

HONORABLE PAUL B. SNYDER

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DEC 17 2009

MARK L. HATCHER  
CLERK U.S. BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON

In re

PIERCE COUNTY HOUSING AUTHORITY  
603 S. POLK STREET  
TACOMA, WA 98445-0410  
TAX ID 91-1105806,

Debtor.

No. 08-45227  
Chapter 9

ORDER CONFIRMING THIRD  
AMENDED PLAN FOR ADJUSTMENT  
OF DEBTS OF PIERCE COUNTY  
HOUSING AUTHORITY

THIS MATTER came before the Court at a hearing held on December 17, 2009, for consideration of the Third Amended Plan For Adjustment Of Debts Of Pierce County Housing Authority ("Third Amended Plan"). The Court, having reviewed the files and records herein, and having considered the presentations of counsel at the December 17 hearing, and deeming itself fully advised, finds and concludes as follows:

- A. The Third Amended Plan complies with the provisions of Title 11 of the United States Code made applicable by sections 103(e) and 901 thereof;
- B. The Third Amended Plan complies with the provisions of chapter 9 of Title 11;
- C. All amounts to be paid by the debtor or by any person for services or expenses in the case or incident to the Third Amended Plan have been fully disclosed and are reasonable;

ORDER CONFIRMING THIRD AMENDED PLAN FOR  
ADJUSTMENT OF DEBTS OF PIERCE COUNTY HOUSING  
AUTHORITY – Page 1

BUSH STROUT & KORNFIELD  
LAW OFFICES  
5000 Two Union Square  
601 Union Street  
Seattle, Washington 98101-2373  
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Facsimile (206) 292-2104

1 D. The debtor is not prohibited by law from taking any action necessary to carry out the  
2 Third Amended Plan;

3 E. Except to the extent that the holder of a particular claim has agreed to a different  
4 treatment of such claim, the Third Amended Plan provides that on the effective date of the plan each  
5 holder of an allowed claim of a kind specified in sections 507(a)(2) of Title 11 will receive on account  
6 of such claim cash equal to the allowed amount of such claim;

7 F. Any regulatory or electoral approval necessary under applicable nonbankruptcy law in  
8 order to carry out any provision of the Third Amended Plan has been obtained, or such provision is  
9 expressly conditioned on such approval; and

10 G. The Third Amended Plan is in the best interests of creditors and is feasible.

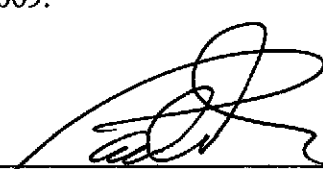
11 Now, therefore, based on the foregoing, it is hereby

12 ORDERED as follows:

13 1. The Third Amended Plan, in the form attached hereto, is hereby approved and  
14 confirmed in all respects.

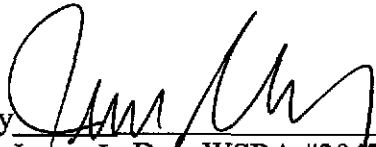
15 2. The stay of confirmation under Bankruptcy Rule 3020(e) shall not apply.

16 DATED this 17 day of December, 2009.

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19 \_\_\_\_\_  
HONORABLE PAUL B. SNYDER  
United States Bankruptcy Judge

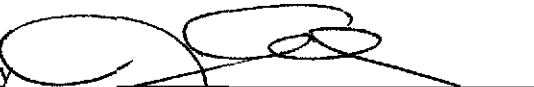
1 Presented by:

2 BUSH STROUT & KORNFIELD

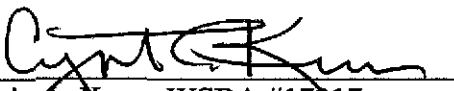
3   
4 By \_\_\_\_\_  
5 James L. Day, WSBA #20474  
6 Katriana L. Samiljan, WSEA #28672  
Attorneys for Debtor-in-Possession

7 Approved as to Form; Notice of  
8 Presentation Waived:

9 PFAU COCHRAN VERTETIS KOSNOFF, PLLC.

10   
11 By \_\_\_\_\_  
12 Darrell L. Cochran, WSBA #22851  
Jason P. Arnala, WSBA #37054  
Attorneys for Eagle's Watch Creditors

13 CROCKER KUNO PLLC

14  
15   
16 By \_\_\_\_\_  
17 Cynthia A. Kuno, WSBA #17217  
Attorneys for Unsecured Creditors Committee

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ORDER CONFIRMING THIRD AMENDED PLAN FOR  
ADJUSTMENT OF DEBTS OF PIERCE COUNTY HOUSING  
AUTHORITY – Page 3

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UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON

In re

PIERCE COUNTY HOUSING AUTHORITY  
603 S. POLK STREET  
TACOMA, WA 98445-0410  
TAX ID 91-1105806,  
Debtor.

No. 08-45227  
Chapter 9

THIRD AMENDED PLAN FOR  
ADJUSTMENT OF DEBTS OF PIERCE  
COUNTY HOUSING AUTHORITY

Pierce County Housing Authority, the debtor in the above-captioned chapter 9 bankruptcy case, proposes the following Third Amended Plan for Adjustment of Debts to section 941 of the Bankruptcy Code:

**ARTICLE I.  
DISCLOSURE STATEMENT**

The Debtor has filed a Disclosure Statement pursuant to sections 901(a) and 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b). The Disclosure Statement has been conditionally approved by the Bankruptcy Court without a hearing prior to this Plan being submitted to creditors. The Court shall consider final approval of the Disclosure Statement at the hearing on conformation of the Plan.

The Disclosure Statement provides useful information to aid and assist creditors in voting on the Plan. **YOU ARE URGED TO READ THE DISCLOSURE STATEMENT WITH CARE IN EVALUATING THE IMPACT OF THE PLAN UPON YOUR CLAIMS.**

**ARTICLE II.  
DEFINITION OF TERMS**

**A. Definitions.**

A term used in this Plan that is not defined below and that is defined in the Bankruptcy Code shall have the meaning ascribed in the Bankruptcy Code. When used in this Plan, the following terms shall have the meanings specified below, unless the context otherwise requires:

1. Adjacent Lot: That portion of certain real property situate in Pierce County, Washington, identified as parcel number 3950000240 and commonly known as 11002 Park Avenue South, Tacoma, Washington, that lies to the north of 110<sup>th</sup> Street South.
2. Administrative Expense Claim: An Allowed Claim entitled to priority under section 507(a)(2) of the Bankruptcy Code, including without limitation Claims incurred by the Debtor since the Petition Date that are allowed by the Court of a type described in section 503(b) of the Code.
3. Allowed Claim: Any Claim in the amount and of the priority classification set forth in the proof of such Claim that has been filed timely in the Bankruptcy Case, unless:
  - a. Such Claim has been objected to or is objected to after Confirmation, and no Final Order of the Bankruptcy Court by which such Claim is deemed an Allowed Claim has been entered; or,
  - b. Such Claim has been paid in full, withdrawn, or otherwise deemed satisfied in full.
4. Bankruptcy Case: The chapter 9 case pending before the Bankruptcy Court that was commenced by the Debtor, designated Case No. 08-45227.
5. Bankruptcy Code or Code: The Bankruptcy Code enacted November 6, 1978, as set forth in Title 11 of the United States Code, and as amended thereafter.
6. Bankruptcy Court or Court: The United States Bankruptcy Court for the Western District of Washington, at Tacoma, before which the Bankruptcy Case is pending, or if that Court ceases to exercise jurisdiction over the Bankruptcy Case, the Court that does exercise jurisdiction.
7. Bankruptcy Rules or Rule(s): The Federal Rules of Bankruptcy Procedure.
8. Bond Collateral Property: The real property and improvements that are encumbered in first position by the Bond Deed of Trust and secure repayment of the Bonds, commonly known as Brookridge Apartments; Chateau Rainier Apartments; deMark Apartments; Eagle's Lair Apartments; Eagle's Watch Apartments; Evergreen Court Apartments; Garden Court West Apartments; Hidden Village Apartments; Lakewood Village; Lonepine Apartments; Montgrove Manor; Oakleaf Apartments; and Village Square Apartments, each located in Pierce County, Washington.

