

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
AEGIS MORTGAGE CORPORATION, et al.¹) Case No. 07-11119 (BLS)
) (Jointly Administered)
Debtors.)
)

Objection Deadline: [Date]
Hearing Date: [Date]

**CHAPTER 11 PLAN OF AEGIS MORTGAGE
CORPORATION, ET AL.**

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Aegis Mortgage Corporation (9883); Aegis Wholesale Corporation (9888); Aegis Lending Corporation (9884); Aegis Correspondent Corporation (0359); Aegis Funding Corporation (9886); Aegis Mortgage Loan Servicing Corporation (0515); Solutions Settlement Services of America Corporation (6879); Solutions Title of America Corporation (7045); and Aegis REIT Corporation (3436). The address for all Debtors is 3250 Briarpark, Suite 400, Houston, TX 77042.

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PRELIMINARY STATEMENT

Pursuant to Chapter 11 of the Bankruptcy Code, Aegis Mortgage Corporation, et al., debtors and debtors-in-possession in the above-captioned Chapter 11 Cases (the “Debtors”), hereby respectfully propose the following Chapter 11 Plan.² Reference is made to the Disclosure Statement accompanying the Plan, including the exhibits thereto, for a discussion of the Debtors’ history, business, a description of their former operations, the pre-petition cessation of the Debtors’ business, and for a summary and analysis of the Plan. All Holders of Claims and Equity Interests should read the Disclosure Statement and the Plan carefully -- and consult with their counsel and other applicable professionals -- before voting to accept or reject the Plan.

The Plan sets forth a proposal for the satisfaction of all Claims against and Equity Interests in the Debtors. With the Plan, certain Creditors will receive a Ballot for voting on the Plan, and a Disclosure Statement that provides information concerning the Debtors and the Plan. The Disclosure Statement includes a summary of the assets and liabilities of the Debtors, a summary of what Creditors and Equity Interest Holders will receive under the Plan, a summary of the procedures and voting requirements necessary for confirmation of the Plan, and a discussion of certain alternatives to the Plan in the event that the Plan is not confirmed. You should thoroughly review both the Plan and Disclosure Statement before deciding whether you will vote to accept or reject the Plan.

As more fully described in the Disclosure Statement, the Plan must be approved by the requisite number of Creditors and the Bankruptcy Court must find that the Plan meets the

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in Article 1 of this Plan.

applicable legal standards before it can be confirmed. If the Plan is not confirmed, the Bankruptcy Court may order the Chapter 11 Cases dismissed, or converted to liquidating cases under Chapter 7 of the Bankruptcy Code, or the Debtors or other parties in Equity Interest may propose a different plan.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and each pronoun, whether stated in the masculine, feminine or neuter gender, shall include the masculine, feminine and the neuter gender; (b) any reference in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan 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; (d) unless otherwise specified, all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (e) the words “herein,” “hereof,” “hereunder,” and “hereto” and similar terms refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) references to part includes the whole, except where the context clearly requires otherwise; (g) “or” has the inclusive meaning represented by the phrase “and/or”; (h) 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 of the Plan; (i) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; and (j) any term used in capitalized form in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

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

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, 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 Delaware, without giving effect to the principles of conflict of laws thereof.

B. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form in the Plan:

1. “ACC” means Aegis Correspondent Corporation, a Delaware corporation.
2. “Administrative Claim” means a Claim for costs and expenses of administration under Section 503(b), 507(b), 503(b)(9) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate; (b) the value of any goods received by a Debtor within 20 days before the Petition Date in which the goods were sold to the Debtors in the ordinary course of the Debtors’

business; (c) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under Section 330(a) or 331 of the Bankruptcy Code; (d) all fees and charges assessed against the Estate under 28 U.S.C. §§ 1911-1930; (e) all obligations designated as Allowed Administrative Claims pursuant to an order of the Bankruptcy Court; (f) administrative claims that were timely filed prior to the Administrative Claims Bar Date; and (g) any Tax Claims incurred by the Debtors after the Petition Date or relating to a tax year or period which occurs after the Petition Date.

3. “Administrative Claims Bar Date” means the last date set by the Bankruptcy Court pursuant to the Administrative Claims Bar Date Order for a Creditors to file a request for payment of any Administrative Claim that arose between the Petition Date and the Effective Date.

4. “Administrative Claims Bar Date Order” means the orders setting any Administrative Claims Bar Date, which order shall be: (a) the *Order (1) Fixing Deadline for Filing Administrative Expense Requests (2) Approving Form and Manner of Notice Thereof, and (3) Granting Related Relief* [Docket No. 949], entered on January 11, 2008, with respect to Administrative Claims arising on or prior to January 1, 2008, or (b) the Confirmation Order with respect to Administrative Claims arising as of January 2, 2008 through and including the Effective Date.

5. “Aegis REIT” means Aegis REIT Corporation, a Maryland corporation.

6. “Aegis REIT EPD/Breach Claims” means EPD/Breach Claims against Aegis REIT.

7. “Aegis REIT Common Stock Equity Interests” means the Equity Interests in Aegis REIT consisting of common stock.

8. “Aegis REIT Common Stock Transferee” means an entity to be designated by the Debtors not later than ten days prior to the date originally set for the Confirmation Hearing.

9. “Aegis REIT Preferred Stock Equity Interests” means the Equity Interests in Aegis REIT consisting of preferred stock.

10. “Aegis REIT Unsecured Claims” means Unsecured Claims against Aegis REIT other than Aegis REIT EPD/Breach Claims.

11. “AFC” means Aegis Funding Corporation, a Delaware corporation.

12. “ALC” means Aegis Lending Corporation, a Delaware corporation.

13. “Allowed” or “Allowed...Claim” means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by Debtors in their Schedules as other than disputed, contingent or unliquidated and as to which Debtors or other party in interest has not Filed an objection on or before the 180th day after the Effective Date; (b) a Claim that is set forth in a timely filed Proof of Claim as to which no objection has been Filed as of the relevant bar date; (c) a Claim that has been allowed by a Final Order; (d) a Claim that is allowed: (i) in any stipulation of amount and nature of Claim executed by the Debtors prior to the Effective Date and approved by the Bankruptcy Court; (ii) in any stipulation of amount and nature of Claim executed by the Liquidating Debtors on or after the Effective Date; (iii) in any stipulation of amount and nature of any Administrative Claim, Priority Claim or

Priority Tax Claim executed by (x) the Debtors and approved by the Bankruptcy Court, or (y) the Liquidating Debtors; or (iv) in any contract, instrument, indenture or other agreement entered into or assumed by Debtors in connection with and in accordance with the Plan; (e) a Claim relating to a rejected executory contract or unexpired lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a Proof of Claim has been timely Filed by the Creditor before the applicable Rejection Bar Date for such claim or has otherwise been deemed timely Filed under applicable law; or (f) a Claim that is Allowed pursuant to the terms of this Plan.

14. “AMC” means Aegis Mortgage Corporation, a Delaware corporation.

15. “AMLSC” means Aegis Mortgage Loan Servicing Corporation, a Delaware corporation.

16. “Assumption Objection Deadline” means the date seven (7) days prior to the initial date of the Confirmation Hearing.

17. “Assumption Schedule” means a schedule of Executory Contracts (not previously assumed in the Chapter 11 Cases) to be assumed by Reorganized Aegis REIT or a Consolidated Debtor as of the Effective Date.

18. “Available Cash” means the aggregate amount of all Cash held by the Debtors on the Effective Date, including the Cash from any Litigation Recovery or any Liquidation Proceeds collected by the Consolidated Debtors prior to the Effective Date.

19. “Avoidance Actions” mean all claims and causes of action which the Consolidated Debtors have or had the power to assert pursuant to any or all of Sections 510, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

20. “AWC” means Aegis Wholesale Corporation, a Delaware corporation.

21. “Ballot Deadline” means the date stated in the Voting Instructions by which all Ballots must be received, which date shall be _____, _____.

22. “Ballots” means the ballots upon which Holders of Impaired Claims shall indicate their acceptance or rejection of the Plan in accordance with the Plan and the Voting Instructions.

23. “Bankruptcy Code” means title I of the Bankruptcy Reform Act of 1978, as amended from time to time, as set forth in sections 101 et seq. of title 11 of the United States Code, and applicable portions of titles 18 and 28 of the United States Code.

24. “Bankruptcy Court” means the United States District Court for the District of Delaware having jurisdiction over these Chapter 11 Cases and, to the extent of any reference made pursuant to section 157 of title 28 of the United States Code and/or the General Order of such District Court pursuant to Section 151 of title 28 of the United States Code, the bankruptcy unit of such District Court.

25. “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and the General, and Local Rules of the Bankruptcy Court.

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

27. “Cash” means cash and cash equivalents, including, but not limited to, bank deposits, wire transfers, checks, and readily marketable securities, instruments and legal tender of the United States of America or instrumentalities thereof.

28. “Chapter 11 Cases” means the jointly administered cases commenced under Chapter 11 of the Bankruptcy Code by the Debtors on the Petition Date, styled *In re Aegis Mortgage Corporation, et al.*, Case No. 07-11119 (BSL), currently pending before the Bankruptcy Court.

29. “Claim” means a claim (as defined in Section 101(5) of the Bankruptcy Code) against any Debtor, including, but not limited to: (a) any right to payment from the Debtors whether or not such right is reduced to judgment, liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such performance gives rise to a right of payment from the Debtors, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

30. “Claims Agent” means Epiq Bankruptcy Solutions LLC, which was appointed by the Bankruptcy Court as the Debtors’ claims, notice and balloting agent.

31. “Claims Reserve Account” means an interest bearing bank account or money market account to be established and held in trust by the Disbursing Agent on or after the Effective Date for the purpose of holding the Cash necessary to pay projected Plan Expenses and

the Plan Proceeds to be distributed under the Plan. The Claims Reserve Account will be funded by the Consolidated Debtors or Liquidating Debtors on or immediately after the Effective Date with the Available Cash and, following the Effective Date, from time to time, by the Liquidating Debtors, with (i) any Liquidation Proceeds realized after the Effective Date, plus (ii) any Litigation Recovery realized after the Effective Date, minus (iii) any amounts necessary to pay Plan Expenses.

32. “Class” means a category of Holders of Claims or Equity Interests as set forth in Article III of the Plan.

33. “Committee” means the Official Committee of Unsecured Creditors appointed by the United States Trustee in these Chapter 11 Cases on August 24, 2007.

34. “Committee Reserved Litigation” is as defined in Section V.(C) of this Plan.

35. “Confirmation” means the entry of the Confirmation Order, subject to all conditions specified in Article 7 of the Plan having been (a) satisfied or (b) waived pursuant to Article 7.

36. “Confirmation Date” means the date upon which the Confirmation Order is entered by the Bankruptcy Court on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

37. “Confirmation Hearing” means the hearing conducted by the Bankruptcy Court concerning Confirmation.

38. “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.
39. “Consolidated Debtors” means all of the Debtors other than Aegis REIT.
40. “Consolidated Debtors Equity Interests” means Equity Interests in any of the Consolidated Debtors.
41. “Consolidated Debtors / EPD Breach Claims” means EPD/Breach Claims against any of the Consolidated Debtors.
42. “Consolidated Debtors Unsecured Claims” means Unsecured Claims against any of the Consolidated Debtors other than Consolidated Debtors EPD/Breach Claims..
43. “Consummation” or “Consume” means the occurrence of or to achieve the Effective Date.
44. “Contingent Claim” means any Claim for which a Proof of Claim has been filed with the Bankruptcy Court but was not filed in a sum certain and which Claim has not been estimated, fixed or liquidated by the Bankruptcy Court at a sum certain as of the Effective Date, or a Claim that has accrued but nonetheless remains dependent on the occurrence of a future event that may never occur.
45. “Creditor” means any Holder of an Allowed Claim against any of the Debtors.
46. “Debt” means liability on a Claim.
47. “Debtors” means AMC, AWC, ALC, ACC, AFC, AMLSC, SSS, STAC and Aegis REIT.

