

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA

In re)
)
LSH FINANCIAL MANAGEMENT) Case No. 98-01197
SYSTEMS, INC.,) (Chapter 11)
)
Debtor.)

ORDER CONFIRMING PLAN OF REORGANIZATION

The Third Amended Plan of Reorganization filed by the Debtor ("the Plan") on July 25, 2000, having been transmitted to creditors and equity security holders; and

It having been determined after hearing on notice that, with clarifications and amendments of the Plan set forth in this order, the requirements for confirmation set forth in 11 U.S.C. § 1129(a) have been satisfied;

IT IS

ORDERED that the Plan is confirmed with the following clarifications and amendments. A copy of the Plan is attached. It is further

ORDERED that except where the holder of a particular claim has agreed, in writing, to different treatment of such claim:

(a) On the effective date of the Plan, each holder of a claim of a kind specified in 11 U.S.C. § 507(a)(1) will receive on account of such claim cash equal to the allowed amount of the claim, and this specifically includes the administrative claim of the Internal Revenue Service in the amount of \$1,789.50 together with interest that has accrued on that claim since June 18, 2000;

(b) Each holder of a claim of a kind specified in 11 U.S.C. § 507(a)(8) will receive full payment of the allowed amount of

such claim, together with post-confirmation interest at the rate of 8.5% per annum, by way of equal monthly installments over a period of six (6) years, commencing 60 days from the entry of this order. The allowed § 507(a)(8) claim of the Internal Revenue Service equals \$140,807.29. Accordingly, 60 days after entry of this order, the Internal Revenue Service will be owed \$1,967.44 in interest plus the \$140,807.29 for a total of \$142,774.73. For ease of computation, the debtor has agreed to pay and shall pay the full \$142,774.73 with interest at 8.5% per annum compounded annually in 72 equal monthly installments of \$2,538.30 commencing on the 60th day after entry of this order;

(c) The secured claim of Key Capital Corporation ("Key Capital's Secured Claim"), recited by the debtor to be in the amount of \$132,180.38, and interest and additions thereon as provided by nonbankruptcy law, shall be paid in full from the collection and/or sale of assets, partnership distributions and accounts receivable and contract receivables of the Debtor. Key Capital Corporation ("Key Capital") shall retain its security interests and liens against all of the Debtor's assets until Key Capital's Secured Claim is paid in full. Section 3.3 of the Plan is hereby amended and modified with respect to Key Capital's Secured Claim so as to provide that:

(i) The NCO Lock Box Arrangement referenced in the Fourth Interim Agreement for Use of Cash Collateral and Adequate Protection by and between the Debtor, Key Capital and others (the "Fourth Cash Collateral Agreement") shall remain in place and in

full force and effect until Key Capital's Secured Claim is paid in full;

(ii) Key Capital shall be entitled to all of the NCO Receivable Collections referenced in Section 13 of the Fourth Cash Collateral Agreement for application to reduce the amount of Key Capital's Secured Claim and until such time as Key Capital's Secured Claim is paid in full;

(iii) However, in the event that Key Capital receives at least \$75,000.00 from the sale of the Ridgewood Property referenced in the Plan on or before February 28, 2001, Key Capital and the Debtor shall thereafter each be entitled to receive and retain fifty percent (50%) of the NCO Receivable Collections as set forth in Section 13 of the Fourth Cash Collateral Agreement;

(iv) Any monies received by Key Capital from the sale of the Ridgewood Property will be applied by Key Capital to the indebtedness that is owed by DOEC, LLC, DOTC, LLC and others to Key Capital, and shall not be applied to reduce the amount of Key Capital's Secured Claim;

(v) In the event that the Debtor sells any of Key Capital's Collateral, the Debtor shall deliver all proceeds therefrom to Key Capital as required by Section 11 of the Fourth Cash Collateral Agreement;

(vi) Key Capital shall also be entitled to receive and retain all proceeds arising from the Subject Asset as set forth in Section 14 of the Fourth Cash Collateral Agreement, for

application to further reduce the amount of Key Capital's Secured Claim;

(vii) The Debtor shall remit fifty percent (50%) of all of its accounts receivable and contract receivable collections, other than the NCO Receivable Collections and the Subject Asset, to Key Capital to be applied by Key Capital to further reduce the amount of Key Capital's Secured Claim;

(viii) On or before 5:00 p.m. on July 1, 2001, the Debtor shall tender a payment to Key Capital in an amount equal to all indebtedness that is owed by the Debtor to Key Capital under Key Capital's Loan Documents referenced in the Fourth Cash Collateral Agreement and the Plan; and

(ix) In the event of a default under the Plan or this Order, Key Capital, without further order of this Court or any other Court, shall be immediately entitled to exercise and enforce all of its rights and remedies as provided for in the Fourth Cash Collateral Agreement, the Key Capital Loan Documents, the Plan, this Order and applicable law.

(d) Unsecured claims not entitled to any priority of payment under 11 U.S.C. § 507(a) shall be paid a total of at least \$132,000 and at least 25% of the allowed amount of such claims (that is, the greater of those two amounts) over 3 years in 12 equal quarterly payments beginning one year after entry of this order. It is further

ORDERED that all assets of the Debtor shall be held by the Debtor free and clear of the liens, claims, and interests of all

creditors and other parties in interest provided for in the Plan, except for tax liens and the liens of Key Capital or as specifically provided in the Plan or this Order. It is further

ORDERED that until this case is closed, the Court shall retain jurisdiction of the case for the purposes set forth in the Plan, to determine any disputes which may arise thereunder, or as otherwise provided by the Bankruptcy Code. It is further

ORDERED that should this case be converted to a case under Chapter 7 of the Bankruptcy Code, all of the debtor's legal or equitable interests, as of the date of conversion, in property that would have been property of the estate had the property of the estate not vested in the debtor by virtue of confirmation of the plan, shall be property of the estate for purposes of the chapter 7 case, notwithstanding the vesting of the property of the estate in the debtor that otherwise arises upon confirmation of the plan; and, by way of illustration and not limitation, such property shall include all proceeds held by the debtor, on the date of conversion, of property that was property of the estate prior to confirmation of the plan. It is further

ORDERED that unless modified herein, all other terms and conditions of the Plan shall remain unchanged and fully enforceable. It is further

ORDERED that within five (5) days of the entry of this Order, counsel for the debtor shall mail a copy of this Order (but not the attached copy of the Plan) to all creditors and other parties in interest and file a certificate of mailing with

the Court.

Dated: January 3, 2001

S. Martin Teel, Jr.
United States Bankruptcy Judge

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