1           9.     Bond Deed of Trust: That certain Deed of Trust, Assignment of Rents and Leases and  
2 Security Agreement, recorded in the real property records of Pierce County, Washington, on  
3 December 1, 1998, under Auditor's File No. 9812010137, that encumbers the Bond Collateral  
4 Property to secure repayment of the Bonds.

5           10.    Bond Indenture: That certain Master Trust Indenture, dated November 15, 1998,  
6 between the Debtor and the Indenture Trustee that relates to the Senior Housing Bonds and the  
7 Subordinate Housing Bonds.

8           11.    Bonds: The Senior Housing Bonds and/or the Subordinate Housing Bonds, as the  
9 context requires.

10          12.    Business Day: Any day except Saturday, Sunday or a "legal holiday" as defined in  
11 Bankruptcy Rule 9006(a).

12          13.    Cash: Cash or cash equivalents, including, but not limited to, bank deposits, wire  
13 transfers, checks, and other similar items.

14          14.    Claim: A claim against the Debtor as defined in § 101(5) of the Bankruptcy Code.

15          15.    Claimant: The legal holder of a Claim.

16          16.    Class: A class of Claims or Interests as defined in Article III of this Plan.

17          17.    Confirmation: The entry of the Order of Confirmation by the Bankruptcy Court.

18          18.    Debtor: Pierce County Housing Authority, whether prior to or following Confirmation.

19          19.    Disputed Claim: A Claim of an alleged Claimant as to which an unresolved objection  
20 has been filed by a party-in-interest.

21          20.    Distribution Account: A segregated, federally-insured bank account to be established  
22 by the Debtor into which all Recoveries shall be deposited for subsequent distribution to Class 5  
23 pursuant to the terms of this Plan.

          20. A Distribution Account Reserve: Until final distribution on Class 5 claims, fifty percent  
of all deposited Recoveries, or such lesser amount as the Post Confirmation Committee shall agree,  
will be held in the Distribution Account as a Reserve to provide for administrative expenses and costs.

          21.    Effective Date: The first Business Day following the day that the Order of  
Confirmation becomes a Final Order.

          22.    Final Order: An order or judgment of the Court as to which the time for appeal has  
expired without a notice of appeal having been filed or as to which any appeal therefrom has been  
resolved.

1           23.    General Claims Bar Date: January 29, 2009 at 4:00 p.m., prevailing Pacific Time, the  
2 last day for filing Proofs of Claim in the Bankruptcy Case, or such other date as may be established by  
3 the Court.

4           24.    Governmental Unit: A governmental unit within the meaning of 11 U.S.C. § 101(27).

5           25.    Indenture Trustee: U.S. Bank National Association, the indenture trustee under the  
6 Bond Indenture governing the Senior Housing Bonds and the Subordinate Housing Bonds.

7           26.    Insurance Claim(s): Without limitation, any rights, claims, or causes of action owned  
8 by, or accruing to the Debtor under any policies of insurance issued to or on behalf of the Debtor or  
9 under which the Debtor may otherwise be a beneficiary pursuant to any contract, statute, regulation or  
10 legal theory.

11           27.    Mold: Any of the various fungi commonly known as mold.

12           28.    Mold Claimants: All persons holding or asserting a Claim that is, in whole or in part,  
13 based upon damage to their person or their property as a result of exposure to or the presence of Mold.

14           29.    Mold Insurance: That certain policy of insurance, issued by Housing Authority Risk  
15 Retention Group, under which the Debtor was named insured that previously provided or purported to  
16 provide coverage for damages related to Mold.

17           30.    Net Proceeds: Gross proceeds less all fees, costs and expenses incurred in obtaining  
18 such gross proceeds, including without limitation attorney and other professional fees and expenses,  
19 real estate commissions and escrow fees

20           31.    Notice and Hearing: Proceedings as contemplated under Bankruptcy Code § 102(1).

21           32.    Order of Confirmation: The order of the Bankruptcy Court confirming the Plan  
22 pursuant to section 943(b) of the Bankruptcy Code.

23           33.    Orting Property: Orting Senior Citizens Apartments, a 20-unit senior's apartment  
24 complex in Orting, Washington, which is encumbered by a deed of trust in favor of the United States  
25 Department of Agriculture Rural Development

26           34.    Person: An individual, partnership, corporation, limited liability company, trust or  
27 other entity.

28           35.    Petition Date: October 13, 2008, the date upon which the Debtor commenced the  
29 Bankruptcy Case.

30           36.    Plan: This Plan in its present form or as it may be amended or modified from time to  
31 time pursuant to order of the Bankruptcy Court.

1           37.    Proof of Claim: Evidence of a Claim consisting of a completed Official Form 10  
2 (available at <http://www.uscourts.gov/bankform/formb10new.pdf>) and supporting documents that has  
3 been filed with the Bankruptcy Court prior to the Claims Bar Date.

4           38.    Pro Rata: Proportionally so that the ratio of the amount distributed on account of a  
5 particular Allowed Claim to the amount of such Allowed Claim is the same as the ratio of the amount  
6 distributed on account of all Allowed Claims in the Class of which such particular Allowed Claim is a  
7 member to the total amount of all Allowed Claims in such Class.

8           39.    Post-Confirmation Committee: The Official Unsecured Creditors Committee  
9 following Confirmation.

10           39 A. Post-Confirmation Committee's Designee. Such individual or entity as the Official  
11 Unsecured Creditors' Committee shall appoint to act for and on behalf of the Post-Confirmation  
12 Committee.

13           40.    Post-Confirmation Debtor: The Debtor following the Effective Date of the Plan.

14           41.    Recoveries: Net Proceeds from (i) recoveries on Avoidance Claims; (ii) recoveries on  
15 Insurance Claims; and (iii) the sale of the Adjacent Lot. All Recoveries shall be deposited into the  
16 Distribution Account.

17           42.    Rights of Action: Any rights, claims, or causes of action owned by, accruing to, or  
18 assigned to the Debtor pursuant to the Bankruptcy Code or pursuant to any contract, statute, regulation  
19 or legal theory, including without limitation any rights to, claims, or causes of action for recovery  
20 under any policies of insurance issued to or on behalf of the Debtor.

21           43.    Secured Claim: An Allowed Claim that is a secured claim against the Debtor  
22 determined in accordance with § 506(a) of the Bankruptcy Code or deemed a secured claim pursuant  
23 to the Plan.

          44.    Senior Housing Bonds: Senior Pooled Housing Refunding Revenue Bonds of the  
Debtor that were issued in 1998 in the original amount of \$31,140,000 and are governed by the Bond  
Indenture.

          45.    Subordinate Housing Bonds: Subordinate Pooled Housing Refunding Revenue Bonds  
of the Debtor that were issued in 1998 in the original amount of \$3,030,000 and are governed by the  
Bond Indenture.

          46.    Supplemental Claims Bar Date: September 18, 2009, the last day for Mold Claimants  
to file Proofs of Claim in the Bankruptcy Case.

          47.    Unsecured Claim: An Allowed Claim that is not an Administrative Expense Claim or  
a Secured Claim.

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**B. Rules of Interpretation.**

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

2. Captions, titles or heading preceding any article, section or subsection herein, and any table of contents or index attached hereto, are solely for convenience of reference and are not part of the Plan and shall not affect its meaning, construction or effect.