48. “Disallowed Claim” means (i) a Claim, or any portion thereof, that has been disallowed by a Final Order; (ii) a Claim that has been listed in the Schedules at zero or as contingent, disputed, or unliquidated and as to which no proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law; or (iii) a Claim that has not been listed in the Schedules and as to which no proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, Final Order, or other applicable law.

49. “Disbursing Agent” means the Liquidating Debtors, or alternatively, such other such person or persons designated to act as the disbursing agent for the purpose of making the distributions required under the Plan. To the extent that the Liquidating Debtors do not act as the Disbursing Agent, the Confirmation Order shall identify the Disbursing Agent and may provide for one or more persons to serve in the capacity of Disbursing Agent.

50. “Disclosure Statement” means Debtors’ Disclosure Statement dated _____, 2008, as amended, supplemented, or modified from time to time, describing the Plan, that was prepared and distributed in accordance with the Bankruptcy Code and Bankruptcy Rules and other applicable law.

51. “Disputed” means, with respect to any Claim or interest, any Claim or Equity Interest: (a) listed on the Schedules as unliquidated, disputed or contingent; (b) as to which the Debtors or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by the Debtors in accordance with applicable law, which objection, request for

estimation or dispute has not been withdrawn or determined by a Final Order; or (c) unless otherwise indicated in the Plan, a Claim as to which the period within which to object to such Claim has not yet expired.

52. “Disputed Claim” means: (i) any Claim or portion of a Claim as to which an objection to the allowance thereof has been interposed as of the Effective Date or any later deadline fixed under the Plan or by order of the Bankruptcy Court, which objection has not been withdrawn or determined by Final Order; (ii) any Claim for which a proof of Claim is required to be filed and no such Proof of Claim is filed or, if filed, is filed after the applicable Bar Date for such Claim; (iii) any Contingent Claim or Unliquidated Claim; (iv) any Claim scheduled by the Debtors in the Schedules as disputed, contingent or unliquidated; (v) a Proof of Claim filed in a greater amount, or of a different nature or priority, than the amount, nature, or priority listed for that Claim in the Schedules; or (vi) a Claim that is not listed in the Schedules.

53. “Disputed Claims Amount” means the aggregate amount of Disputed Claims that are fixed and absolute. For purposes of calculating distributions of Cash under the Plan, the amount of each Disputed Claim shall be based upon either (i) the face amount of such Creditor's Disputed Claim (or the disputed portion thereof) as set forth in the Creditor's filed proof of Claim, (ii) the amount at which the Bankruptcy Court may estimate such Disputed Claim, or (iii) the amount which the Disbursing Agent determines in its reasonable judgment is the appropriate amount to be reserved for such Disputed Claim.

54. “Distribution Dates” means collectively the Initial Distribution Date, any Subsequent Distribution(s) Date and the Final Distribution Date.

55. “Distribution Record Date” means the close of business on the Business Day immediately preceding the Effective Date.

56. “Effective Date” means the date selected by the Debtors which is a Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in Article VII of the Plan have been satisfied, unless waived by the Debtors.

57. “Entity” means an entity as defined in Section 101(15) of the Bankruptcy Code.

58. “EPD/Breach Claim” means an Unsecured Claim arising under an agreement between one or more of the Debtors and a loan buyer or securitization party for (i) breach of a representation or warranty under such agreement made by one or more of the Debtors or (ii) a right under such an agreement to resell a loan to one or more of the Debtors based on a payment default by the borrower on such loan.

59. “EPD/Breach Claim Protocol” means the protocol, attached as Exhibit A hereto, in accordance with which the Allowed Amount of an EPD/Breach Claims will be calculated if the Protocol Conditions are satisfied.

60. “Equity Interest” means any Equity Interest in any Debtor, including, but not limited to, all issued, unissued, authorized or outstanding shares or stock, together with any warrants, options or contract rights to purchase or acquire such Equity Interests at any time.

61. “Estates” means the estates of the Debtors in these Chapter 11 Cases created pursuant to Section 541 of the Bankruptcy Code upon the commencement of these Chapter 11 Cases.

62. “Executory Contract” means any executory contract or unexpired lease subject to Section 365 of the Bankruptcy Code, between any Debtor and any other Person.

63. “File” or “Filed” means file or filed with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.

64. “Final Decree” means the decree contemplated under Bankruptcy Rule 3022.

65. “Final Distribution Date” means the date of the last payment to Holders of Allowed Claims in accordance with the provisions of the Plan.

66. “Final Order” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction (i) which has not been reversed, stayed, modified or amended, (ii) as to which the time to or the right to appeal or seek reconsideration, review, rehearing, or certiorari has expired or been waived (without regard to whether the time to seek relief from a judgment under Bankruptcy Rule 9024 has expired), and (iii) as to which no appeal or petition for reconsideration, review, rehearing, or certiorari is pending.

67. “Final Resolution Date” means the date on which all Disputed Claims in each and every Class shall have been resolved by Final Order or otherwise finally determined.

68. “General Bar Date” means February 1, 2008, for non-Governmental Units and February 11, 2008 for Governmental Units, which ever the dates set by the Bankruptcy

Court as the last day for filing a Claim arising prior to the Petition Date against the Debtors in these Chapter 11 Cases.

69. “Governmental Unit” means the United States and any state, commonwealth, district, territory, municipality, department, agency, or instrumentality of the United States (but not a United States trustee while serving as a trustee in a case under this title), or any foreign state.

70. “Holder” means an Entity holding a Claim or Equity Interest.

71. “Impaired” means with respect to a Claim or Class of Claims, a Claim or Class of Claims that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

72. “Initial Distribution Date” means the Effective Date, or as soon as practicable thereafter when the initial distribution shall be made to the Holders of Allowed Unsecured Claims, as determined by the Liquidating Debtors.

73. “Insider” means an insider of any Debtors, as defined in Section 101(31) of the Bankruptcy Code.

74. “Intercompany Claim” means a Claim held by a Debtor against another Debtor.

75. “Interim Fee Order” means that certain “Administrative Order Under 11 U.S.C. §§ 105(A) and 331 Establishing Procedures for Interim Compensation and Expense Reimbursement of Professionals and Committee Members” [Docket No. 131] entered by the Bankruptcy Court on September 5, 2007.

76. “Lien” means any charge against or interest in property (including, but not limited to, any mortgage, lien, pledge, charge, security interest, encumbrance or other security device of any kind) to secure payment of a debt or performance of an obligation.

77. “Liquidating Debtors” means the Consolidated Debtors on and after the Effective Date.

78. “Liquidation Proceeds” means any Cash or other consideration paid to or realized by the Consolidated Debtors or the Liquidating Debtors, as applicable, upon the sale, transfer, assignment or other disposition of the Plan Assets.

79. “Litigation” means the interest of the Estates, the Debtors, Reorganized Aegis REIT or the Liquidating Debtors, as applicable, in any and all claims, rights and causes of action which have been or may be commenced by the Debtors, Aegis REIT or the Liquidating Debtors, as applicable. Litigation includes, without limitation, any action (i) to avoid and recover any transfers of property determined to be preferential, fraudulent, or avoidable pursuant to sections 544, 545, 547, 548, 549(a) and 550 of the Bankruptcy Code; (ii) for the turnover of property to the Consolidated Debtors, Reorganized Aegis REIT or the Liquidating Debtors, as applicable; (iii) for the recovery of property or payment of money that belongs to or can be asserted by the Consolidated Debtors, Reorganized Aegis REIT or the Liquidating Debtors, as applicable; (iv) for compensation for damages incurred by the Debtors, Reorganized Aegis REIT or the Liquidating Debtors; and (v) equitable subordination actions against Creditors.

80. “Litigation Recovery” means any Cash or other property received by the Consolidated Debtors or the Liquidating Debtors, as applicable, from all or any portion of the

Litigation, including, but not limited to, awards of damages, attorneys' fees and expenses, interest and punitive damages, whether recovered by way of settlement, execution on judgment or otherwise. If any Litigation is pursued on a contingent fee basis, the Litigation Recovery will be net of any contingent fee paid to legal counsel.

81. “Madeleine Claim” means the Claim of Madeleine, LLC.

82. “Net Plan Proceeds” means all Plan Proceeds after the deduction of amounts to be paid for, or deposited to or withheld in the Claims Reserve Account from any unencumbered Cash on account of, or in anticipation of, payment of Plan Expenses and, as to each Class of Claims other than Secured Claims, after deduction of amounts for payments made or to be made (or for deposits made or to be made into the Claims Reserve Account on account of Disputed Claims) with respect to Claims (including unclassified claims that are Administrative Claims and Priority Tax Claims) that are senior in priority to the Claims of such Class.

83. “New Common Stock” shall mean the new common stock of the Liquidating Debtors to be issued on or as soon as practicable after the Effective Date.

84. “Petition Date” means August 13, 2007, the date on which each of the Debtors filed their respective petitions for relief commencing these Chapter 11 Cases.

85. “Plan” means this “Chapter 11 Plan of Reorganization of Aegis Mortgage Corporation, et al.,” either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, any exhibits and schedules hereto, either in its

present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof.

86. “Plan Assets” means any and all real property or personal property assets, rights or interests of the Consolidated Debtors, whether tangible or intangible, and any Liquidation Proceeds realized therefrom, including without limitation, all Cash of the Consolidated Debtors, all Litigation of the Consolidated Debtors, any Litigation Recovery, and the New Common Stock.

87. “Plan Expenses” means the expenses incurred by the Liquidating Debtors or the Disbursing Agent following the Effective Date (including the fees and costs of attorneys and other professionals) for the purpose of (i) prosecuting or otherwise attempting to collect or realize upon the Litigation; (ii) selling or collecting upon any of the Plan Assets or otherwise incurred following the Effective Date in connection with generating the Liquidation Proceeds; (iii) resolving Disputed Claims and effectuating distributions to Creditors under the Plan; or (iv) otherwise implementing the Plan and closing the Chapter 11 Cases, including, but not limited to post-Effective Date taxes (such as for income in the Disputed Claims Reserve) and wind-down expenses (such as document storage and final tax returns) and the cost of any bond or insurance obtained for the protection of the Responsible Officer.

88. “Plan Objection Deadline” means the deadline established by the Bankruptcy Court for filing and serving objections to Confirmation of the Plan.

89. “Plan Proceeds” means the aggregate amount of Cash or other funds of the Consolidated Debtors available for payment of the Allowed Claims of Creditors of the

Liquidating Debtors and Reorganized Aegis REIT, including, without limitation, available Cash of the Liquidating Debtors and any proceeds of Plan Assets.

90. “Plan Supplement” means the pleading or pleadings identified in the Plan or Disclosure Statement for filing with the Bankruptcy Court prior to the Confirmation Hearing.

91. “Preserved Setoff Rights” means, with respect to each Entity released in Section VIII(D)(2) of this Plan where this term is used, an exclusion from such release that permits any claim, debt, or cause of action of the Debtors, Aegis REIT, the Liquidating Debtors or the Estates against such Entity to be asserted defensively, as a setoff, counter-claim or cross-claim, in response to and in reduction of any Claim asserted by such Entity against the Debtors, the Liquidating Debtors, Reorganized Aegis REIT or the Estates, notwithstanding the releases in Section VIII(D)(2)(a) hereof.

