

IN THE UNITED STATES BANKRUPTCY COURT FOR THE  
SOUTHERN DISTRICT OF MISSISSIPPI  
JACKSON DIVISION

IN RE:           SAFEWAY HOMES OF LEXINGTON, LLC,  
                  A Mississippi Limited Liability Company  
                  DEBTOR

CHAPTER 11  
Case No. 08-2577-EE

**DEBTOR'S PLAN OF REORGANIZATION**  
**DATED JULY 31, 2009**

Safeway Homes of Lexington, LLC, Debtor herein, proposes the following Plan of Reorganization.

ARTICLE I

Definitions

The following terms, when used in the Plan, shall, unless the context requires otherwise, have the following meanings:

1.1 Administrative Expense--Any cost or expense of administration of this Chapter 11 case allowed under § 503(b) of the Code.

1.2 Allowed Claim--Any claim against the Debtor (i) proof of which was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claims, and which has not been withdrawn, or, if no proof of claim was so timely filed, (ii) which has been or hereafter is listed by the Debtor in its Schedules filed pursuant to Bankruptcy Rule 1007 as liquidated in amount and not disputed or contingent and, in either case, as to which no objection has been made, or as to which any objection interposed has been resolved by the allowance of the claim in whole or in part by a Final Order. Unless otherwise specified, Allowed Claim shall not, for purposes of computation of distributions under the Plan, include interest on the amount of such claim from and after the petition date.

1.3 Allowed Secured Claim--An Allowed Claim which is (a) secured by a valid lien, security interest, or other charge against or interest in property in which the Debtor has an interest, which lien, security interest or other charge is not void or voidable under any applicable laws, including any provision of the Code, to the extent of the value [determined in accordance with Sections 506(a) and/or 502(c) of the Code and Rule 3012 Bankruptcy Rules] of the interest of the holder of such Allowed Claim in the Debtor's interest in such property, or (b) subject to setoff, to the extent of the amount subject to such setoff.

1.4 Bankruptcy Code or Code -- Title 11 of the United States Code, as amended.

1.5 Bankruptcy Court or Court -- The unit of the United States District Court for the Southern District of Mississippi exercising jurisdiction over cases under the Code.

1.6 Confirmation of the Plan -- The entry by the Court of an order confirming the Plan in accordance with the provisions of Chapter 11 of the Code.

1.7 Debtor -- Safeway Homes of Lexington, LLC, a Mississippi Limited Liability Company.

1.8 Effective Date -- The first business day following the expiration of thirty days after the date the order confirming the Plan becomes a Final Order.

1.9 Final Order -- An order, judgment, or other decree of any court entered on the docket which has not been reversed or stayed, and which is not subject, or capable of being subject, to appeal, rehearing, or certiorari, as to which no appeal, rehearing, or certiorari proceeding is pending, and as to which any appeal or certiorari proceeding has been finally determined or dismissed.

1.10 Plan -- This plan of reorganization, either in its present form or as it may be altered, amended, or modified from time to time.

1.11 Priority Claims -- All claims of the type described in section 507 of the Code.

1.12 Pro Rata -- With respect to any claimant, that proportion which the Allowed Claim of such creditor bears to the sum of all Allowed Claims in the same class as such Allowed Claim.

1.13 Substantial Consummation -- Has the meaning assigned to it by Section 1101(2) of the Code. In interpreting that meaning, and with respect to the facts of this case, Section 1101(2)(A) shall mean completion of the acts called for in sections 6.3 and 6.4 of the Plan; Section 1101(2)(B) shall mean the continuance of the Debtor's business after confirmation of the Plan; and Section 1101(2)(C) shall mean the making of the payments called for in sections 6.1, 6.2, 6.4 and 6.5 of the Plan.

1.14 Unsecured Claims -- The Allowed Claims against the Debtor which are unsecured and which are not Priority Claims, including any deficiency claim accruing to the holder of an Allowed Secured Claim after hearing pursuant to Rule 3012 of the Bankruptcy Rules or resulting from any agreement reached between the claimant and the Debtors, in either case in which it is determined that the value of the collateral is less than the amount of the Allowed Claim.

All terms used in this Plan which are not defined herein, but which are defined in the Code, unless the context otherwise requires, shall have the meanings assigned to them in the Code.

## ARTICLE II

### Classification of Claims and Interests

Class 1: Administrative Claims.

Class 2: The claim of Holmes County Tax Collector for property taxes.

Class 3: The claim of Fleetwood Homes of Mississippi ("Fleetwood") which is secured by the real estate and improvements thereon owned by the Debtor to the extent of the value of that real estate and improvements. The balance of the claim of Fleetwood is a Class 11 claim.