3. Terms such as “herein,” “hereunder,” “hereby,” “hereto” and “hereof” refer to the Plan as a whole and not to any particular section hereof unless so indicated; “heretofore” and “hereafter” mean before and after the date of adoption of the Plan.

4. Words importing any gender include masculine, feminine and neuter genders, where applicable.

5. Words importing the singular number include the plural number, and vice versa, unless the context requires otherwise.

**ARTICLE III.  
CLASSIFICATION OF CLAIMS AND INTERESTS**

All Claims against the Debtor are classified as set forth herein. A Claim is in a particular Class only to the extent it qualifies within the definition of such Class and is in a different Class to the extent it qualifies within the definition of such different Class.

1. Class 1: Secured Claim of Indenture Trustee
2. Class 2: Secured Claim of USDA Rural Development
3. Class 3: Secured Claim of Les and Diana Froembling
4. Class 4: Unsecured Claim of Good Samaritan Healthcare, Inc.
5. Class 5: Unsecured Claims Other Than Class 4 Claims

**ARTICLE IV.  
PROVISIONS FOR SATISFYING CLAIMS AND SPECIFYING  
TREATMENT OF EACH CLASS UNDER THE PLAN**

The treatment of all Allowed Claims and Allowed Interests shall be as follows:

1     **A.     Unclassified Claims.**

2             1.     Administrative Expense Claims. Pursuant to section 943(b)(5) of the Bankruptcy  
3 Code, each Administrative Expense Claim shall be paid in full not later than sixty (60) days following  
4 the Effective Date or upon entry of a Final Order allowing such Claim, whichever shall occur later, or  
5 upon such terms no less favorable to the Debtor as the Debtor and Claimant may agree.

6             2.     Trade/Ordinary Course of Business Expense Claims. All Claims that have been, are,  
7 or will be incurred by the Debtor after the Petition Date in the ordinary course of business that would  
8 otherwise be entitled to priority under sections 503(b) and 507(a)(2) of the Code shall be paid when  
9 and as incurred, or upon such ordinary invoicing terms to which the Debtor and Claimant may agree.

10            3.     Professional Claims. Professional Claims are Claims for amounts paid or to be paid  
11 for services or expenses in the Bankruptcy Case or incident to the Plan. Pursuant to section 943(a)(3)  
12 of the Bankruptcy Code, all Professional Claims must be approved by the Bankruptcy Court as  
13 reasonable and that, upon approval PCHA or its agent will pay to each holder of a Professional Claim,  
14 in full satisfaction, release and discharge of such claim, cash in an amount equal to that portion of  
15 such claim that the Bankruptcy Court approves as reasonable (except to the extent such claim  
16 previously has been paid or satisfied) on or as soon as reasonably practicable following the date on  
17 which the Bankruptcy Court order determining such reasonableness becomes a Final Order.

18     **B.     Classified Claims and Interests.**

19             1.     Class 1: Secured Claim of Indenture Trustee

20             a.     Identification and Allowance of Class 1 Claim. Class 1 consists of the Secured  
21 Claim of the Indenture Trustee for amounts owing on the Senior Housing Bonds and the Subordinate  
22 Housing Bonds pursuant to the Bond Indenture. The Class 1 Claim is secured by the Bond Collateral  
23 Property pursuant to the Bond Deed of Trust and by a pledge of substantially all the Debtor's revenues  
derived from any source. As of the date of this Plan, the Debtor had timely and fully performed all  
obligations owing to the holder of the Class 1 Claim. The Class 1 Claim shall be allowed upon  
Confirmation in an amount to which the Debtor and the Claimant agree and the Court approves in  
connection with the entry of the Order of Confirmation.

              b.     Retention of Security Interest. The holder of the Class 1 Claim shall retain all  
of its liens, rights, and interests in the Bond Collateral Property following Confirmation, except as  
specifically modified pursuant to this Plan.

              c.     Payment Terms. The Class 1 Claim shall be paid in full pursuant to the terms  
and conditions of the Bond Indenture, provided, however, that the Bond Indenture shall be deemed to  
be modified as follows: The definition of "Reserve Requirement" as set forth in Section 1.1 of the  
Bond Indenture shall be amended to read as follows:

1 Reserve Requirement means, at any time, with respect to the Senior Bonds, an amount  
2 equal to the maximum annual debt service for the current or any future Fiscal Year on  
3 all Senior Bonds then Outstanding less the sum of \$318,000, and with respect to the  
4 Subordinate Bonds, an amount equal to the maximum annual debt service for the  
5 current and all future Fiscal Years on all Subordinate Bonds then Outstanding less the  
6 sum of \$32,000.

7 Notwithstanding any language to the contrary in the Bond Indenture, the provisions of this Plan shall  
8 not constitute or create an event of default, and the holder of the Class 1 Claim shall otherwise not  
9 have available to it any remedies for a default on account of the treatment of Class 1 as herein  
10 provided. No interest shall accrue on such deferred payments. Subject to any other provisions of this  
11 Plan of general application, all other terms and conditions of the Bond Indenture shall remain  
12 unchanged and in full force and effect and the Debtor shall fully and timely perform all such other  
13 terms and conditions.

14 d. Impairment and Voting. Class 1 is impaired under the Plan. The holder of  
15 Class 1 Claim is entitled to vote to accept or reject this Plan.

16 2. Class 2: Secured Claim of USDA Rural Development

17 a. Identification and Allowance of Class 2 Claim. Class 2 consists of the Secured  
18 Claim of USDA Rural Development for amounts owing in connection with financing secured by the  
19 Orting Property. The Class 2 Claim is evidenced by, among other documents, (i) a Multifamily  
20 Housing Promissory Note, dated December 1, 2000, in the original principal amount of \$528,488 and  
21 with a current balance of \$467,987.57, and (ii) a Multifamily Housing Assumption Agreement, dated  
22 December 1, 2000, pursuant to which PCHA assumed an obligation of Orting Senior Citizens  
23 Partnership to Rural Development in the amount of \$167,593 and having a current balance of  
\$151,426.98 (together, the "Rural Development Loan Documents"). The Class 2 Claim secured by a  
first position security interest in the Orting Property. As of the date hereof, the balance owing on the  
Class 2 Claim was \$619,414. As of the date of this Plan, the Debtor had timely and fully performed  
all obligations owing to the holder of the Class 2 Claim. The Class 2 Claim shall be allowed upon  
Confirmation in an amount to which the Debtor and the Claimant and the Court approves in  
connection with the entry of the Order of Confirmation.

b. Retention of Security Interest. The holder of the Class 2 Claim shall retain each  
of its liens, rights, and interests in the Orting Property following Confirmation, except as specifically  
modified pursuant to this Plan or by applicable provisions of the Bankruptcy Code.

c. Payment Terms. The Class 2 Claim shall be paid in full pursuant to the terms  
and conditions of the Rural Development Loan Documents. Subject to any other provisions of this  
Plan of general application, all terms and conditions of the Rural Development Loan Documents shall  
remain unchanged and in full force and effect.

d. Impairment and Voting. Class 2 is impaired under the Plan. The holder of  
Class 2 Claim is entitled to vote to accept or reject this Plan.