92. “Priority Claim” means any Claim, other than an Administrative Claim or a Priority Tax Claim, to the extent entitled to priority under section 507(a) of the Bankruptcy Code.

93. “Priority Tax Claim” means a Claim of a governmental unit of the kind specified in Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

94. “Pro Rata” means proportionately so that, with respect to a Claim, the ratio of (a) (i) the amount of property distributed on account of a particular Claim to (ii) the Allowed Amount of the Claim, is the same as the ratio of (b) (i) the amount of property distributed on account of all Allowed Claims of the Classes entitled to share in the applicable

distribution to (ii) the amount of all Allowed Claims in the Classes entitled to share in the applicable distribution.

95. “Professional” means an Entity (a) employed pursuant to a Final Order in accordance with Sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

96. “Professional Fee Claim” means those fees and expenses claimed by Professionals pursuant to Sections 330, 331 and/or 503 of the Bankruptcy Code, and accrued and unpaid as of the Effective Date.

97. “Proof of Claim” means a proof of claim Filed pursuant to Section 501 of the Bankruptcy Code and/or any order of the Bankruptcy Court, together with supporting documents.

98. “Protocol Conditions” means (a) the failure of any Holder of an EPD/Breach Claim to object timely to treatment of such Holder’s EPD/Breach Claim pursuant to the EPD/Breach Protocol and (b) the Debtors’ agreement to treat EPD/Breach Claims pursuant to the EPD/Breach Claim Protocol, as manifested by the filing of a notice to that effect not later than five days following the Plan Objection deadline.

99. “Reorganized Aegis REIT” means Aegis REIT on and after the Effective Date.

100. “Responsible Officer” shall mean an individual selected by the Debtors prior to the hearing on the Disclosure Statement.

101. “Schedules” means the schedules of assets and liabilities as the Bankruptcy Court required each of the Debtors to file pursuant to Section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time, and each Debtor’s statement of financial affairs filed with the Bankruptcy Court, as the Bankruptcy Court required each of the Debtors to file pursuant to Section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

102. “Secured Claim” means any Claim that is secured in whole or part, as of the Petition Date, by a Lien which is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, or subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value of such Lien or right of setoff as determined under Sections 506(a) or 1129(b) of the Bankruptcy Code, as applicable.

103. “SSS” means Solutions Settlement Services of America Corporation, a Delaware corporation.

104. “STAC” means Solutions Title of America Corporation, a Delaware corporation.

105. “Tax” means any tax, charge, fee, levy, impost or other assessment by any federal, state, local or foreign taxing authority, including, without limitation, income, excise,

property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem, estimated, severance, stamp, occupation and withholding tax. "Tax" shall include any interest or additions attributable to, imposed on or with respect to such assessments.

106. "Tax Claim" means all or that portion of an Allowed Claim held by a Governmental Unit for a tax assessed or assessable against the Debtors, including income and employment taxes and any related penalties or interest.

107. "Unimpaired Claim" means an unimpaired Claim within the meaning of Section 1124 of the Bankruptcy Code.

108. "Unliquidated Claim" means any Claim for which a Proof of Claim has been filed with the Bankruptcy Court but was not filed in a sum certain, and which Claim has not been estimated, fixed or liquidated by the Bankruptcy Court at a sum certain as of the Effective Date.

109. "Unsecured Claim" means any Claim against any of the Debtors or their Estates that is not a Secured Claim, Administrative Claim, Priority Tax Claim or Priority Claim.

110. "U. S. Trustee" means the Office of the United States Trustee for the District of Delaware.

111. "Voting Instructions" means the instructions for voting on the Plan contained in Article 1 of the Disclosure Statement and in the Ballots.

112. "Voting Record Date" means the date as of which the identity of Creditors is set for purposes of determining the Entities entitled to receive and vote on the Plan. Pursuant

to Bankruptcy Rules 3017(d) and 3018(a); this date is the date of entry of the Bankruptcy Court's order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

ARTICLE II

ADMINISTRATIVE CLAIMS, PROFESSIONAL FEES AND PRIORITY TAX CLAIMS

A. Introduction

Certain types of Claims are not placed into voting Classes; instead they are unclassified. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to the specific treatment provided for them in the Bankruptcy Code. As such, Debtors have not placed the following Claims in a Class:

B. Administrative Claims

Each Holder of an Allowed Administrative Claim shall receive, from Net Plan Proceeds, without interest, Cash equal to the Allowed Amount of such Claim, unless such Holder shall have agreed to different treatment of such Claim, at the sole option of the Debtors or the Liquidating Debtors, as the case may be: (a) on or as soon as practicable after the later of (i) the Effective Date, or (ii) the date upon which the Bankruptcy Court enters a Final Order determining or approving such Claim; (b) in accordance with the terms and conditions of agreements between the Holders of such Claims and the Debtors or the Liquidating Debtors, as the case may be; (c) with respect to any Administrative Claims representing obligations incurred in the ordinary course of the Debtors' business, upon such regular and customary payment or performance terms as may exist in the ordinary course of the Debtors' business or as otherwise

provided in the Plan; or (d) with respect to statutory fees due pursuant to 28 U.S.C. § 1930(a)(6), until the entry of a final decree or an order converting or dismissing the Chapter 11 Case.

Holders of Administrative Claims (including, without limitation, Professionals) requesting compensation or reimbursement of such expenses pursuant to Sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code that do not file such requests by the applicable deadline provided for herein shall be forever barred from asserting such claims against the Debtors, their Estates, Reorganized Aegis REIT, the Liquidating Debtors, or their successors or assigns, or their property. Any objection to Professional Fee Claims shall be filed on or before the objection deadline specified in the application for final compensation or order of the Bankruptcy Court.

Notwithstanding any provision in the Plan regarding payment of Administrative Claims to the contrary, and without waiver of any argument available that such Claim is already time-barred by prior orders of the Bankruptcy Court, all Administrative Claims that are required to be Filed and not Filed by the Administrative Claim Bar Date shall be deemed disallowed and discharged. As provided herein, the Claims Reserve Account will include funds sufficient to cover the aggregate asserted amount of all disputed Administrative Claims. Without limiting the foregoing, all fees payable under 28 U.S.C. § 1930 that have not been paid, shall be paid on or before the Effective Date.

C. Professional Fee Claims

The Bankruptcy Court must rule on and allow all Professional Fee Claims before the fees will be owed and paid. For all Professional Fee Claims, except Bankruptcy Clerk's

Office fees, the fees and expenses of the Claims Agent, and U.S. Trustee's fees, the Professional in question must file and serve a properly noticed final fee application and the Bankruptcy Court must rule on the application. Only the amount of fees and expenses Allowed by the Bankruptcy Court will be owed and required to be paid under the Plan.

The Liquidating Debtors may retain and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. If the Liquidating Debtors object in writing to the payment of any compensation, such Disputed amount shall not be paid prior to the earlier of the resolution of such dispute or a ruling by the Bankruptcy Court.

Professionals requesting compensation or reimbursement of expenses pursuant to Sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Interim Fee Order, an application for final allowance of compensation and reimbursement of expenses no later than sixty (60) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court.

D. Priority Tax Claims

On the later to occur of (i) the Effective Date or (ii) the date on which such Claim shall become an Allowed Claim, the Liquidating Debtors shall pay to each Holder of an Allowed Priority Tax Claim from the Net Plan Proceeds the Allowed Amount of such Allowed Priority Tax Claim without interest from Petition Date.

ARTICLE III
CLASSIFICATION AND TREATMENT
OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. Summary

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including voting, Confirmation and distribution pursuant to the Plan and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

B. Classification and Treatment of Claims against the Debtors

The classification of Claims and Equity Interests against the Debtors pursuant to the Plan is as follows:

Class	Status	Voting Rights
Class 1 – Consolidated Debtor Non-Tax Priority Claims	Impaired	Entitled to Vote
Class 2 – Aegis REIT Non-Tax Priority Claims	Impaired	Entitled to Vote
Class 3 – Secured Claims ³	Impaired	Entitled to Vote
Class 4 – Consolidated Debtor Unsecured Claims	Impaired	Entitled to Vote
Class 5 – Consolidated Debtor EPD/Breach Claims	Impaired	Entitled to Vote
Class 6 – Consolidated Debtor Intercompany Claims Against Aegis REIT	Impaired	Not Entitled to Vote
Class 7 – Aegis REIT Unsecured Claims	Impaired	Entitled to Vote
Class 8 – Aegis REIT EPD/Breach Claims	Impaired	Entitled to Vote

³ Each Holder of a Class 3 Claim constitutes a separate subclass under the Plan, to the extent any such Claims exist.

Class	Status	Voting Rights
Class 9 – Aegis REIT Intercompany Claims Against Consolidated Debtors	Impaired	Not Entitled to Vote
Class 10 – Consolidated Debtor Equity Interests	Impaired	Not Entitled to Vote
Class 11 – Aegis REIT Preferred Stock Equity Interests	Unimpaired	Not Entitled to Vote
Class 12 – Aegis REIT Common Stock Equity Interests	Impaired	Not Entitled to Vote

1. Class 1 – Consolidated Debtor Non-Tax Priority Claims

- a. Classification: Class 1 consists of Non-Tax Priority Claims against the Consolidated Debtors.
- b. Treatment: The Liquidating Debtors shall pay from the Net Plan Proceeds the Allowed Amount of each Class 1 Non-Tax Priority Claim to each Creditor holding a Class 1 Non-Tax Priority Claim as soon as practicable following the later of (a) the Effective Date and (b) the date such Class 1 Non-Tax Priority Claim becomes an Allowed Claim (or as otherwise permitted by law). The Liquidating Debtors shall pay each Creditor holding a Class 1 Non-Tax Priority Claim in Cash in full in respect of such Allowed Claim without interest from the Petition Date; provided, however, that such Creditor may be treated on such less favorable terms as may be agreed to in writing by such Creditor.
- c. Voting: Class 1 is an Impaired Class and Holders of Class 1 Claims are entitled to vote on the Plan.

2. Class 2 – Aegis REIT Non-Tax Priority Claims

- a. Classification: Class 2 consists of the Non-Tax Priority Claims against the Debtors.
- b. Treatment: The Liquidating Debtors shall pay from the Net Plan Proceeds the Allowed Amount of each Class 2 Non-Tax Priority Claim to each Creditor holding a Class 2

Non-Tax Priority Claim as soon as practicable following the later of (a) the Effective Date and (b) the date such Class 2 Non-Tax Priority Claim becomes an Allowed Claim (or as otherwise permitted by law). The Liquidating Debtors shall pay each Creditor holding a Class 2 Non-Tax Priority Claim in Cash in full in respect of such Allowed Claim without interest from the Petition Date; provided, however, that such Creditor may be treated on such less favorable terms as may be agreed to in writing by such Creditor.

c. Voting: Class 2 is an Impaired Class and Holders of Class 2 Claims are entitled to vote on the Plan.

3. Class 3 – Secured Claims

a. Classification: Class 3 consists of any Secured Claims. Each Holder of a Class 3 Claim constitutes a separate subclass under the Plan.

b. Treatment: To the extent any Secured Claims exist, at the option of the Debtors, Reorganized Aegis REIT or Liquidating Debtors, as applicable, one of the following treatments shall be provided: (i) the Holder of such Claim shall retain its Lien on its collateral until such collateral is sold, and the proceeds of such sale, less costs and expenses of disposing of such collateral, shall be paid to such Holder in full satisfaction, release, and discharge of such Allowed Secured Claim; (ii) on or as soon as practicable after the later of (a) the Effective Date, or (b) the date upon which the Bankruptcy Court enters a Final Order determining or allowing such Claim, or as otherwise agreed between the holder of such Claim and the Reorganized Debtors, the Holder of such Secured Claim with receive a Cash payment equal to the amount of its Allowed Secured Claim in full satisfaction, release, and discharge of such Secured Claim; or

(iii) the collateral securing the Creditor's Secured Claim shall be abandoned to such Creditor, in full satisfaction, release, and discharge of such Secured Claim.

c. Voting: Class 3 is an Impaired Class and Holders of Class 3 Claims are entitled to vote on the Plan.