Class 4: The claim of Madison County Bank secured by certain equipment, inventory and fixtures and, subordinate to Fleetwood, the real estate and improvements thereon owned by the Debtor to the extent of the value of that inventory and fixtures. The balance of the claim of Madison County Bank is a Class 11 claim.

Class 5: The claim of Bank of the South, which is secured by certain items of inventory, to the extent of the value of such property. The balance of the claim of Bank of the South is a Class 11 claim.

Class 6: The claim of BankPlus, which is secured by certain items of inventory and equipment, to the extent of the value of such property. The balance of the claim of BankPlus is a Class 11 claim.

Class 7: The claim of M&T Bank, which is secured by a Honda Ridgeline Truck, to the extent of the value of such property. The balance of the claim of M&T Bank is a Class 11 claim.

Class 8: The claim of Dan Hobbs which is secured by certain items of inventory and receivables, to the extent of the value of such property. The balance of the claim of Dan Hobbs is a Class 12 claim.

Class 9: The claim of Mark Sledge which is secured by certain items of inventory and receivables, to the extent of the value of such property. The balance of the claim of Mark Sledge is a Class 11 claim.

Class 10: The claim of Madison County Bank which is secured by certain items of inventory to the extent of the value of such property. The balance of the claim of Madison County Bank is a Class 11 claim.

Class 11: All Allowed Unsecured Claims except those in Class 12.

Class 12: All Allowed Unsecured Claims of Safeway Homes, LLC, Terry Jenkins, the Estate of Terry Jenkins, William O. Jenkins, Jr., and any other unsecured claim by insiders.

### ARTICLE III

#### Claims and Interests Not Impaired Under the Plan

The following classes are not impaired under the Plan for the following reasons:

3.0 The Class 1 Administrative Expenses not paid as of the Effective Date will be paid (a) according to normal business terms on or after the Effective Date as may be agreed to between each such claimant and the Debtor; (b) in cash on the Effective Date if no such agreement exists and the Administrative Expense has been allowed by a Final Order; or (c) in cash at such time after the Effective Date as the Administrative Expense may be allowed by a Final Order, as the case may be.

3.1 The legal, equitable, and contractual rights of the Class 2 claimant shall remain unimpaired except that amounts currently in default shall be paid in cash in full upon the sale of the real property.

3.2 The legal, equitable, and contractual rights of the Class 3 claimant shall remain unimpaired except that amounts currently in default shall be paid in cash in full on the Effective Date. The Plan reinstates the maturity of the Class 5 claim that existed before any default. The subject inventory securing the Class 5 claim will be sold pursuant to §363 to Steadfast, LLC, and Steadfast, LLC will assume the Class 5 claim.

3.3 The legal, equitable, and contractual rights of the Class 6 claimant shall remain unimpaired except that amounts currently in default shall be paid in cash in full on the Effective Date. The Plan reinstates the maturity of the Class 6 claim that existed before any default. The subject inventory securing the Class 6 claim will be sold pursuant to §363 to Steadfast, LLC, and

Steadfast, LLC will assume the Class 6 claim.

3.4 The legal, equitable, and contractual rights of the Class 7 claimant shall remain unimpaired except that amounts currently in default shall be paid in cash in full on the Effective Date. The Plan reinstates the maturity of the Class 7 claim that existed before any default. The subject vehicle securing the Class 7 claim will be sold pursuant to §363 to Steadfast, LLC, and Steadfast, LLC will assume the Class 7 claim.

3.5 The legal, equitable, and contractual rights of the Class 8 claimant shall remain unimpaired. The subject inventory and receivables securing the Class 8 claim will be sold pursuant to §363 to Steadfast, LLC, and Steadfast, LLC will assume the Class 8 claim.

3.6 The legal, equitable, and contractual rights of the Class 9 claimant shall remain unimpaired. The subject inventory and receivables securing the Class 9 claim will be sold pursuant to §363 to Steadfast, LLC, and Steadfast, LLC will assume the Class 9 claim.

3.7 The legal, equitable, and contractual rights of the Class 10 claimant shall remain unimpaired. The subject inventory securing the Class 10 claim will be sold pursuant to §363 to Steadfast, LLC, and Steadfast, LLC will assume the Class 10 claim.

#### ARTICLE IV

##### Treatment of Claims that are Impaired

4.1 The Class 3 claim shall retain its lien and be paid by the Debtor as follows: The subject real estate and improvements securing the Class 3 claim shall be sold pursuant to § 363 of the Code. The lien of the Class 3 claimant shall attach to the proceeds of the sale net of actual selling costs, and said proceeds shall be paid to the Class 3 claimant in satisfaction of its Class 3 claim. Any deficiency shall be a Class 11 claim.