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3. Class 3: Secured Claims of Les and Diana Froembling

3 a. Identification and Allowance of Class 3 Claim. Class 3 consists of the Secured  
4 Claim of Les and Diana Froembling. The Class 3 Claim is evidenced by a Promissory Note (the  
5 "Froembling Note"), dated July 11, 2008, in the original principal amount of \$1,000,000, and is  
6 secured by that certain Deed of Trust, dated July 12, 2008, and recorded in the real property records of  
7 Pierce County, Washington, on July 16, 2008, under Auditor's File No. 200807160549 (the  
8 "Froembling Deed of Trust") that encumbers Parcel Nos. 0319053128, 0319053156 and 0319053132,  
9 Pierce County, Washington. As of the Petition Date, the principal balance owing on the Class 3  
10 Claim was \$995,562.18. As of the date of this Plan, the Debtor had timely and fully performed all  
11 obligations owing to the holder of the Class 3 Claim. The Class 3 Claim shall be allowed upon  
12 Confirmation in an amount to which the Debtor and the Claimant agree and the Court approves in  
13 connection with the entry of the Order of Confirmation.

8 b. Retention of Security Interest. The holder of the Class 3 Claim shall retain each  
9 of its liens, rights, and interests granted pursuant to the Froembling Deed of Trust following  
10 Confirmation, except as specifically modified pursuant to this Plan or by applicable provisions of the  
11 Bankruptcy Code.

11 c. Payment Terms. The Class 3 Claim shall be paid in full pursuant to the terms  
12 and conditions of the Froembling Note and the Froembling Deed of Trust. Subject to any other  
13 provisions of this Plan of general application, all terms and conditions of the Froembling Note and the  
14 Froembling Deed of Trust shall remain unchanged and in full force and effect.

14 d. Impairment and Voting. Class 3 is impaired under the Plan. The holder of  
15 Class 3 Claim is entitled to vote to accept or reject this Plan.

15 4. Class 4: Unsecured Claim of Good Samaritan Healthcare, Inc.

16 a. Identification and Allowance of Class 4 Claim. Class 4 is comprised of the  
17 Unsecured Claim of Good Samaritan Healthcare, Inc. ("Good Samaritan"). Prior to the Petition Date,  
18 Good Samaritan leased a series of apartments from the Debtor at the Eagle's Watch Apartments in  
19 Puyallup, Washington, and in turn subleased these apartments to certain of its clients who are under  
20 its care pursuant to one of its health and safety and/or case management programs. Four of these sub-  
21 tenants are Mold Claimants and plaintiffs in litigation against the Debtor in Pierce County Superior  
22 Court, and named Good Samaritan as a defendant in that matter based on its landlord relationship. As  
23 a result, Good Samaritan incurred both legal fees and costs in defending these claims and also  
24 contributed to the settlement of some of them. The Debtor previously agreed to indemnify Good  
25 Samaritan for these costs pursuant to an Indemnification and Hold Harmless Agreement, dated April  
26 19, 2007. Good Samaritan asserts a claim in the approximate amount of \$130,000, and continues to  
27 hold setoff rights in connection with its status as a lessee going forward. The Class 4 Claim shall be  
28 allowed upon Confirmation in an amount to which the Debtor and the Claimant agree and the Court  
29 approves in connection with the entry of the Order of Confirmation.

1           b.     Payment Terms. The holder of the Class 4 Claim shall be paid in full.  
2 Payments against the Class 4 Claim shall be made monthly commencing in the sixth (6<sup>th</sup>) full month  
3 following Confirmation in the form of a credit against rent and other amounts that would otherwise be  
4 due and payable to the Debtor in connection with Good Samaritan's lease of apartment units from the  
Debtor up to a maximum of \$2,000 in any month. The Debtor and Good Samaritan shall otherwise  
comply with all other terms and conditions in any relevant lease or other agreement governing Good  
Samaritan's rights and obligations as a tenant.

5           c.     Impairment and Voting. Class 4 is impaired under the Plan. The holder of  
6 Class 4 Claim is entitled to vote to accept or reject this Plan.

7           5.     Class 5: Unsecured Claims Other Than Class 4 Claims.

8           a.     Identification of Class 5 Claims. Class 5 is comprised of all Unsecured Claims  
9 that are not more specifically described in Class 4 (Unsecured Claim of Good Samaritan Healthcare,  
10 Inc.). **Class 5 includes but is not limited to the Unsecured Claims of Mold Claimants.**

11           b.     Payment Terms. All payments to holders of Allowed Claims under Class 5  
12 shall be made solely from the Distribution Account to the extent of funds in such account. Holders of  
13 Allowed Claims in Class 5 shall be offered alternative payment terms, as set forth below.

14           (1)    Alternative A: Each holder of an Allowed Claim in Class 5 may elect to  
15 be treated under this Alternative A. Under Alternative A, each Claimant will receive a one-  
16 time cash payment equal to the lesser of \$1,000.00 or the amount of the Allowed Claim in full  
17 and complete satisfaction of their Claim. Payments under Alternative A shall be paid pursuant  
18 to the following procedures:

- 19           • Each holder of an Allowed Claim in Class 5 that desires to be treated under the  
20 Alternative A must make an election for such treatment in conjunction with  
21 completing the ballot on approval of the Plan.
- 22           • Payments to Claimants that validly elect treatment under Alternative A shall be  
23 paid from the Distribution Fund (a) after payment of the professional fees and  
expenses of the Post-Confirmation Committee; (b) in advance of any  
distributions to Claimants electing treatment under Alternative B; (c) on a Pro  
Rata basis if funds are insufficient to pay all such Claims in full, and (d) within  
five (5) Business Days of the earlier of the date that (i) the funds in the  
Distribution Account are sufficient to pay in full all Claimants electing  
treatment under Alternative A, or (ii) all recoverable assets have been  
liquidated.

24           (2)    Alternative B: Each holder of an Allowed Claim in Class 5 who  
25 (i) elects treatment under Alternative B, or (ii) returns a ballot rejecting the Plan, or (iii) does  
26 not return a ballot shall be treated under this Alternative B. Payments under Alternative B, if  
27 any, shall be paid pursuant to the following procedures and priorities:

- 1 • Each Claimant under Alternative B shall be eligible to receive a payment up to
- 2 the total amount of such Claimant's Allowed Claim.
- 3 • A single distribution under Alternative B shall be made promptly following
- 4 completion of all efforts to obtain each of the Recoveries, except as provided
- 5 below.
- 6 • No distributions to Claimants electing treatment under Alternative B shall be
- 7 made until all Claimants electing treatment under Alternative A have been paid
- 8 in full.
- 9 • In the event there are insufficient funds available in the Distribution Account on
- 10 the Alternative B Distribution Date to pay all Claims electing treatment under
- 11 Alternative B in full, then each Claimant shall receive their Pro Rata share of
- 12 such funds in full and complete satisfaction of their Claim.

13 c. Impairment and Voting. Class 5 is impaired under the Plan. The holders of the

14 Class 5 Claims are entitled to vote to accept or reject this Plan.

15 **C. Notice Regarding Minor Claimants.**

16 The Debtor is aware that some Claimants may be minor children. It shall be the duty of

17 counsel of record for any such Claimants to determine whether the representation, participation or

18 other involvement of a guardian ad litem on behalf of such Claimants shall be necessary, advisable or

19 appropriate and, if so, to secure that representation, participation or involvement. The Debtor does not

20 undertake, and specifically disclaims any obligation, to make such a determination, or to secure the

21 representation, participation or other involvement of a guardian ad litem for any purpose, and the

22 failure of counsel of record to fulfill such duty, or if for any other reason a guardian ad litem does not

23 participate in this Bankruptcy Case prior to Confirmation, then (i) the validity of the Plan and the

Confirmation process, including without limitation the balloting on the Plan, shall be unaffected, and

(ii) no claims, rights, defenses, or causes of action shall accrue in favor of any person on the basis of

the non-participation of a guardian ad litem. The Debtor shall request a finding of the Court that the

interests represented by guardians who are Claimants in this Case are sufficiently congruent to the

interests of any such minor children herein, and that appointment of a guardian ad litem is not required

under applicable law.

