansonia, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

12.12. Plan Supplement. Forms of all material agreements or documents related to any the Plan, including but not limited to those identified in this Plan, shall be contained in the Plan Supplement. The Plan Supplement shall be filed by the Debtors with the Clerk of the Bankruptcy Court no later than five days before the Voting Deadline. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims, or Equity Interest may obtain a copy of the Plan Supplement upon written request to the Debtors' counsel.

12.13. Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

12.14. Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

12.15. Exhibits/Schedules. All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full therein.

12.16. Filing of Additional Documents. On or before substantial consummation of the Plan, the Debtors shall 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.

12.17. No Admissions. Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by any Person or Entity with respect to any matter set forth therein.

12.18. Successors and Assigns. The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

12.19. Reservation of Rights. Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims or Equity Interests before the Effective Date.

12.20. Section 1145 Exemption. Pursuant to section 1145(a) of the Bankruptcy Code, the offer, issuance, transfer or exchange of any security under the Plan, or the making or delivery of an offering memorandum or other instrument of offer or transfer under the Plan, shall be exempt from Section 5 of the Securities Act of 1933 or any similar state or local law requiring the registration for offer or sale of a security or registration or licensing of an issuer or a security.

12.21. Implementation. The Debtors shall take all steps, and execute all documents, including appropriate releases, necessary to effectuate the provisions contained in this Plan.

12.22. Inconsistency. In the event of any inconsistency among the Plan, the Disclosure Statement, the Plan Documents, the Plan Supplement, or any other instrument or document created or executed pursuant to the Plan, the provisions of the Plan shall control~~.~~;

provided, however, that in the event of any inconsistency among the Plan, the Disclosure Statement, the Plan Documents, the Plan Supplement, or any other instrument or document created or executed pursuant to the Plan and the BofA Documents or the Ursa Documents, as applicable, the BofA Documents or the Ursa Documents, as applicable, shall control.

12.23. 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. 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 Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, Reorganized Tarragon, the Tarragon Creditor Entity, New Ansonia, the Estates, and all Holders of Claims and Equity Interests against the Debtors.

DATED: ~~April 2~~**May 1**1, 2010

[*Signature pages to the Joint Plan of Reorganization follow*.]

TARRAGON CORPORATION

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TARRAGON DEVELOPMENT CORPORATION

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TARRAGON SOUTH DEVELOPMENT CORP.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TARRAGON DEVELOPMENT COMPANY LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

TARRAGON MANAGEMENT, INC.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

BERMUDA ISLAND TARRAGON LLC

By:___/s/ William S. Friedman_____
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

ORION TOWERS TARRAGON, LLP

By:___/s/ William S. Friedman_____
Name: William S. Friedman
Title: Chief Executive Officer of Orion Tarragon GP, Inc., its General Partner

ORLANDO CENTRAL PARK TARRAGON LLC

By:___/s/ William S. Friedman_____
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

FENWICK PLANTATION TARRAGON LLC

By:___/s/ William S. Friedman_____
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Manager of Charleston Tarragon Manager, LLC, its Manager

CHARLESTON TARRAGON MANAGER, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Manager

800 MADISON STREET URBAN RENEWAL, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Manager of Block 88 Development, LLC, its Managing Member

BLOCK 88 DEVELOPMENT, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Manager

900 MONROE DEVELOPMENT, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Manager

THE PARK DEVELOPMENT EAST, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Managing Member of Palisades Park East Tarragon, LLC, its Managing Member

ONE LAS OLAS, LTD.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Omni Equities Corporation, its General Partner

OMNI EQUITIES CORPORATION

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

CENTRAL SQUARE TARRAGON LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Managing Member

THE PARK DEVELOPMENT WEST, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, the Managing Member of Palisades Park West Tarragon, LLC, its Managing Member

VISTA LAKES TARRAGON, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Corporation, its Manager

TARRAGON EDGEWATER ASSOCIATES, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Manager

MURFREESBORO GATEWAY PROPERTIES, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Morningside National, Inc., its Manager

TARRAGON STONECREST, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Morningside National, Inc., its Manager

TARRAGON STRATFORD, INC.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

MSCP, INC.

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer

TDC HANOVER HOLDINGS, LLC

By: /s/ William S. Friedman
Name: William S. Friedman
Title: Chief Executive Officer of Tarragon Development Corporation, its Managing Member

Exhibit A

List of New Ansonia Acquired Interests

Ansonia Apartments, LP	The 89.44% Equity Interest in Ansonia Apartments, LP owned by Tarragon Dev. LLC shall be transferred to New Ansonia.
Harbor Green	The 100% Equity Interest in RI Panama City LLC owned by Tarragon Dev. LLC. shall be transferred to New Ansonia.
Tradition at Palm Aire	The 100% Equity Interest in Tradition Tarragon, LLC owned by Tarragon Corp. shall be transferred to New Ansonia.
Vintage at the Grove/Bentley	The 100% Equity Interest in Manchester Tolland Development LLC owned by Tarragon Corp. shall be transferred to New Ansonia.
Cobblestone at Eagle Harbor	The 100% Equity Interest in Vineyard at Eagle Harbor LLC owned by Tarragon Dev. LLC shall be transferred to New Ansonia.

Exhibit B

Material Liquidation Assets

1. 800 Madison Street Urban Renewal, LLC
2. 900 Monroe Development, LLC
3. Block 106 Development, LLC
4. Promissory Note in the original principal amount of $1,500,000 from URSA Development Group, LLC to Block 112 Development, LLC
5. Hoboken Cinema, LLC
6. Orion Towers Tarragon, LLP
7. Mustang Creek National, LP
8. Summit on the Lake Associates, Ltd.
9. Keane Stud, LLC
10. Uptown Village A, LLC
    Uptown Village B, LLC

Schedule 5

Executory Contracts and Unexpired Leases

[To be filed with the Plan Supplement.]