4.2 The Class 4 claim shall retain its lien and be paid by the Debtor in accordance with the Order Modifying Note entered by this Court on July 23, 2009, at Docket Number 181. The equipment securing the Class 4 claim shall be sold pursuant to § 363 of the Code. The lien of the Class 4 claimant shall attach to the proceeds of the sale net of actual selling costs, and said proceeds shall be paid to the Class 4 claimant in satisfaction of its Class 4 claim. Any deficiency shall be a Class 11 claim.

4.3 The Class 11 claims shall be paid as follows: 1% of the Allowed Amount in cash on the Effective Date, 1% of the Allowed Amount in cash on the first anniversary of the Effective Date, 1% of the Allowed Amount in cash on the second anniversary of the Effective Date, 1% of the Allowed Amount in cash on the third anniversary of the Effective Date, 1% of the Allowed Amount in cash on the fourth anniversary of the Effective Date, and 1% of the Allowed Amount in cash on the fifth anniversary of the Effective Date, for a total of 6% to the Allowed Amount.

4.5 The Class 12 claims will not be paid unless all claims in Classes 1-11 have been paid in full.

## ARTICLE V

### Provisions for Executory Contracts and Warranties

All unexpired leases and executory contracts between the Debtor and any other party which have not, prior to the Effective Date of the Plan, been rejected are hereby rejected.

Warranties on finished goods which have been produced prior to the Effective Date will not be honored by the Debtor.

## ARTICLE VI

### Means for Execution of the Plan

6.1 Subject to the provisions hereof, on the Effective Date of the Plan the Debtor shall:

- (a) Consummate the sale of the collateral securing the Class 2 claim and distribute the entire claim of such Class 2 claimant to the Class 2 claimant.
- (b) Pay the claims of the Class 4, 5, 6, 7, 8, and 9 claimants to the extent the same are then due and payable and provide for the timely payment of such claims as are not then due and payable.
- (c) Consummate the sale of the collateral securing the Class 3 and 4 claim and distribute the net proceeds of such sale to the Class 3 and 4 claimants.
- (d) Consummate a sale of all remaining assets of the Debtor, including accounts receivable, finished goods inventory, the 2006 Honda Ridgeline, Rights, Patents, and Trade Names, Tax Losses and Tax Credits, and an interest in a life insurance policy, to Steadfast, LLC (“Steadfast”) in consideration for Steadfast agreeing to operate the plant until such time as it is sold, assumption of all liabilities currently secured by finished goods inventories, assumption of responsibility for all deposits tendered by customers, assumption of the liability for the Class 5, 6, 7, 8, 9, and 10 claims, and a monthly payment by Steadfast to the Debtor of \$1,500.00 for a period of sixty months.
- (d) Pay the first installment due the Class 11 claimants on the Effective Date.
- (e) Adopt the amendment to the Certificate of Formation of the Limited Liability

Company required by Article VIII of the Plan.

6.2 Administrative Expenses not paid as of the Effective Date will be paid (a) according to normal business terms on or after the Effective Date as may be agreed to between each such claimant and the Debtor; (b) in cash on the Effective Date if no such agreement exists and the Administrative Expense has been allowed by a Final Order; or (c) in cash at such time after the Effective Date as the Administrative Expense may be allowed by a Final Order, as the case may be.

## ARTICLE VII

### Provision as to Contested Claims

The Debtor, any official Committee, or any party in interest may, at any time prior to ninety days after Confirmation of the Plan, file an objection to, or seek to subordinate, any claim which in its opinion should be objected to as improper, or subordinated, in whole or in part. Upon the filing of such objection, such claim shall be considered a contested claim, and any cash or other instruments or property otherwise distributable to such creditor under this Plan shall be held by the Debtor until final disposition of the objection to the claim. If the objection is overruled or denied, in whole or in part, such claimant shall receive the amount of cash or property provided in this Plan to the extent of the amount of claim finally allowed.

## ARTICLE VIII

### Amendment of Certificate of Formation of the Limited Liability Company

There shall be included in the Certificate of Formation of the Limited Liability Company of the Debtor a provision prohibiting the issuance of non-voting equity securities and providing, as to classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class

of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends.

## ARTICLE IX

### Assignment of Claims

No assignment of any claim by a holder thereof shall be effective against the Debtor until appropriate written notification and proof thereof is received by the Debtor, and the Debtor may continue to pay all monies to such holder until its receipt of such proper written notification and proof. Any holder of a claim may create a security interest or lien upon its rights and claims under the Plan, and payments may be made to the holder of such security interest or lien by the Debtor on its receipt of proper written notification and proof of the creation of such security interest or lien.