**D. Confirmation Notwithstanding Class Rejections.**

The Debtor believes that the Plan satisfies the applicable requirements for confirmation as set

forth in Code §§ 943, 1129(a)(2), 1129(a)(3), 1129(a)(6), and 1129(a)(10). Accordingly, the Debtor

will and hereby does request that the Bankruptcy Court confirm this Plan in accordance with those

portions of section 1129(b) of the Bankruptcy Code that are applicable to the Bankruptcy Case in the

event that an impaired Class of Claims rejects this Plan, on the basis that this Plan is fair and equitable

and does not discriminate unfairly with respect to any non-accepting impaired Class.

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**ARTICLE V.**  
**CLAIMS OBJECTIONS AND TREATMENT OF DISPUTED CLAIMS**

**A. Administration of Claims.**

Except as otherwise provided for herein, each Claim shall be allowed or disallowed, as the case may be, in such amount as the Court shall determine, whether prior to or following Confirmation, and whether pursuant to this Plan or otherwise, upon such notice as the Bankruptcy Court or Bankruptcy Rules shall permit or require, except that: (i) after the Effective Date, the Post-Confirmation Debtor may settle or compromise any controversies regarding Claims without notice or further order of the Court; and (ii) pursuant to Bankruptcy Code § 502(d), any Claims held by an entity from which property is recoverable under Code §§ 542, 543, 550, or 553, or that is a transferee of a transfer avoidable under §§ 522(f), 522(h), 544, 545, 547, 548, or 549 are deemed disallowed and the holder thereof may not vote to accept or to reject the Plan unless such entity or transferee has paid the amount, or turned over any such property, for which such entity or transferee is liable under §§ 522(i), 542, 550, or 553 of the Bankruptcy Code. *The deadline for the filing of objections to Claims shall be the ninetieth (90<sup>th</sup>) day following the Supplemental Claims Bar Date, or December 17, 2009.*

**B. Affirmative Claims, Defenses and Counterclaims Assigned to Post-Confirmation Debtor.**

On the Effective Date, the Debtor shall be deemed to have assigned to the Post-Confirmation Debtor, and the Post-Confirmation Debtor shall be deemed to have acquired and become the successor to, all defenses, counterclaims and setoffs, whether equitable or legal, of the Debtor to Claims held or asserted to be held against the Debtor, and all claims of the Debtor for relief against any other party. Any objection to Claims must be filed and served in accordance with Bankruptcy Rule 3007; provided, however, that the foregoing limitations do not apply to any claims filed subsequent to Confirmation.

**C. No Distribution on Disputed Claims.**

Notwithstanding any provision of the Plan specifying the time for payment of distributions to holders of Claims, no payment or distribution shall be made to the holder of any Claim until the time such Claim has been determined to be an Allowed Claim. Notwithstanding the existence of a Disputed Claim in a Class to which a distribution under this Plan is due, such distribution to other creditors shall not be affected by any delay in the resolution of the Disputed Claim. Upon the allowance of any Disputed Claim, the holder shall be paid the amount that such holder would have received had its Claim been an Allowed Claim on the Effective Date.

**D. No Waiver or Limitation of Rights of Action.**

The failure to list in the Disclosure Statement or the Plan any potential or existing Right of Action generally or specifically is not intended to and shall not limit the rights of the Debtor to pursue any such action. Unless a Right of Action is expressly waived, relinquished, released, compromised or

1 settled in this Plan or otherwise by entry of a Final Order of the Bankruptcy Court, the Debtor  
2 expressly reserves all Rights of Action for later adjudication and, as a result, no preclusion doctrine,  
3 including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel  
(judicial, equitable or otherwise) or laches, shall apply to such Rights of Action upon or after the  
confirmation or consummation of this Plan or the Effective Date.

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

6 **A. Assumption of Executory Contracts And Unexpired Leases.**

7 The Plan constitutes a motion by the Debtor to assume all executory contracts and unexpired  
8 leases of the Debtor that existed as of the Petition Date that have not expired or terminated by their  
9 own terms as of the Effective Date, other than those leases to be rejected under Section VI.C below.  
10 The Debtor is the beneficiary under a number of contracts and other agreements with public and  
11 private funding entities that provide grant funding and other subsidies critical to the Debtor's  
operations, and each such contract is hereby assumed. Subject to the occurrence of the Effective Date,  
entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of and  
authorization for the assumption of such executory contracts and unexpired leases pursuant to section  
365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in  
the best interest of the Debtor and all parties in interest in the Bankruptcy Case.

12 **B. Cure Payments; Bar Date For Assertion Of Claims For Cure Payments.**

13 The Debtor does not believe that any amounts are necessary to be paid in order to cure any  
14 existing defaults or arrearages under the executory contracts and unexpired leases to be assumed  
pursuant to Section VI.A. **Any party to such an executory contract or unexpired lease that  
15 asserts that any payment or other performance is due in connection with the proposed  
16 assumption of such agreement in accordance with this Plan must file with the Bankruptcy Court  
and serve upon the Debtor a written statement and accompanying declaration in support  
17 thereof specifying the basis for its claim within the same deadline and in the manner established  
for filing objections to confirmation of this Plan. The failure to timely file and serve such a  
18 statement will waive any and all objections to the proposed assumption and any claim for cure  
amounts of the agreement at issue.** The Bankruptcy Court shall retain jurisdiction to resolve all  
19 disputes regarding (a) the amount of any cure payment to be made pursuant to this Section; (b) the  
ability of the Debtor to provide "adequate assurance of future performance" within the meaning of  
20 section 365 of the Bankruptcy Code under the contract or lease to be assumed; and (c) any other  
matter pertaining to such assumption.

21 **C. Motion to Reject Leases and Terminate Tenancies.**

22 The Plan constitutes a motion by the Debtor to reject all unexpired leases and tenancies  
of Claimants set forth in Exhibit A hereto. Each such Claimant is a month-to-month tenant  
with the Debtor, and such rejection would be effective sixty (60) days following the Effective  
23 Date. Each such Claimant shall have the option of moving to another of the Debtor's

1 affordable housing facilities (any such facility other than the Eagle's Watch facility), so long  
2 as such Claimant can satisfy ordinary and customary screening requirements. In addition, each  
3 such Claimant shall be paid a move-out allowance in the amount of \$1,500.00 that shall be due  
4 and payable within two (2) business days of the transfer of possession of the unit to the  
5 Debtor. In addition to the move-out allowance, any claim arising from the rejection of a lease  
6 or tenancy under this Section VI.C shall be treated under Alternative B of Class 5 to the extent  
7 it is an Allowed Claim. Any entity holding such a claim pursuant to this Section VI.C must  
8 file a Proof of Claim with the Bankruptcy Court within one hundred twenty (120) days after  
9 the Effective Date. The failure of any such entity to file a Proof of Claim within the specified  
10 time period will result in the disallowance of such claim.

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**ARTICLE VII.**  
**MEANS FOR EXECUTION OF THE PLAN**

**A. General Terms.**

As detailed below, the Debtor will continue to operate in the ordinary course of business following the Effective Date. The Debtor will sell the Adjacent Lot and assign certain existing or alleged claims for which insurance coverage may exist to the Post-Conformation Committee, the Net Proceeds from which claims shall be deposited in the Distribution Account.

**B. Post-Confirmation Operations.**

Following Confirmation, the Debtor shall continue to own, control, manage and operate its various housing properties, administer Section 8 housing programs and otherwise operate to fulfill its mission following the Effective Date in the ordinary course of business.