4. Class 4 – Consolidated Debtor Unsecured Claims

a. Classification: Class 4 consists of the Claims of Holders of Consolidated Debtor Unsecured Claims.

b. Treatment: Following the establishment of appropriate reserves for the payment of distributions set forth in this Plan in respect of Allowed Class 1, 2, 3, 7 and 8 Claims, each Holder of an Allowed Consolidated Debtor Unsecured Claim shall receive a Pro Rata share (with the Holders of Class 5 Claims) of the remaining available Net Plan Proceeds, as determined by the Liquidating Debtors.

c. Voting: Class 4 is an Impaired Class and Holders of Class 4 Claims are entitled to vote to accept or reject the Plan.

5. Class 5 – Consolidated Debtor EPD/Breach Claims

a. Classification: Class 5 consists of the Claims of Holders of Consolidated Debtor EPD/Breach Claims.

b. Treatment: The allowance or disallowance of Consolidated Debtor EPD/Breach Claims shall be determined in accordance with the EPD/Breach Protocol if the Protocol Conditions are satisfied. If the Protocol Conditions are not satisfied, the allowance or disallowance of such claims will be determined in accordance with the Bankruptcy Code.

Following the establishment of appropriate reserves for the payment of distributions set forth in this Plan in respect of Allowed Class 1, 2, 3, 7 and 8 Claims, each Holder of an Allowed Consolidated Debtor Unsecured Claim shall receive a Pro Rata share (with the Holders of Class 4 Claims) of the Net Plan Proceeds, as determined by the Liquidating Debtors pursuant to the terms of this Plan.

c. Voting: Class 5 is an Impaired Class and Holders of Class 5 Claims are entitled to vote to accept or reject the Plan

6. Class 6 – Consolidated Debtor Intercompany Claims Against Aegis REIT

a. Classification: Class 6 consists of the Intercompany Claims of the Consolidated Debtors against Aegis REIT.

b. Treatment: There shall be no distribution on account of any Intercompany Claim against Aegis REIT.

c. Voting: The Holders of the Class 6 Claims will receive no distribution under the Plan and therefore are deemed to rejected the Plan. Accordingly, the Holders of Class 6 Claims are not entitled to vote.

7. Class 7 – Aegis REIT Unsecured Claims

a. Classification: Class 7 consists of the Claims of Holders of Aegis REIT Unsecured Claims, to the extent any such Claims exist.

b. Treatment: To the extent any such Claims exist, each Holder of an Allowed Aegis REIT Unsecured Claim shall retain receive in Cash 20% of the Allowed Amount

of its Class 7 Claim on the later of the Effective Date or the date such Claim becomes an Allowed Claim.

c. Voting: Class 7 is an Impaired Class and Holders of Class 7 Claims are entitled to vote to accept or reject the Plan.

8. Class 8 – Aegis REIT EPD/Breach Claims

a. Classification: Class 8 consists of Aegis REIT EPD/Breach Claims.

b. Treatment: The allowance or disallowance of Consolidated Debtor EPD/Breach Claims shall be determined in accordance with the EPD/Breach Protocol if the Protocol Conditions are satisfied. If the Protocol Conditions are not satisfied, the allowance or disallowance of such claims will be determined in accordance with the Bankruptcy Code. Each Holder of an Allowed Aegis REIT EPD/Breach Claim shall receive Cash in the amount of one-tenth of one percent of its Allowed Amount of its Class 8 Claim on the later of the Effective Date or the date such Claim becomes an Allowed Claim.

c. Voting: Voting Class 8 is an Impaired Class and Holders of Class 8 Claims are entitled to vote to accept or reject the Plan.

9. Class 9 – Aegis REIT Intercompany Claims Against the Consolidated Debtors

a. Classification: Class 9 consists of Intercompany Claims of Aegis REIT against the Consolidated Debtors.

b. Treatment: There shall be no distribution on account of Class 9 Aegis REIT Intercompany Claims against the Consolidated Debtors.

c. Voting: Holders of Class 9 Claims will receive no distribution under the Plan and therefore are deemed to have rejected the Plan. Accordingly, the Holders of Class 9 Claims are not entitled to vote.

10. Class 10 – Consolidated Debtor Equity Interests

a. Classification: Class 10 consists of Equity Interests in any of the Consolidated Debtors.

b. Treatment: There shall be no distribution on account of Class 10 Equity Interests. Upon the Effective Date, all Consolidated Debtor Equity Interests will be canceled and will cease to exist.

c. Voting: Holders of Class 10 Equity Interests will receive no distribution under the Plan and therefore are deemed to have rejected the Plan. Accordingly, the Holders of Class 10 Consolidated Debtor Equity Interests are not entitled to vote.

11. Class 11 – Aegis REIT Preferred Stock Equity Interests

a. Classification: Class 11 consists of Aegis REIT Preferred Stock Equity Interests.

b. Treatment: The Holders of the Aegis REIT Preferred Equity Interests shall retain their Equity Interests.

c. Voting: The Equity Interests of Holders of Class 11 Aegis REIT Preferred Stock Equity Interests are unimpaired. Accordingly, the Holders of Class 11 Aegis REIT Preferred Stock Equity Interests are not entitled to vote.

12. Class 12 – Aegis REIT Common Stock Equity Interests

- a. Classification: Class 12 consists of Aegis REIT Common Stock Equity Interests.
- b. Treatment: On the Effective Date, the Holders of the Aegis REIT Common Stock Equity Interests shall assign their Equity Interests to the Aegis REIT Common Stock Assignee. No distribution shall be made to the Holders of the Aegis REIT Common Stock Equity Interests.
- c. Voting: The Holders of Class 12 Equity Interests will receive no distribution under the Plan and are therefore deemed to reject the Plan. Accordingly, the Holders of Class 12 Aegis REIT Common Stock Equity Interests are not entitled to vote.

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN

A. Voting Classes

Each Holder of an Allowed Claim in Classes 1, 2, 3, 4, 5, 7 and 8 is entitled to vote either to accept or to reject the Plan. Only those votes cast by Holders of Allowed Claims shall be counted in determining whether acceptances have been received sufficient in number and amount to obtain Confirmation.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if (a) 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 the Plan and (b) 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 Claims actually voting in such Class have voted to accept the Plan.

C. Presumed Acceptance/Rejection of Plan

Class 11 is unimpaired and the Holders of Equity Interests in such Class are therefore deemed to accept the Plan and are not entitled to vote. Classes 6, 9, 10 and 12 shall not receive any distributions under the Plan and the Holders of Claims or Equity Interests in such Classes are therefore deemed to reject the Plan and are not entitled to vote.

D. Nonconsensual Confirmation

Because Classes 6, 9, 10 and 12 are deemed to reject the Plan by operation of law, the Debtors will request the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code. Without limiting the foregoing, in the event that any Class of Claims entitled to vote on the Plan fails to accept the Plan as required by Section 1129(a) of the Bankruptcy Code, the Plan may be amended and, in any event, the Debtors reserve the right to seek confirmation of the Plan over such rejection pursuant to Section 1129(b) of the Bankruptcy Code.

E. How to Vote

A form of Ballot is being provided to Creditors in Classes 1, 2, 3, 4, 5, 7 and 8 pursuant to which Creditors in such Classes may vote their acceptance or rejection of the Plan. The Ballot for voting on the Plan gives such Creditors one important choice to make with respect to the Plan – to vote for or against this Plan. In order to vote on the Plan, a Creditor should complete the Ballot, as indicated thereon, (1) by indicating on the enclosed ballot that (a) it

accepts the Plan or (b) rejects the Plan and (2) by signing its name and mailing the ballot in the envelope provided for this purpose. The Claims Agent will count the Ballots.

IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED AND RECEIVED NO LATER THAN 4:00 p.m. EASTERN TIME ON _____, 2008 AT THE FOLLOWING ADDRESS:

If by overnight courier or hand delivery:

Aegis Mortgage Corporation, et al., Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd floor
New York, NY 10017
Attention: Mariah Dubin

If by standard mail (including U.S. Express Mail):

Aegis Mortgage Corporation, et al., Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd floor
New York, NY 10017
Attention: Mariah Dubin

CREDITORS SHOULD NOT SEND BALLOTS VIA FACSIMILE OR E-MAIL.

IF A BALLOT IS NOT PROPERLY COMPLETED, SIGNED AND RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF A BALLOT IS DAMAGED OR LOST, A CREDITOR MAY REQUEST A REPLACEMENT BY ADDRESSING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE. FACSIMILE OR ELECTRONICALLY SUBMITTED BALLOTS WILL NOT BE COUNTED.

ARTICLE V

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Revesting/Handling of Plan Assets and Collection of Plan Proceeds.

The Plan Assets shall be held by the Liquidating Debtors in trust for Creditors and shall be distributed only in accordance with this Plan. From and after the Effective Date, the Liquidating Debtors shall retain and pursue the Litigation owned by the Liquidating Debtors on

such terms and conditions as are consistent with the interests of Creditors of the Liquidating Debtors and the reasonable business judgment of the Liquidating Debtors, sell or liquidate Plan Assets, and collect the accounts receivable, if any, of the Debtors. All Cash, all Liquidation Proceeds, and all Litigation Recoveries realized or obtained by the Liquidating Debtors shall be promptly delivered to the Disbursing Agent for deposit into the Claims Reserve Account and such funds shall be held in trust by the Disbursing Agent as Plan Proceeds. Except as otherwise provided in this Plan and the Confirmation Order, such Plan Proceeds and the assets of Reorganized Aegis REIT shall be free and clear of all Claims and Liens. To the extent required to make distributions to the Holders of Allowed Claims, fund the Claims Reserve Account, pay Plan Expenses, and otherwise implement this Plan, all Plan Proceeds shall be held in trust by the Disbursing Agent and all Net Plan Proceeds shall be distributed to Creditors in accordance with Section 1123 of the Bankruptcy Code.

B. Payment of Plan Expenses.

All Plan Expenses may be paid by the Disbursing Agent from the Claims Reserve Account without further notice to Creditors of the Consolidating Debtors or approval of the Bankruptcy Court. Any disputes concerning the payment of Plan Expenses shall be submitted to the Bankruptcy Court for resolution.

C. Litigation.

Except as otherwise provided in this Plan, all Litigation is retained and preserved pursuant to Section 1123(b) of the Bankruptcy Code with the exception of any Avoidance Actions or other Litigation against Creditors of Aegis REIT, in their capacity as Creditors of

Aegis REIT. From and after the Effective Date, all Litigation of the Consolidated Debtors or the Liquidating Debtors will be prosecuted or settled by the Liquidating Debtors, provided that (i) the Committee's right to bring any objection to the Madeleine Claim is preserved so that any such objection may be commenced and/or prosecuted after the Effective Date and (ii) subject to appropriate written demand upon and approval of the Liquidating Debtors or order of the Bankruptcy Court, any Litigation against the Holder of an Interest in the Debtors (the "Committee Reserved Litigation"), which Litigation may be prosecuted or settled by the Committee subject to the terms hereof. All Litigation of Reorganized Aegis REIT will be prosecuted or settled by Reorganized Aegis REIT. To the extent any Litigation of the Debtors is already pending on the Effective Date, the Liquidating Debtors or Reorganized Aegis REIT, as the case may be, as successor to the applicable Debtor, will continue the prosecution of such Litigation. Any Litigation Recovery (which, as defined, expressly excludes any recovery by Reorganized Aegis REIT) will be deposited in the Claims Reserve Account as Plan Proceeds.