## ARTICLE X

### General Provisions

9.1. The automatic stay of all proceedings for the collection of any debt provided for by Sections 362 and 524 of the Code shall continue in full force and effect, unless specifically modified by an order entered by the Court after notice and a hearing, or unless, and to the extent, it expires by operation of Section 362(c) of the Code.

9.2. Debtor shall do all things necessary or desirable to insure the prompt consummation of the Plan and shall perform such acts as may be reasonably required to effect and carry out the terms of the Plan.

9.3. The Debtor's case will remain open to administration after Confirmation of the Plan, but subject to the terms and provisions of the Plan. Upon final payment to all Allowed Claims and Interest Holders, and upon completion of all provisions of the Plan, the Debtor shall apply to the

Court for an order closing the case to further administration.

9.4. The Court shall retain jurisdiction under this Plan until it is consummated and the case closed to further administration for all purposes, including the hearing of all causes of action over which the Court may have jurisdiction, approving fees if otherwise required by law, determining claims, and continued supervision of the Debtor and the estate, the payment and satisfaction of all creditors and Interest Holders, the estimation of claims and priority claims, the entry of injunctions necessary to protect the Debtor, the estate, and the consummation of the Plan, and any and all other purposes necessary and proper for the complete carrying out of this Plan. The Court shall hear and determine all contested claims and priority claims and hear and determine contested matters to be submitted to the Court pursuant to the express provisions of this Plan. The Court's retention of jurisdiction until the Plan has been fully consummated will include, but not be limited to, the following purposes:

- (a) Classification, estimation, and allowance of the claim of any creditor, re-examination of claims which have been allowed for purposes of voting, and determination of such objections as may be filed to claims, including fixing the amount of the reserve for any disputed claim or disputed priority claim. The failure by any interested party to object to or to examine any claim for the purpose of voting shall not be deemed to be a waiver of the right of any party to object to or re-examine such claim in whole or in part.

- (b) Determination of all questions and disputes regarding title to the assets of the estate, and determination of all causes of action, controversies, disputes, or conflicts, whether or not subject to action pending as of the date of Confirmation of the Plan, between Debtor and any other party.
- (c) Correction of any defect, curing of any omission, or reconciliation of any inconsistency in the Plan or Order of Confirmation as may be necessary to carry out the purposes and intent of the Plan.
- (d) Interpretation of the Plan.
- (e) Modifications of the Plan after confirmation pursuant to Bankruptcy Rules, the Code, and the definition of Substantial Consummation herein.
- (f) Determination of avoidance claims, including approval of any settlement thereof.
- (g) Entry of an order concluding and terminating this case upon application of the Debtor.

9.5. The Court's retention of jurisdiction shall not be deemed to waive the limitation period within which an action may be brought to revoke Confirmation of the Plan.

9.6. The payments to creditors and Interest Holders provided for herein are in full payment and satisfaction of all claims and interests against the Debtor.

## ARTICLE XI

### Provisions for the Retention, Enforcement, Settlement, or Adjustment of Claims Belonging to the Debtors or to the Estate

All causes for avoidance of any lien, payment, transfer, obligation, or other interest pursuant to Sections 544 or 545 of the Code, all preference claims pursuant to Section 547 of the Code, all

fraudulent transfer claims pursuant to Section 548 of the Code, all claims relating to post-petition transactions under Section 549 of the Code, all claims recoverable under Section 550 of the Code, all claims against former management officials of the Debtor, all property and rights preserved under Section 551 of the Code, and all claims, rights of setoff and recoupment against any third party, including any creditor herein, on account of any indebtedness or any other liability owed to or in favor of the Debtor or the Estate, are hereby preserved and retained for enforcement by the Debtor.

Dated: July 31, 2009.

Respectfully submitted,  
Safeway Homes of Lexington, LLC

BY: s/Dan Hobbs  
Its President

Prepared and presented by:

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Attorney for Safeway Homes of Lexington, LLC

CERTIFICATE OF SERVICE

I, John D. Moore, do hereby certify that I have this day caused to be served via Notice of Electronic Filing, a true and correct copy of the above and foregoing to the following:

Ronald H. McAlpin, Esq.  
Office of the United States Trustee  
100 West Capitol Street, Ste. 706  
Jackson, Mississippi 39269

This the 31<sup>st</sup> day of July, 2009.

s/John D. Moore  
JOHN D. MOORE