**C. Creation and Funding of Distribution Account; Distributions.**

As soon as is practicable following the Effective Date, the Debtor shall open and establish the Distribution Account into which all Recoveries shall be deposited promptly upon receipt. The funds shall be deposited with a financial institution capable of providing the adequate insurance for the funds and yielding a market rate of return pending distribution to creditors. No other funds shall be deposited into the Distribution Account, and no Recoveries shall be deposited other than into the Distribution Account, and under no circumstances shall any payments to creditors come from any source other than funds required to be deposited in the Distribution Account. Without limiting the generality of the foregoing, funding from grants, subsidies, loans, bequests, donations, income from properties, proceeds from sales, or other revenues or monies from any source shall not be available for distribution to Claimants under any circumstances.

The Post-Confirmation Debtor, or its designee, shall act as disbursing agent for payments and distributions due under the Plan, including payments made from the Distribution Account, and no bond shall be required for such disbursing agent. All interest earned on the Distribution Account shall be added to the Distribution Account for distribution to Class 5 Creditors. The Post-Confirmation Debtor or its designee shall have authority to distribute the funds at any time after all objections to Class 5 claims

1 have been resolved and no appeals are pending. Notwithstanding the foregoing, the Debtor shall not be  
2 obligated to make a general distribution to creditors if the funds to be distributed total less than \$25,000,  
3 provided, however, that if the Post-Confirmation Committee advises the Debtor in writing that all  
4 assets have been liquidated or otherwise administered and no further funds will be available for  
5 distribution, the Debtor shall promptly distribute the remaining funds in the Distribution Account as  
6 directed by the Post-Confirmation Committee in writing.. This last limitation shall not apply to  
7 distributions made to pay professional fees and expenses otherwise payable from the Distribution Fund.

8 **D. Post-Confirmation Committee.**

9 After the Effective Date, the Unsecured Creditors Committee, shall continue in existence and  
10 shall act as fiduciaries for all creditors holding Allowed Class 5 Claims. The Post-Confirmation  
11 Committee shall be authorized to employ and compensate attorneys, accountants and other  
12 professional persons following Confirmation upon Notice and Hearing, and the provisions of 11  
13 U.S.C. §§ 328 and 1103 shall apply to the employment and compensation of each such professional  
14 person. The administrative and professional expenses of the Post-Confirmation Committee shall be  
15 payable solely from the Distribution Account.

16 **E. Sale of Adjacent Property.**

17 Promptly following the Effective Date, the Post-Confirmation Debtor shall list the Adjacent  
18 Property for sale with an experienced listing agent at a listing price consistent with obtaining the  
19 highest return for the property in a reasonable period of time. Because the Adjacent Property is a  
20 portion of a larger parcel that includes a building and other improvements that the Debtor must retain,  
21 any sale shall be subject to the completion of a lot line adjustment to be obtained and paid for by the  
22 buyer, and the sale listing will so specify. The Post-Confirmation Debtor shall, in consultation with  
23 the Post-Confirmation Committee, be authorized to negotiate and close a sale of the Adjacent  
Property, and pay all costs and expenses from closing for which the seller is customarily responsible  
(including real estate commissions, escrow fees and legal expenses specifically allocable to the sale)  
without further notice, order of the Court or other authority. All Net Proceeds from the sale of the  
Adjacent Lot shall be deposited in the Distribution Account for distribution to Claimants pursuant to  
the terms of this Plan.

**F. Administration and Assignment of Claims.**

Upon the Effective Date, all Insurance Claims shall be administered by the Post-Confirmation  
Committee and consistent therewith all extensions of time in 11 U.S.C. 108 shall apply. The Post-  
Confirmation Committee, in its discretion, may administer, pursue, or abandon any or all Insurance  
Claims.

Promptly following the Effective Date, the Post-Confirmation Debtor shall take all steps  
reasonably necessary to facilitate the administration of the Insurance Claims by the Post-Confirmation  
Committee, and shall cooperate in ensuring that no legal rights thereunder are impaired, including if  
requested by the Post-Confirmation Committee, making an initial tender on the claim. In addition:

- 1 • The administration contemplated hereunder shall be at no cost to the Debtor (other than  
2 fees and costs associated with the Confirmation of this Plan), nor shall the  
3 administration cause the Debtor to incur any fees, costs or expenses following  
4 Confirmation, and the Debtor specifically disclaims any obligation to pay any such  
5 fees, costs or expenses.
- 6 • All fees and expenses incurred in connection with this Section VII.F shall be paid  
7 solely from amounts recovered hereunder and not from any other source.
- 8 • The administration shall be specifically limited to, and the sole source of recovery for  
9 any Insurance Claims shall be, the proceeds of an applicable policy of insurance, if  
10 any, or the proceeds of any claims arising from an applicable policy of insurance, if  
11 any, and no recovery of any sort shall be had or available from the Debtor, and the  
12 Order of Confirmation shall specifically so provide.
- 13 • All Net Proceeds from the Insurance Claims shall be deposited in the Distribution  
14 Account for distribution to Claimants pursuant to the terms of this Plan.
- 15 • The Debtor shall cooperate with the Post-Confirmation Committee in pursuing the  
16 Insurance Claims. The Post-Confirmation Committee may incur fees and expenses in  
17 pursuit of the Insurance Claims so long as those fees and expenses are not charged to  
18 the Debtor.

19 **G. Reservation of Claims.**

20 In addition to Insurance Claims, to the extent based on events or conduct that occurred prior to  
21 the Petition Date, the following rights, claims and causes of action of the Debtor (collectively,  
22 "Causes of Action") are reserved for, and shall be administered by, the Post-Confirmation Committee:  
23 (i) any Causes of Action against the Debtor's former counsel for malpractice, violations of the  
Washington Rules of Professional Conduct, or damages under the Public Records Act; (ii) alleged  
Causes of Action against Pierce County, Washington, and/or its insurance policies or self-insurance  
fund for coverage of claims asserted against the Debtor, and consistent therewith all extensions of  
time in 11 U.S.C. 108 shall apply; (iii) any claims or causes of action that the Post-Confirmation  
Committee determines must be filed in order to trigger insurance that would give rise to an Insurance  
Claim; and, (iv) any and all Causes of Action under Chapter 5 of the Bankruptcy Code.

Following the Effective Date, the Post-Confirmation Committee may investigate, prosecute  
and/or settle all such Causes of Action as the Post-Confirmation Committee in its judgment deems  
appropriate, and may commence adversary proceedings against persons or entities to realize upon  
such Causes of Action retained. In connection with the reservation of such Causes of Action, the  
Debtor expressly (a) disclaims any warranty or representation of any kind as to the existence, validity  
or merits of any Causes of Action reserved pursuant to this Section VII.G, and (b) does not waive,  
specifically and expressly retains all rights pursuant to, and reaffirms its duties and obligations under,  
any and all exclusions, exceptions, privileges or obligations related to the disclosure of information  
and the preservation of confidential information, including without limitation the attorney/client

1 privilege, the work product doctrine, and duties and obligations under any law or regulation governing  
2 confidential information, including without limitation the HUD Privacy Act, and nothing herein shall  
3 be deemed or interpreted as effecting an assignment to any third party of control or ownership of such  
4 exclusions, exceptions or privileges. The Debtor shall cooperate with the Post-Confirmation  
5 Committee in its pursuit of the Causes of Action that are reserved to the Post-Confirmation  
6 Committee, and the parties shall act reasonably to resolve any issues that arise as to the Debtor's  
7 assertion of privilege or confidentiality. The intent of this provision is to protect the exclusions,  
8 exceptions or privileges of the Debtor, while at the same time allowing the Post-Confirmation  
9 Committee to pursue the Causes of Action. The Court shall retain jurisdiction over this matter to  
10 resolve any disputes between the parties. The Net Proceeds from any amounts recovered on claims  
11 under this Section VII.G (after payment of the costs and expenses of obtaining such recoveries) shall  
12 be deposited in the Distribution Account for distribution to Claimants pursuant to the terms of this  
13 Plan.