D. Issuance of New Common Stock.

On or as soon as practicable after the Effective Date the New Common Stock shall be issued by the Liquidating Debtors to the Responsible Officer to be held on behalf of and as the representative of all Holders of Allowed Claims. Each Holder of an Allowed Claim shall be deemed to hold an undivided beneficial Pro Rata interest in the New Common Stock based upon the priority and Allowed amount of such Holder's Claim. The New Common Stock shall be treated as a Plan Asset and any proceeds of the New Common Stock shall be distributed as

Plan Proceeds to the Holders of Allowed Claims in accordance with the distributive provisions of this Plan.

E. Liquidation and Dissolution of the Liquidating Debtors.

The Liquidating Debtors shall conduct no business following the Effective Date other than winding up their affairs in accordance with applicable law and the provisions of this Plan. Without limiting the generality or effect of the foregoing, following the Effective Date the Liquidating Debtors shall: (i) undertake those transactions that are necessary, advantageous or practicable to obtain the maximum value from the Plan Assets; and (ii) exercise their best efforts and endeavor in good faith and without undue delay to liquidate all Claims and the Plan Assets and to successfully prosecute the Litigation of the Liquidating Debtors. Pursuant to applicable bankruptcy and non-bankruptcy law, the Liquidating Debtors (acting through the Responsible Officer) shall be authorized to (i) wind up their affairs and dissolve, and (ii) put into effect and carry out the terms of the Plan and any orders of the Bankruptcy Court entered in the Chapter 11 Cases, without further action by their boards of directors or stockholders.

F. Power and Authority of Responsible Officer.

From and after the Effective Date the Liquidating Debtors will be managed and governed by the Responsible Officer who shall act as the representative of the Liquidating Debtors. Activities of the Liquidating Debtors as permitted and limited under this Plan will be managed by the Responsible Officer. To the extent applicable, the Responsible Officer may use lower priced employees of his firm as he deems appropriate. Compensation and reimbursement of the Responsible Officer, and any lower priced employees from his or her firm (if any), shall

be considered Plan Expenses. Confirmation of the Plan shall constitute the appointment of the Responsible Officer by the Bankruptcy Court as the representative of the Liquidating Debtors to (a) exercise the rights, power and authority of the Liquidating Debtors under applicable provisions of the Plan and bankruptcy and non-bankruptcy law, (b) retain professionals to represent the Liquidating Debtors in performing and implementing the Plan, (c) marshal and liquidate the Plan Assets and to collect the Plan Proceeds for the benefit of Creditors, (d) prosecute the Litigation and otherwise attempt to collect or realize upon the Plan Assets, (e) resolve Disputed Claims and effectuate distributions to Creditors of the Debtors under the Plan, and (f) otherwise implement the Plan, wind up the affairs of the Debtors and close the Chapter 11 Cases. The compensation arrangements with the Responsible Officer shall be subject to approval by the Bankruptcy Court prior to the Effective Date. On the Effective Date, the Responsible Officer will be deemed to have retained the Debtors' Professionals under the arrangements existing on the Effective Date, without any need for new retention agreements or further orders of the Bankruptcy Court. The Confirmation Order shall provide that the Responsible Officer is authorized to execute a certificate of dissolution for the Liquidating Debtors pursuant to applicable non-bankruptcy law, or otherwise take any necessary steps required to wind up the Debtors under applicable law, at such time as the Liquidating Debtors have fully wound up their affairs in accordance with applicable law pursuant to the provisions of the Plan. The Responsible Officer shall serve until the Liquidating Debtors are dissolved and a final decree is entered closing their Chapter 11 Cases, unless earlier removed by the Bankruptcy Court for cause shown, after notice and a hearing. Upon the removal of the Responsible Officer

for cause, or if the sitting Responsible Officer becomes unable, unavailable or unwilling to continue to serve, the Bankruptcy Court will appoint a replacement upon the request of any party in interest. The Responsible Officer shall be responsible for ensuring that the Liquidating Debtors comply with their obligations to pay statutory fees under 28 U.S.C. § 1930(a)(6) and the Responsible Officer shall file all post-Confirmation reports required by the Bankruptcy Rules, the Bankruptcy Court, the Local Bankruptcy Rules, or any applicable Guidelines of the United States Trustee.

G. Power and Authority of the Disbursing Agent.

The Disbursing Agent may employ or contract with other entities to perform the obligations created under the Plan. Any third party Disbursing Agent shall receive reasonable compensation for services rendered and reimbursement for expenses incurred in connection with this Plan or any functions or responsibilities adopted under the Plan which amounts may be deducted from the Claims Reserve Account as Plan Expenses. The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) make all distributions contemplated hereby, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof. To the extent that the Liquidating Debtors act as the Disbursing Agent, the Liquidating Debtors shall not receive a fee for such services, although the

Liquidating Debtors may employ and pay persons or entities salaries, wages or ordinary compensation for services performed.

H. Distribution Procedures.

Except as otherwise agreed by the Holder of a particular Claim, or as provided in this Plan, all amounts to be paid by the Disbursing Agent under the Plan shall be distributed in such amounts and at such times as is reasonably prudent. On the Effective Date, or as soon as practicable thereafter, the Disbursing Agent shall: (i) marshal all then available Plan Proceeds; (ii) to the extent of unencumbered Cash or Cash distributable to the Holders of Allowed Claims against the Debtors, establish and fund the Claims Reserve Account pursuant to Section V(J) of the Plan; (iii) promptly pay the Holders of (a) Allowed Administrative Claims, (b) Allowed Professional Fee Claims, (c) Allowed Priority Tax Claims, (d) the Holders of Allowed Non-Tax Priority Claims in Classes 1 and 2; and (e) Allowed Aegis REIT Unsecured Claims and Aegis REIT EPD/Breach Claims in Classes 6 and 7, as provided for under the Plan; (iv) with respect to Class 3 Creditors who did not receive proceeds from the sale of their collateral, arrange for the Liquidating Debtors and Reorganized Aegis REIT to abandon to such Creditors the collateral securing their respective Claims; and (v) make interim and final distributions of Plan Proceeds to the Holders of other Allowed Claims from the Claims Reserve Account in the amounts and according to the priorities set forth in this Plan. Additionally, notwithstanding any provision to the contrary in this Plan, distributions may be made in full or on a Pro Rata basis depending on (i) the amount of the Allowed Claim, (ii) the then available Plan Proceeds in the Claims Reserve Account, and (iii) the then anticipated Plan Proceeds. The Disbursing Agent shall make the Cash

payments to the Holders of Allowed Claims: (a) in U.S. dollars by check, draft or warrant, drawn on a domestic bank selected by the Disbursing Agent in its sole discretion, or by wire transfer from a domestic bank, at the Disbursing Agent's option, and (b) by first-class mail (or by other equivalent or superior means as determined by the Disbursing Agent).

I. Full and Final Satisfaction.

Upon the Effective Date, all Claims against the Debtors shall be deemed fixed and adjusted pursuant to this Plan and the Debtors shall have no further liability on account of any Claims or Equity Interests except as set forth in this Plan. All payments and all distributions made by the Disbursing Agent under the Plan shall be in full and final satisfaction, settlement and release of all Claims; provided, however, that nothing contained in this Section V(I) of the Plan, or in any other provision of this Plan, shall be deemed to constitute or result in a discharge of the Liquidating Debtors under Section 1141(d) of the Bankruptcy Code.

J. Withholding Taxes.

Pursuant to section 346(f) of the Bankruptcy Code, the Disbursing Agent shall be entitled to deduct any federal, state or local withholding taxes from any Cash payments made with respect to Allowed Claims, as appropriate. The Debtors shall comply with all reporting obligations imposed on it by any Governmental Unit in accordance with applicable law with respect to such Withholding Taxes.

K. Claims Reserve Account.

On or as soon as practicable after the Effective Date, the Disbursing Agent shall (a) to the extent of any Cash or, where applicable, unencumbered Cash, create and fund the

Claims Reserve Account, and (b) periodically deposit the Cash from Plan Proceeds into the Claims Reserve Account to satisfy the obligations created under the Plan. The Claims Reserve Account shall contain the following six sub-accounts: (1) Secured, (2) Administrative, (3) Priority Claims, (4) Plan Expenses, (5) Aegis REIT Unsecured Claims and EPD/Breach Claims, and (6) Consolidated Debtor Unsecured Claims and EPD/Breach Claims. Each sub-account within the Claims Reserve Account shall contain an amount of Cash deemed sufficient by the Liquidating Debtors for the payment of Allowed Claims in accordance with the priorities and amounts set forth in Article III, all anticipated Plan Expenses, and Disputed Claims. The Disbursing Agent shall be authorized to transfer funds among sub-accounts as necessary to replenish any sub-accounts as and when distributions are made to Creditors. All Plan Expenses may be deducted and paid from sub-account 4 without further order of the Bankruptcy Court. Subject to the priorities established under the Bankruptcy Code, the Disbursing Agent shall periodically transfer all earnings and interest income on the Claims Reserve Account for deposit to and distribution from sub-account 6. Unless otherwise provided in the Confirmation Order, the Claims Reserve Account shall be invested by the Disbursing Agent in a manner consistent with the objectives of Section 345(a) of the Bankruptcy Code.

L. Resolution of Disputed Claims.

All objections to Claims shall be filed and served not later than 180 days following the Effective Date; provided, however, such deadline may be extended by the Bankruptcy Court for cause shown. If an objection is not timely filed by the deadline established in this Section V(L), any remaining Disputed Claims shall be deemed to be Allowed Claims for

purposes of this Plan. Unless otherwise provided in the Confirmation Order the Liquidating Debtors shall be authorized to settle, or withdraw any objections to, any Disputed Claim following the Confirmation Date without further notice to Creditors or authorization of the Bankruptcy Court, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of this Plan. Under no circumstances will any distributions be made on account of Disallowed Claims.

M. Reserve Provisions for Disputed Claims.

The Disbursing Agent shall implement the following procedures with respect to the allocation and distribution of Cash in the Claims Reserve Account, after payment of all senior Claims, to the Holders of Disputed Claims that become Allowed Claims against the Liquidating Debtors:

1. Cash respecting Disputed Claims shall not be distributed, but, if necessary, shall be withheld by the Disbursing Agent in an amount equal to the amount of the distributions that would otherwise be made to the Holders of such Claims if such Claims had been Allowed Claims, based on the Disputed Claims Amount.

2. All Holders of Allowed Unsecured Claims shall be entitled to receive interim distributions under the Plan. No distributions may be made to the Holders of Allowed Unsecured Claims unless adequate reserves are established for the payment of Disputed Claims, and sufficient funds are also reserved for payment of expected Plan Expenses. Upon the Final Resolution Date, after payment of all senior Claims, all amounts (if any) remaining in sub-accounts 1-6 of the Claims Reserve Account, after reservation of an appropriate amount for

anticipated Plan Expenses, shall be transferred to sub-account 6 for final distribution to the Holders of Allowed Class 4 and Class 5 Claims.

3. Where only a portion of a Claim is Disputed, at the option of the Liquidating Debtors or Disbursing Agent, as applicable, interim or partial distributions may (but are not required to) be made with respect to the portion of such Claim that is not Disputed.

4. For the purposes of effectuating the provisions of this Section V(M), the Bankruptcy Court may estimate the amount of any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated shall be deemed to be Allowed Claims pursuant to Section 502(c) of the Bankruptcy Code for purposes of distribution under this Plan. In lieu of estimating the amount of any Disputed Claim, the Bankruptcy Court or the Disbursing Agent may determine the Disputed Claims Amount to be reserved for such Disputed Claim, or such amount may be fixed by agreement in writing by and between the Liquidating Debtors and the Holder thereof.