8 **H. Waiver of Claims Against Certain Tenants.**

9 The Debtor holds various claims against a number of tenants and former tenants, including  
10 claims for unpaid rent and property damage. Notwithstanding anything to the contrary herein,  
11 including Section VII.G above, all claims against those tenants listed in Exhibit A hereto shall be  
12 deemed waived and released as of the Effective Date.

11 **I. Exemption from Real Estate Excise Taxes.**

12 Pursuant to WAC 458-61A-207, the sale of the Adjacent Lot shall be exempt from the  
13 imposition of any real estate excise tax that would otherwise be payable under RCW 82.45.060 and/or  
14 other applicable law.

15 **ARTICLE VIII.**  
**MISCELLANEOUS PROVISIONS**

16 **A. Unmarked Ballots.**

17 Executed ballots respecting the Plan returned by creditors to the Debtor that do not indicate  
18 acceptance or rejection of the Plan shall be deemed and counted as acceptances of the Plan.

19 **B. Unnegotiated Distribution Checks.**

20 Pursuant to § 347 of the Bankruptcy Code, if a check issued in payment of a Claim has not  
21 been negotiated by the relevant Claimant one hundred twenty (120) days after its distribution, the  
22 Post-Confirmation Debtor shall stop payment on any such check and the funds shall be deemed  
23 returned to the Post-Confirmation Debtor. From and after the date the Post-Confirmation Debtor  
stops payment on any distribution check pursuant to this paragraph, such Claimant shall be entitled to  
receive no further distributions on account of his claim and such holder's Allowed Claim shall  
thereupon be deemed satisfied in full.

1 **C. Mailing List; Returned Distribution Checks.**

2 The official listing of creditor identities and mailing addresses is maintained by the Clerk of  
3 the Bankruptcy Court, United States Bankruptcy Court, 700 Stewart St., #6301, Seattle, WA 98101-  
4 1271, telephone: 206-370-5200 (the "Official Mailing List"). It shall be the obligation of each  
5 creditor and/or party in interest to assure that the Official Mailing List is current and accurate as to  
6 each such person or entity. In the event that a distribution check that has been properly posted to the  
7 creditor's address as set forth in the Official Mailing List is returned as undeliverable by the United  
8 States Postal Service, the Post-Confirmation Debtor shall be authorized, but not required, to void such  
9 check, the applicable funds shall be deemed returned to the Post-Confirmation Debtor, and the claim  
10 of such creditor being deemed satisfied in full.

7 **D. Employment of Professional Persons.**

8 The Post-Confirmation Debtor shall be authorized to employ and compensate attorneys,  
9 accountants and other professional persons following Confirmation upon such terms as the Post-  
10 Confirmation Debtor deems reasonable and appropriate without further notice or order of the Court.

10 **E. Treatment of Negotiable Instruments.**

11 Any negotiable instrument held by the holder of an Allowed Claim shall be deemed  
12 exchanged, canceled or satisfied, as the case may be, on the Effective Date.

13 **F. Implementation of Standard Document Retention Policies.**

14 Except as may be otherwise agreed by the Committee to allow the Debtor to destroy  
15 documents earlier, the Debtor shall not resume its normal and customary document storage policies <sup>CE</sup>  
16 until ninety (90) days after the Effective Date. Notwithstanding the above provision, the Debtor shall  
17 provide thirty (30) days' written notice to counsel for the Post-Confirmation Committee of its intent <sup>MA</sup>  
18 to destroy the following documents: (1) documents related to the Eagles Watch apartment complex, <sup>CPD</sup>  
19 including maintenance records and tenant files; (2) documents related to its Board of Commissioners  
20 including executive sessions and its Executive Committee; (3) documents related to insurance;  
21 (4) documents related to meetings of its commissioners and/or ~~commissioners and~~ officers; and  
22 (5) financial information contained in the Debtor's database. The Post-Confirmation Committee shall  
23 then have thirty (30) days to notify the Debtor that it wants to review any such information or  
documents, and another thirty (30) days from such notice to review the same and request the same or  
copies of the same. If the Debtor chooses to retain the original information or documents, the Post-  
Confirmation Committee shall make arrangements to have the same copied and shall bear the expense  
for making the copies. The Debtor will not be required to provide the foregoing notice after the  
earlier of either (i) the Post-Confirmation Committee determines that it no longer requires notice; or  
(ii) after November 30, 2012.

22 Moreover, the Debtor shall not alter or destroy the electronic data that is stored at discover-e or  
23 has previously been stored at discover-e. Instead, the Debtor shall continue paying monthly storage  
charges on electronic data presently held by discover-e until the earlier of (i) the Post-Confirmation

1 Committee obtains a copy of that data or determines that it no longer requires that such electronic data  
2 be retained, or, (ii) November 30, 2010, subject to 30 days' written notice to the Post-Confirmation  
3 Committee of its intent to do so. Pursuant to the terms of this provision, the Debtor shall cooperate  
4 with the Post-Confirmation Committee to allow the Committee to review the electronic data and  
obtain it or a copy of the same, subject to the terms of Section VII.G regarding the exclusions,  
exceptions or privileges of the Debtor. The Debtor shall be reimbursed for its payment of all such  
costs paid following Confirmation from the Distribution Account from the first available funds.

5 As discussed in Article VII.G, the Debtor does not waive, and specifically and expressly  
6 retains all rights pursuant to, any and all exclusions, exceptions or privileges regarding the disclosure  
7 of information, including without limitation the attorney/client privilege and the work product  
8 doctrine, and nothing herein shall be deemed or interpreted as effecting an assignment to any third  
9 party of control or ownership of such exclusions, exceptions or privileges. The Debtor will cooperate  
with the Post-Confirmation Committee in its pursuit of the Insurance Claims and Causes of Action  
that are reserved for, or transferred to, the Post-Confirmation Committee. The Court retains  
jurisdiction to resolve any disputes between the Debtor and Post-Confirmation Committee regarding  
documents or electronic data.

10 **G. Payments Shall Be Timely.**

11 The Post-Confirmation Debtor shall timely make all payments required under this Plan.  
12 Without limiting the generality of the foregoing, the Post-Confirmation Debtor shall be responsible  
13 for the timely payment of quarterly fees incurred pursuant to 28 U.S.C. § 1930(a)(6) following  
14 confirmation of the plan until the case is closed. After confirmation of the plan, the Post-  
Confirmation Debtor shall serve on the United States Trustee monthly a financial report for each  
quarter (or portion thereof) the case remains open. The financial report shall include a statement of all  
disbursements made during the course of the relevant month, whether or not pursuant to the plan.

15 **H. Stay of Confirmation Order Shall Not Apply.**

16 The stay of enforceability of the order of Confirmation pursuant to Bankruptcy Rule 3020(e)  
17 shall not apply, and the order of Confirmation shall be enforceable according to its terms absent  
further order of the Court.

18 **I. Event of Default; Consequence of Default.**

19 An event of default shall occur if the Post-Confirmation Debtor shall fail to comply with a  
20 material provision of this Plan. In such an event, the party alleging such default shall provide written  
21 notice of the alleged default to the Post-Confirmation Debtor and the attorneys for the Post-  
Confirmation Debtor, at the following addresses:

22 Ms. Karen Hull, Executive Director  
23 Pierce County Housing Authority  
603 S. Polk Street  
P.O. Box 45410

1 Tacoma, WA 98445-0410  
2 Phone: 1-253-620-5405  
3 Fax: 1-253-620-5455  
4 Email: khull@pchawa.org

5 With copy to:

6 James L. Day  
7 Bush Strout & Kornfeld  
8 5000 Two Union Square  
9 601 Union Street  
10 Seattle, WA 98101-2373  
11 Phone: 206-292-2110  
12 Fax: 206-292-2104  
13 Email: [jday@bskd.com](mailto:jday@bskd.com)

14 If, after thirty (30) days following the Post-Confirmation Debtor's and its counsels' receipt of the  
15 notice of default, the Post-Confirmation Debtor and such party have been unable to resolve, or the  
16 Post-Confirmation Debtor has been unable to cure, the asserted default, such party may proceed with  
17 any remedies available to it under applicable law, provided that nothing herein shall limit or affect the  
18 Post-Confirmation Debtor's right to seek appropriate relief from any court of competent jurisdiction.

19 **J. Intent to Ensure Insurance Coverage is Not Defeated**

20 The Debtor agrees that no terms of this Plan are intended to defeat or undermine the Causes of  
21 Action that are being assigned to, or administrated by, the Post-Confirmation Committee, including  
22 the Insurance Claims. To the extent any insurers, other individuals or other entities assert that any  
23 term of this Plan has such an effect, the Debtor agrees that the Post-Confirmation Committee can  
move to modify any such term to eliminate that effect and that the Debtor will not oppose such motion  
on that basis. The Debtor further agrees that the Court retains jurisdiction to hear and determine any  
motion to modify any term of the Plan if such modification is necessary to ensure that the Post-  
Confirmation Committee can pursue such Causes of Action or Insurance Claims. To the extent any  
other provisions of this Plan conflict with the terms of this provision, or are asserted to be vague or  
ambiguous, the intent expressed by this provision shall control and shall inform the same.

24 **ARTICLE IX.**  
25 **EFFECT OF CONFIRMATION**

26 **A. Discharge of the Debtor.**

27 Upon final administration of the Distribution Account and/or the Recoveries, pursuant to  
28 section 944 of the Bankruptcy Code, the Debtor shall be fully and forever released and discharged  
29 from all of and from all actions, claims (as defined in the Bankruptcy Code), demands, damages, debts  
30 (as defined in the Bankruptcy Code), losses, liabilities, indebtedness, causes of action (whether at law  
31 or in equity) and obligations of whatever kind or nature, whether now known or hereafter discovered,

1 direct or indirect, new or existing, foreseen or unforeseen, by reason of any matter, cause or thing  
2 whatsoever occurring on or prior to the Effective Date, other than any debt specifically and expressly  
3 excepted from discharge by this Plan or the Order of Confirmation. The discharge of the Debtor and  
4 the discharge of Claims against the Debtor shall be effective as to each Claim, regardless of whether  
5 or not (a) a proof of claim was filed as to such Claim, (b) the Claim is an Allowed Claim, or (c) the  
6 holder thereof voted to accept the Plan.

7 The rights afforded in this Plan and the treatment of all holders of Claims shall be in exchange  
8 for and in complete satisfaction, discharge and release of all Claims of any nature whatsoever arising  
9 on or before the Effective Date, known or unknown, including any interest accrued or expenses  
10 incurred thereon from and after the Petition Date, whether against the Debtor or any of its properties,  
11 assets or interests in property. Except as otherwise provided herein, upon the Effective Date, all  
12 Claims against the Debtor shall be, and shall be deemed to be, satisfied, discharged and released in  
13 full.

14 **B. Injunction.**

15 EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, ALL ENTITIES  
16 WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS AGAINST THE DEBTOR, ITS  
17 PROPERTY OR ITS INTERESTS IN PROPERTY, AS OF THE EFFECTIVE DATE SHALL BE  
18 PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM (A)  
19 COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER  
20 PROCEEDING OF ANY KIND WITH RESPECT TO ANY SUCH CLAIMS AGAINST THE  
21 DEBTOR OR ITS PROPERTY; (B) ENFORCING, ATTACHING, COLLECTING, OR  
22 RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR  
23 ORDER AGAINST THE DEBTOR OR ITS PROPERTY WITH RESPECT TO SUCH CLAIMS;  
(C) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE OF ANY  
KIND AGAINST THE DEBTOR OR ITS PROPERTY; AND (D) ASSERTING ANY RIGHT OF  
SETOFF, SUBROGATION OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION  
DUE TO THE DEBTOR WITH RESPECT TO ANY SUCH CLAIM, EXCEPT AS OTHERWISE  
PERMITTED BY THIS PLAN OR ORDER OF THE COURT.

17 **ARTICLE X.**  
18 **MODIFICATIONS OF THE PLAN**

19 Pursuant to the provisions of § 942 of the Bankruptcy Code and Bankruptcy Rule 3019, the  
20 Debtor reserves the right to modify or alter the provisions of the Plan at any time prior to  
21 Confirmation.

22 **ARTICLE XI.**  
23 **RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT**

Notwithstanding Confirmation, until entry of a final decree, the Bankruptcy Court shall retain  
jurisdiction to ensure that the purposes and intent of the Plan are carried out. Without limiting the  
generality of the foregoing, the Court shall retain jurisdiction for the following purposes:

- 1           1.     Fixing and allowing any claim as a cost and expense of the administration of the  
2 Bankruptcy Case;
- 3           2.     Re-examining any claim that has been allowed;
- 4           3.     Hearing and determining objection to a claim. The failure of the Debtor to object to, or  
5 to examine any claim for the purpose of voting, shall not be deemed to be a waiver of the Debtor's  
6 right to object to, or re-examine any claim in whole or in part.
- 7           4.     Hearing and determining any action brought by the Debtor seeking to avoid any  
8 transfer of an interest of the Debtor in property, or any obligation incurred by Debtor, that is avoidable  
9 pursuant to applicable law.
- 10          5.     Hearing and determining all causes of action, controversies, disputes, or conflicts  
11 between or among the Debtor and any other party, including those that were pending prior to  
12 Confirmation.
- 13          6.     Hearing and determining all questions and disputes regarding title to the property of the  
14 Debtor.
- 15          7.     Correcting any defect, curing any omission, or reconciling any inconsistency in the  
16 Plan or the Order of Confirmation as may be necessary to carry out the purpose and intent of the Plan.
- 17          8.     Hearing and determining any action brought by the Debtor to protect the Debtor from  
18 actions of creditors, or other parties-in-interest.
- 19          9.     Issuing any order necessary to implement the Plan or Order of Confirmation, including,  
20 without limitation, such declaratory and injunctive orders as are appropriate to protect the Debtor and  
21 the Post-Confirmation Debtor from actions of creditors, or other parties-in-interest.
- 22          10.    Hearing and determining any dispute relating to the terms or implementation of the  
23 Plan or Order of Confirmation, or to the rights or obligations of any parties-in-interest with respect  
thereto.
11.    Hearing and determining any motion by the Debtor for sale of property of the estate.

1 **ARTICLE XII.**  
2 **ENTRY OF CLOSING ORDER BY THE BANKRUPTCY COURT**

3 The Bankruptcy Court shall enter an order concluding and terminating the Bankruptcy Case  
4 upon application of the Post-Confirmation Debtor.

5 DATED this \_\_\_\_ day of December, 2009.

6 **PIERCE COUNTY HOUSING AUTHORITY**

7 By \_\_\_\_\_  
8 Karen Hull  
9 Its Executive Director  
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**Exhibit A**

Pursuant to Section VI.C of the Third Amended Plan for Adjustment of Debts of Pierce County Housing Authority (“Plan”), following are the individuals whose month-to-month tenancies would be terminated in connection with confirmation of the Plan and pursuant to the terms of Section VI.C of the Plan:

Bertram DuPont  
Martha Giles  
Sheila Rosa  
Candace Rose  
Dan Dana