5. When a Disputed Claim becomes an Allowed Claim, there shall be distributed to the Holder of such Allowed Claim, in accordance with the provisions of this Plan, Cash equal to a Pro Rata Share of the Cash set aside for Disputed Claims within the applicable sub-account of the Claims Reserve Account, but in no event shall such Holder be paid more than the amount that would otherwise have been paid to such Holder if the Claim (or the Allowed portion of the Claim) had not been a Disputed Claim.

6. Interim distributions may be made from time to time to the Holders of Allowed Claims prior to the resolution by Final Order or otherwise of all Disputed Claims,

provided that the aggregate amount of Cash to be distributed at such time from the Claims Reserve Account is practicable in comparison to the anticipated costs of such interim distributions.

7. No Holder of a Disputed Claim shall have any Claim against the Cash reserved with respect to such Claim until such Disputed Claim shall become an Allowed Claim. In no event shall any Holder of any Disputed Claim be entitled to receive (under the Plan or otherwise) from the Debtors, the Liquidating Debtors, or the Claims Reserve Account any payment (x) which is greater than the amount reserved for such Claim by the Bankruptcy Court pursuant to this Section V(M), or (y) except as otherwise permitted under this Plan, of interest or other compensation for delays in distribution. In no event shall the Liquidating Debtors have any responsibility or liability for any loss to or of any amount reserved under the Plan.

8. To the extent a Disputed Claim ultimately becomes an Allowed Claim in an amount less than the Disputed Claim Amount reserved for such Disputed Claim, then the resulting surplus of Cash shall be retained in the Claims Reserve Account and shall be distributed among the Holders of Allowed Claims until such time as each Holder of an Allowed Claim has been paid the Allowed amount of its Claim.

N. Allocation of Distributions.

Distributions to any Holder of an Allowed Claim shall be allocated first to the principal amount of any such Allowed Claim, as determined for federal income tax purposes, and then, to the extent the consideration exceeds such amount, to the remainder of such Claim

comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

O. Rounding.

Whenever any payment of a fraction of a cent would otherwise be called for, the actual distribution shall reflect a rounding of such fraction down to the nearest cent.

P. No Interim Cash Payments of \$10 or Less on Account of Allowed Claims.

If an interim distribution to be received by the Holder of an Allowed Claim against the Liquidating Debtors would be \$10 or less, notwithstanding any contrary provision in the Plan, at the discretion of the Disbursing Agent, no such interim payment will be made to such Holder, and such Cash shall be held for such Holder until the earlier of (i) the next time an interim distribution is made to the Holders of Allowed Claims (unless the distribution would still be less than \$10 in which case this Section V(P) shall again apply), or (ii) subject to Section V(R) below, the date on which final distributions are made to the Holders of Allowed Claims.

Q. Disputed Payments.

In the event of any dispute between and among Creditors as to the right of any Entity to receive or retain any payment or distribution to be made to such Entity under the Plan, the Disbursing Agent may, in lieu of making such payment or distribution to such entity, instead hold such payment or distribution until the disposition thereof shall be determined by the Bankruptcy Court.

R. Unclaimed Property.

Any entity which fails to claim any Cash within 120 days from the date upon which a distribution is first made to such entity shall forfeit all rights to any distribution under the Plan. Upon forfeiture, such Cash (including interest thereon) shall be deposited into the Claims Reserve Account to be distributed to the Holders of Allowed Claims in the manner described in Section V(M)(7) for distribution of excess amounts. Entities that fail to claim Cash shall forfeit their rights thereto and shall have no claim whatsoever against the Debtors, the Liquidating Debtors, or the Disbursing Agent or any Holder of an Allowed Claim to whom distributions are made by the Disbursing Agent.

S. No Distributions on Late-Filed Claims.

Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a Proof of Claim was first filed after the applicable Bar Date shall be a Disallowed Claim. The Liquidating Debtors shall not make any distribution to a Holder of such a Claim; provided, however, that to the extent such Claim was listed in the Schedules (other than as contingent, disputed, or unliquidated) and would be an Allowed Claim but for the lack of a timely proof of Claim, the Liquidating Debtors shall treat such Claim as an Allowed Claim in the amount in which it was so listed.

T. De Minimis Distributions; Charitable Donation.

Notwithstanding anything to the contrary therein, the Disbursing Agent shall not be required to make a distribution to any Creditor if the dollar amount of the distribution is so small that the cost of making that distribution exceeds the dollar amount of such distribution. At

the Final Distribution Date, the Responsible Officer may make a charitable donation with undistributed funds if, in the reasonable judgment of the Responsible Officer, the cost of calculating and making the final distribution of the remaining funds is excessive in relation to the benefits to the Creditors who would otherwise be entitled to such distributions.

U. Setoffs.

Nothing contained in this Plan shall constitute a waiver or release by the Debtors and/or Liquidating Debtors of any right of setoff or recoupment the Debtors and/or Liquidating Debtors may have against any Creditor or Equity Interest Holder.

V. United States Trustee Fees.

All outstanding amounts due under 28 U.S.C. § 1930 that have not been paid shall be paid by the Debtors on or before the Effective Date. Thereafter, the Liquidating Debtors shall pay any statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) and such fees shall be paid until entry of a final decree or an order converting or dismissing the case.

ARTICLE VI

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejection of Executory Contracts and Unexpired Leases

Except with respect to executory contracts or unexpired leases that were (i) previously assumed or rejected by order of the Bankruptcy Court, and (ii) are the subject of a pending motion to assume or reject, pursuant to Section 365 of the Bankruptcy Code, or (iii) are identified on the Assumption Schedule, on the Effective Date, each executory contract and unexpired lease entered into by any of the Debtors prior to the Petition Date that has not

previously expired or terminated pursuant to its own terms shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code. Nothing in this Article VI shall be construed as an acknowledgement that a particular contract or agreement is executory or is properly characterized as a lease. The Confirmation Order shall constitute an Order of the Bankruptcy Court approving such rejections pursuant to Section 365 of the Bankruptcy Code, as of the Effective Date. The non-Debtor parties to any rejected personal property leases shall be responsible for taking all steps necessary to retrieve the personal property that is the subject of such executory contracts and leases.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All proofs of claim with respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to the Confirmation Order, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the earlier of the Effective Date or an order of the Bankruptcy Court approving such rejection. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to the Confirmation Order which are not Filed within such times will be forever barred from assertion against the Debtors, the Liquidating Debtors, or the Estates and their property. All such Claims for which proofs of claim are timely and properly Filed and ultimately Allowed will be treated as Unsecured Claims subject to the provisions of Article III of the Plan.

C. Insurance Policies

To the extent that any or all of the insurance policies set forth on the Assumption Schedule are considered to be executory contracts, then notwithstanding anything contained in

this Plan to the contrary, this Plan shall constitute a motion to assume the insurance policies set forth on the Assumption Schedule. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption and assignment 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 Debtors, the Estates, and all parties in interest in the Chapter 11 Cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy set forth on the Assumption Schedule. To the extent that the Bankruptcy Court determines otherwise with respect to any insurance policy, the Debtors reserve the right to seek rejection of such insurance policy or other available relief. The Plan shall not affect contracts that have been assumed and assigned by order of the Bankruptcy Court prior to the Confirmation Date. For the avoidance of doubt, the certain insurance policies (including any insurance policies that are not executory contracts, insurance policies that may have expired prior to the Petition Date, insurance policies in existence on the Petition Date, and insurance policies entered into by the Debtors after the Petition Date) of the Debtors set forth on the Assumption Schedule and all rights thereunder and rights under any other insurance policies under which the Debtors may be beneficiaries (including the rights to make, amend, prosecute, and benefit from claims) are retained and will be transferred to the Liquidating Trust pursuant to this Plan.

ARTICLE VII

**CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN
AND TO THE EFFECTIVE DATE**

A. Conditions to Confirmation of the Plan.

Confirmation of this Plan is conditioned upon the Court having signed the Confirmation Order in form and substance reasonably satisfactory to the Debtors.

B. Effect of Failure of Conditions to Confirmation.

If the condition in Section VII(A) of the Plan is not met, the Debtors may, at their option, withdraw this Plan and, if withdrawn, this Plan shall be of no further force or effect.

C. Conditions to the Effectiveness of the Plan

A condition to effectiveness of the Plan is entry of a Confirmation Order and the execution and delivery of any related documents and instruments in form and substance reasonably satisfactory to the Debtors.

D. Substantive Consolidation of the Chapter 11 Cases of the Consolidated Debtors.

1. Substantive Consolidation Order.

The Plan shall serve as a motion seeking entry of an order substantively consolidating these Chapter 11 Cases of the Consolidated Debtors. Unless an objection to substantive consolidation is made in writing by any Creditor affected by the Plan as herein provided on or before the Plan Objection Deadline, an order substantively consolidating these Chapter 11 Cases of the Consolidated Debtors may be entered by the Bankruptcy Court, which order may be the Confirmation Order. In the event any such objections are timely filed, a hearing with respect thereto shall be scheduled by the Bankruptcy Court, which hearing may, but need not, coincide with the Confirmation Hearing.

2. Effect/Extent of Substantive Consolidation.

In effectuation of such substantive consolidation, on the Effective Date: (a) no Distributions will be made under the Plan on account of the Intercompany Claims among the Consolidated Debtors; (b) the guarantees of the Consolidated Debtors will be deemed eliminated so that any Claim against the Consolidated Debtors and any guarantee thereof executed by any Debtor and any joint and several liability of the Consolidated Debtors with one another will be deemed to be one obligation of these Consolidated Debtors; and (c) each and every Claim against the Consolidated Debtors will be deemed asserted as a single Claim against the Liquidating Debtors as a whole, and will be treated in the same Class regardless of the Consolidated Debtor. Additionally, notwithstanding the substantive consolidation herein, substantive consolidation shall not affect the obligation of each and every one of these Consolidated Debtors under 28 U.S.C. § 1930(a)(6) until a particular case is closed, converted or dismissed. Notwithstanding the substantive consolidation of the Consolidated Debtors, nothing herein shall effect or be deemed to constitute a substantive consolidation of the Consolidated Debtors and Aegis REIT for any purpose.

3. Reservation of Rights.

The Debtors reserve the right at any time up to the conclusion of the Confirmation Hearing to withdraw their request for substantive consolidation of these Chapter 11 Cases of the Consolidated Debtors, to seek Confirmation of the Plan as if there were no substantive consolidation, and to seek Confirmation of the Plan with respect to one Debtor even if Confirmation with respect to the other Debtors is denied.

E. Effective Date.

Provided no stay of the Confirmation Order is then in effect, this Plan shall become effective on the Effective Date.

ARTICLE VIII

EFFECTS OF CONFIRMATION

A. Binding Effect of Plan.

The provisions of the confirmed Plan shall bind the Debtors, Reorganized Aegis REIT, the Liquidating Debtors, any Entity acquiring property under the Plan, and any Creditor or Equity Interest Holder, whether or not such Creditor or Equity Interest Holder has filed a Proof of Claim or Equity Interest in the Chapter 11 Cases, whether or not the Claim of such Creditor or the Equity Interest of such Equity Interest Holder is impaired under the Plan, and whether or not such Creditor or Equity Interest Holder has accepted or rejected the Plan. All Claims and Debts shall be as fixed and adjusted pursuant to this Plan. Pursuant to Section X(L) of the Plan, with respect to any taxes of the kind specified in Section 1146(c) of the Bankruptcy Code, this Plan shall also bind any taxing authority, recorder of deeds or similar official for any county, state, or governmental unit or parish in which any instrument related to under this Plan or related to any transaction contemplated under this Plan is to be recorded.

B. Revesting of Property of Debtors.

Upon the Effective Date, title to all property of the Estates of the Consolidated Debtors in their Chapter 11 Cases shall revest in the Liquidating Debtors, and title to all property in the Estate of Aegis REIT in its Chapter 11 Case shall revest in Reorganized Aegis REIT, in

each case, free and clear of any Liens or Claims except those Liens and Claims expressly preserved by this Plan or the Confirmation Order. All such property shall be retained either by (a) the Liquidating Debtors as Plan Assets for the purposes contemplated under the Plan, or (b) Reorganized Aegis REIT for the conduct of its ongoing business. Without limiting the generality of the foregoing, all Litigation Recoveries, rights to Liquidation Proceeds, and all resulting Plan Proceeds earmarked for disbursement to Creditors under the Plan, shall vest in the Liquidating Debtors upon the Effective Date and shall no longer constitute property of the Estates.

C. Property Free and Clear.

Following the Effective Date, the Liquidating Debtors and Reorganized Aegis REIT may transfer and dispose of their property free of any restrictions imposed by the Bankruptcy Code or the Bankruptcy Rules and without further approval of the Bankruptcy Court or notice to Creditors, except as may otherwise be required under the Plan or the Confirmation Order.

D. Limitation of Liability.

1. Exculpated Parties.

The Debtors, the Committee, and their respective officers, directors, managers, employees, agents, advisors, accountants, attorneys and representatives (collectively, the “Exculpated Parties”), will neither have nor incur any liability to any entity for any action in good faith taken or omitted to be taken in connection with or related to the Chapter 11 Cases or the formulation, preparation, dissemination, implementation, Confirmation or consummation of

the Plan, the Disclosure Statement, or any agreement created or entered into in connection with the Plan or incident to the Chapter 11 Cases; provided, however, that this limitation will not affect or modify the obligations created under this Plan, or the rights of any Creditor or Equity Interest Holder to enforce its rights under the Plan and shall not release any action (or inaction) constituting willful misconduct or gross negligence.

2. Releases.

As part of the Plan, the releases set forth below shall be granted pursuant to this Plan and the Confirmation Order:

a. Debtors' Release.

On the Effective Date, subject to the Preserved Setoff Rights, the Debtors, Reorganized Aegis REIT and Liquidating Debtors shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all Litigation or potential Litigation which it has or may have against any of their officers, directors or employees holding such a position as of the Confirmation Date, financial advisors, attorneys, partners, representatives and their respective property; provided, however, that the foregoing shall not operate as a waiver of or release from any Litigation or potential Litigation arising out of (i) any express contractual obligation owing by any such directors, officers, agents, financial advisors, attorneys, employees, partners, affiliates or representatives, or (ii) the willful misconduct or gross negligence of such directors, officers, agents, financial advisors, attorneys, employees, partners, affiliates, or representatives in connection with, related to, or arising out of the Chapter 11 Cases, the pursuit

of Confirmation of the Plan, the Consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan.

b. Third Party Releases.

Each person or entity participating in distributions under the Plan or pursuant to the Plan, for itself and its respective successors, assigns, transferees, current and former officers, directors, agents, financial advisors, attorneys, employees, partners, affiliates, representatives, in each case in their capacity as such, who affirmatively votes to accept the Plan, shall, by virtue of Sections 1126(c) and 1141(a) of the Bankruptcy Code, be deemed to have released any and all Claims and causes of action against (A) the Debtors, Reorganized Aegis REIT or Liquidating Debtors, and their respective officers, directors, controlling shareholders, managers, employees, agents, advisors, accountants, attorneys and representatives and their respective property, and (B) the members of the Committee in their capacity as such, and their respective officers, directors, managers, employees, agents, advisors, accountants, attorneys and representatives and their respective property, arising prior to the Effective Date.

E. Discharge of Aegis REIT.

Except as specifically provided in this Plan or in the Confirmation Order, effective on the Effective Date, Confirmation shall discharge Aegis REIT and Reorganized Aegis REIT from any and all Claims including any Claim of a kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a Proof of Claim based on such Claim was filed or deemed filed under Section 501 of the Bankruptcy Code, or such Claim was listed on the Schedules of the Debtor, (ii) such Claim is or was Allowed under Section 502 of the

Bankruptcy Code, or (iii) the holder of such Claim has voted on or accepted this Plan. Except as specifically provided in this Plan to the contrary, the rights that are provided in this Plan shall be in complete discharge of all Claims against and Liens on the assets and properties of Aegis REIT and Reorganized Aegis REIT.

F. Injunction.

In implementation of the Plan, except as otherwise expressly provided in the Confirmation Order or the Plan, and except in connection with the enforcement of the terms of the Plan or any documents provided for or contemplated in the Plan, all entities who have held, hold or may hold Claims against or Equity Interests in the Debtors, or the Estates that arose prior to the Effective Date are permanently enjoined from: (a) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against the Debtors, Liquidating Debtors, Reorganized Aegis REIT, the Estates, or any property of the Debtors, or the Estates, with respect to any such Claim or Equity Interest; (b) the enforcement, attachment, collection or recovery by any manner or means, directly or indirectly, of any judgment, award, decree, or order against the Debtors, Liquidating Debtors, Reorganized Aegis REIT, the Estates, or any property of the Debtors, Liquidating Debtors, Reorganized Aegis REIT, or the Estates, with respect to any such Claim or Equity Interest; (c) creating, perfecting or enforcing, directly or indirectly, any Lien or encumbrance of any kind against the Debtors, Liquidating Debtors, Reorganized Aegis REIT, the Estates, or any property of the Debtors, Liquidating Debtors, Reorganized Aegis REIT, or the Estates, with respect to any such Claim or Equity Interest; (d) asserting, directly or indirectly, any setoff, right of subrogation, or recoupment of any kind

against any obligation due the Debtors, Liquidating Debtors, Reorganized Aegis REIT, the Estates, or any property of the Debtors, Liquidating Debtors, Reorganized Aegis REIT, or the Estates, with respect to any such Claim or Equity Interest; and (e) any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan with respect to such Claim or Equity Interest.

G. Post-Confirmation Liability of Responsible Officer and Disbursing Agent.

The Responsible Officer, the Committee and the Disbursing Agent and their consultants, agents, advisors, attorneys, accountants, financial advisors, other representatives and the professionals engaged by the foregoing (collectively, the “Indemnified Parties”) shall not be liable for any and all liabilities, losses, damages, claims, causes of action, costs and expenses, including but not limited to attorneys’ fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, to the Holders of Claims or Equity Interests for any action or inaction taken in good faith in connection with the performance or discharge of his or her duties under this Plan, except the Indemnified Parties will be liable for actions or inactions that are grossly negligent or which constitute willful misconduct. However, any act or omission taken with the approval of the Bankruptcy Court, and not inconsistent therewith, will be conclusively deemed not to constitute gross negligence or willful misconduct. In addition, the Liquidating Debtors and the Estates shall, to the fullest extent permitted under applicable law, indemnify and hold harmless the Indemnified Parties from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including but not limited to attorneys’ fees arising out of or due to their actions or omissions, or consequences of such

actions or omissions, with respect to the Liquidating Debtors and the Estates or the implementation or administration of the Plan if the Indemnified Party acted in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the Liquidating Debtors and the Estates. To the extent the Liquidating Debtors indemnify and hold harmless the Indemnified Parties as provided above, the legal fees and related costs incurred by counsel to the Responsible Officer in monitoring and participating in the defense of such claims giving rise to the right of indemnification shall be paid as Plan Expenses. All rights of the Persons exculpated and indemnified pursuant hereto shall survive confirmation of the Plan.

H. Insurance.

On or after the Effective Date, the Responsible Officer and the Disbursing Agent shall obtain a fidelity bond or similar insurance. In addition, the Responsible Officer may obtain (if available) directors' and officers' liability insurance or errors and omission insurance (or equivalent insurance), provided that such insurance is available at a reasonable price. The cost of any fidelity bond or insurance obtained under this Section VIII(H) shall be a Plan Expense.

ARTICLE IX

RETENTION OF JURISDICTION

From and after the Confirmation Date, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including, but not limited to, for the following purposes:

1. To hear and determine any and all objections to the allowance of a Claim, actions to equitably subordinate a Claim, or any controversy as to the classification of a Claim in a particular Class under the Plan;

2. To administer the Plan, the Plan Assets, and the Plan Proceeds;
3. To liquidate any Disputed Claims;
4. To hear and determine any and all adversary proceedings, contested matters or applications pending on the Effective Date;
5. To hear and determine any and all motions and/or objections to fix and allow any Claims arising therefrom;
6. To hear and determine any and all applications by Professionals for an award of Professional Fees;
7. To enable the Liquidating Debtors to commence and prosecute any Litigation which may be brought after the Effective Date;
8. To interpret and/or enforce the provisions of the Plan and the injunction provided for in the Plan and to determine any and all disputes arising under or regarding interpretation of the Plan or any agreement, document or instrument contemplated by the Plan;
9. To enter and implement such orders as may be appropriate in the event Confirmation is for any reason stayed, reversed, revoked, modified or vacated;
10. To modify any provision of the Plan to the extent permitted by the Bankruptcy Code and to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan;
11. To enter such orders as may be necessary or appropriate in furtherance of Confirmation and the successful implementation of the Plan and to determine such other matters

as may be provided for in the Confirmation Order or as may be authorized under the provisions of the Bankruptcy Code; and

12. To close the Chapter 11 Cases when administration of the case has been completed.

ARTICLE X

MISCELLANEOUS

A. Revocation of Plan of Reorganization.

The Debtors reserve the right to revoke and withdraw the Plan at any time on or before the Confirmation Date. If the Debtors revoke or withdraw the Plan pursuant to this section, or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other entity or to prejudice in any manner the rights of the Debtors or any entity in any further proceedings involving the Debtors.

B. Severability of Plan Provisions.

In the event that, prior to the Confirmation Date, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall, with the consent of the Debtors, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding,

alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

C. Governing Law.

Except to the extent that the Bankruptcy Code or other federal law is applicable, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

D. Exhibits.

All exhibits attached to this Plan, the Plan Supplement, or the Disclosure Statement, as well as the Assumption Schedule, are, by this reference, hereby incorporated into the Plan. The final version of all Exhibits to the Plan, the Plan Supplement, and the Disclosure Statement will be substantially in the forms attached hereto or thereto. Any Plan Supplement will be filed with the Bankruptcy Court no later than then (10) days prior to commencement of the Confirmation Hearing. The Debtors reserve the right to make nonsubstantive changes and corrections to such Exhibits in advance of the Confirmation Hearing. If any Exhibits are changed or corrected, the replacement Exhibits will be filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing.

E. Notices.

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by nationally recognized overnight or next-day

courier service, first class mail or via facsimile with electronic confirmation of receipt as follows:

If to the Debtors
(By Mail or Facsimile)

Pachulski Stang Ziehl & Jones LLP
919 North Market Street, 17th Floor
Wilmington, DE 19899-8705 (Courier 19801)
Tel. 302-652-4100, Fax 302-652-4400
Attn: Laura Davis Jones, Esquire

F. Reservation of Rights.

Neither the filing of the Plan nor any statement or provision contained in the Plan or in the Disclosure Statement, nor the taking by any party in interest of any action with respect to the Plan, shall (a) be or be deemed to be an admission against interest, and (b) until the Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i) against any other party in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all such rights are specifically reserved. In the event that the Plan is not confirmed or fails to become effective, neither the Plan nor the Disclosure Statement nor any statement contained in the Plan or in the Disclosure Statement may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without these Chapter 11 Cases involving the Debtors, except with respect to Confirmation of the Plan.

G. Computation of Time Periods.

In computing any period of time prescribed or allowed by the Plan, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, a

Sunday, or a legal holiday, or, when the act to be done is the filing of a paper in the Bankruptcy Court, a day on which weather or other conditions have made the clerk's office inaccessible, in which event the period runs until the end of the next day which is not one of the aforementioned days.

H. Defects, Omissions and Amendments.

The Debtors may, with the approval of the Bankruptcy Court and without notice to all Holders of Claims or Equity Interests, insofar as it does not materially and adversely affect Holders of Claims, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable to expedite the execution of the Plan. The Plan may be altered or amended before or after Confirmation as provided in Section 1127 of the Bankruptcy Code if, in the opinion of the Bankruptcy Court, the modification does not materially and adversely affect the interests of Holders of Claims, so long as the Plan, as modified, complies with Sections 1122 and 1123 of the Bankruptcy Code and the Debtors has complied with Section 1125 of the Bankruptcy Code. The Plan may be altered or amended before or after the Confirmation Date but, prior to substantial consummation, in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects Holders of Claims, so long as the Plan, as modified, complies with Sections 1122 and 1123 of the Bankruptcy Code, the Debtors has complied with Section 1125 of the Bankruptcy Code and, after notice and a hearing, the Bankruptcy Court confirms such Plan, as modified, under Section 1129 of the Bankruptcy Code.

I. Filing of Additional Documents.

The Debtors shall file with the Bankruptcy Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

J. Successors and Assigns.

The rights, benefits and obligations of any entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such entity.

K. Setoffs and Recoupments.

The Disbursing Agent may, but shall not be required to, set off against or recoup from the payments to be made pursuant to this Plan in respect of a Claim, any claim of any nature whatsoever that the Debtors, the Liquidating Debtors, or the Estates, as applicable, may have against the Holder of such Claim, but neither the failure to do so or the allowance of any Claim hereunder shall constitute a waiver or release of any such claim by the Debtors, the Liquidating Debtors, or the Estates, against such Holder.

L. Securities Exemption.

Any rights issued under, pursuant to or in effecting this Plan, and the offering and issuance thereof by any party, including without limitation, the Liquidating Debtors, Reorganized Aegis REIT or the Disbursing Agent, shall be exempt from Section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter

of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for distributions of securities under a plan of reorganization in accordance with all applicable law, including without limitation, Section 1145 of the Bankruptcy Code.

M. Plan Interest Rate.

If and to the extent it is determined by the Bankruptcy Court that interest is required to be paid on an Allowed Claim other than as set forth in this Plan, the interest rate to be used shall be the Plan Interest Rate as determined by the Bankruptcy Court for such Claim.

N. Implementation.

Upon Confirmation, the Debtors shall be authorized to take all steps and execute all documents necessary to effectuate the provisions contained in the Plan.

O. Record Date.

To the extent a record date is required for implementation of this Plan, the record date shall be the voting record date established by the Bankruptcy Court in the order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

P. Certain Actions.

By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of directors or stockholders of the Debtors under the Plan, including, without limitation, (i) the distribution of Cash pursuant to the Plan, (ii) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to the Plan, and (iii) the adoption, execution, and implementation of other matters

provided for under the Plan involving the company or organizational structure of the Debtors, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate), pursuant to the applicable general corporation, limited liability, or partnership law of the states in which any of the Debtors are chartered, organized or incorporated, without any requirement of further action by the directors and stockholders of the Debtors.

Effective upon the Effective Date, each of the Debtors' formation documents shall each be deemed amended to prohibit the issuance by the Debtors of nonvoting securities to the extent required under Section 1123(a)(6) of the Bankruptcy Code.

On or as soon as practicable following the Effective Date, the Responsible Officer shall be authorized to cancel, annul and extinguish all Consolidated Debtor Equity Interests.

Q. Dissolution of Committee.

On the Effective Date, the Committee will no longer have any duties or responsibilities other than administering the Committee Reserved Litigation. Upon the resolution of all Committee Reserved Litigation, the Committee will dissolve, and the members of the Committee and the Committee's Professionals will cease to have any role arising from or relating to the Chapter 11 Cases. The Professionals retained by the Committee and the members thereof will not be entitled to assert any fee claims for any services rendered or expenses incurred after the Effective Date, except for reasonable fees for services rendered, and actual and necessary costs incurred, in connection with any applications for allowance of Professional Fees pending on the Effective Date or filed and served after the Effective Date pursuant to Section II(C) of the Plan.

R. Waiver of Ten (10) Day Stay.

The Debtors request as part of the Confirmation Order a waiver from the Bankruptcy Court of the ten (10) day stay of Bankruptcy Rule 3020(e) and, to the extent applicable, a waiver of the ten (10) day stay of Bankruptcy Rule 6004(g).

Dated: October 14, 2008

Respectfully submitted,

AEGIS MORTGAGE CORPORATION

By: Michael C. Balog
Its: President

AEGIS WHOLESALE CORPORATION

By: Michael C. Balog
Its: President

AEGIS LENDING CORPORATION

By: Michael C. Balog
Its: President

AEGIS CORRESPONDENT CORPORATION

By: Michael C. Balog
Its: President

AEGIS FUNDING CORPORATION

By: Michael C. Balog
Its: President

AEGIS MORTGAGE LOAN SERVICING CORPORATION

By: Michael C. Balog
Its: President

SOLUTIONS SETTLEMENT SERVICES OF AMERICA CORPORATION

By: Michael C. Balog
Its: President

SOLUTIONS TITLE OF AMERICA CORPORATION

By: Michael C. Balog
Its: President

AEGIS REIT CORPORATION

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EXHIBIT "A"

Aegis EPD/ BREACH PROTOCOL

I. EPD/FPD Claims.

A. Methodology.

EPD and FPD Claims are Claims based on a provision in a loan purchase agreement that obligated a Debtor to repurchase a loan if the borrower defaulted on his or her first loan payment after the loan was sold (a First Payment Default or "FPD") or defaulted on a payment due within a period of time (usually 30 or 60 days) after the loan was sold (an Early Payment Default or "EPD"). Loan purchase agreements varied as to whether the EPD/FPD provision was set forth as a standalone provision of the loan sale agreement or was styled as a representation or warranty. A Claim based on either is treated as an EPD/FPD Claim for purposes of the protocol.

Each Creditor that establishes a valid EPD or FPD under the applicable loan purchase agreement will receive a distribution in the Plan premised upon damages assessed based upon the borrower payment history and the unpaid principal balance ("UPB") for the loan, in both cases measured as of August 31, 2007, according to the following grid:¹

- Current: 0% of UPB
- 31 – 60 days delinquent: 15% of UPB
- 61 – 90 days delinquent: 20% of UPB
- 91 or more days delinquent: 30% of UPB

¹ The applicable category that would lead to the highest calculation takes precedence. For example, if as of 8/31/07 a loan was 61 days delinquent and the borrower was in bankruptcy, the applicable percentage is 35% of UPB.

- Borrower in bankruptcy: 35% of UPB
- In foreclosure²: 40% of UPB
- Real estate owned (including liquidations of such real estate) (“REO”): 45% of UPB

If the Creditor sold the loan prior to August 31, 2007 and does not know the loan status as of August 31, 2007, the damage assessment will be measured as of the date of sale. If a loan has been foreclosed, the measurement will consider the property to be REO and the measurement will be based on the UPB at the time of foreclosure.

If subsequent to the sale of the loan by a Debtor and prior to August 31, 2007, the borrower and the owner of a loan agreed to modify the payment (principal or interest) terms of the loan, then the loan will be treated under the next most severe category in the grid. For example, if a Creditor and borrower agreed in April 2007 to relax the borrower’s payment obligations under a loan, and on August 31, 2007 the borrower was current on the modified schedule, this loan will be treated as though the borrower was 31 – 60 days delinquent. Similarly, if on August 31, 2007 that same borrower was 40 days delinquent under the modified payment schedule, the loan will be treated as though the borrower was 61 – 90 days delinquent.

In order to establish the validity of the EPD/FPD Claim and to apply the grid, each EPD/FPD claimant must provide to the Debtors information set forth in questionnaire for loans on which it asserts an EPD/FPD claim. This information includes:

² In foreclosure means that the period set in a notice of intent to foreclosure during which the borrower has the ability to bring the loan current has expired.

- The payment history for each loan for which an EPD or FPD is asserted in electronic format, including identification of the payment status as of August 31, 2007.
- Identification of the loan purchase agreement pursuant to which the loan was sold by a Debtor, including a copy of the relevant EPD/FPD payment provisions (note: the length of time for EPD and FPD claims varied among the master loan purchase agreements).

II. BREACH CLAIMS.

A. Methodology.

The damages resulting from breach Claims will be calculated based upon the simplifying assumptions that: (i) .478% of the loans in any pool will at some point be subject to a breach that would have caused the selling Debtor to have repurchased the loan, (ii) the “seasoning” of loans will be taken into account so that this .478% incidence is spread over the life of the pool based on the Debtors’ historic data concerning the timing of when breach claims are asserted, and (iii) damages resulting from breaches will be set at 28% of the UPB of the loan as of August 31, 2007. The following table sets forth the calculation methodology:

Year	Quarter	% Incidence	Damages
2007	1 Qtr	.478%	0.1338%
2006	4 Qtr	.382%	0.1071%
2006	3 Qtr	.357%	0.0999%
2006	2 Qtr	.271%	0.0758%
2006	1 Qtr	.217%	0.0607%
2005	All Qtrs	.096%	0.0270%
2004	All Qtrs	.026%	0.0069%
2003	All Qtrs	.013%	0.0035%

If an applicable loan purchase agreement between a Debtor and a non-affiliate of the Debtors did not contain an EPD provision, but did allow the purchaser to cause a Debtor to repurchase loans based on breaches of other types of representations and warranties, the damage calculations set forth in the foregoing table will be multiplied by 1.68.

Damages, for purposes of distributions under the Plan, will be measured by applying the percentage factor in the final column of this table against the August 31, 2007 UPB of the loans purchased from a Debtor; provided, however, that in no case will the damage calculation for any pool be less than \$5,000.

If the Creditor sold the loan prior to August 31, 2007 and does not know the UPB as of August 31, 2007, the damage assessment will be based on the UPB as of the date of sale. If a loan has been foreclosed, the measurement will be based on the UPB at the time of foreclosure. Loans that were paid-in-full or repurchased or replaced by one of the Debtors shall not be included in measuring the applicable UPB.

B. Interaction with EPD/FPD Claims.

EPD/FPD claims will take precedence over breach claims. Thus, to the extent that a creditor establishes a valid EPD or FPD claim for a loan, that loan's UPB as of August 31, 2007 will be subtracted from the pool of loans for which breaches are computed.

This methodology is designed to avoid the need to resolve disputes over individual breach claims that are presently being asserted and to establish a methodology for assessing unliquidated claims based upon breaches that come to the fore when borrowers default in the future. Accordingly, this statistical approach will be used both with respect to individual

breach claims presently being asserted by creditors and to assess unliquidated breaches to be discovered in the future; both types of breaches are subsumed within the statistical analysis set forth above.

III. Information.

In order to receive a distribution under the Plan, each Holder of an EPD/Breach Claim must supply information to the Debtors that enables the Debtors to calculate the damages that result from this protocol and to ensure that multiple creditors are not asserting overlapping claims. That information will be set forth in a questionnaire that the Debtors will submit to each Creditor that has asserted an EPD/Breach Claim.