

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re)	Chapter 11
)	
INTERBANK FUNDING CORP.,)	Case No. 02-41590 (BRL)
IBF-VI SECURED LENDING CORPORATION,)	Case No. 02-41591 (BRL)
IBF COLLATERALIZED FINANCE CORPORATION)	Case No. 02-41592 (BRL)
AND IBF PREMIER HOTEL GROUP, INC.,)	Case No. 02-15477 (BRL)
)	(Jointly Administered)
Debtors.)	

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER
CONFIRMING JOINT LIQUIDATING PLAN OF REORGANIZATION**

Arthur J. Steinberg, Investment Company Act trustee ("ICA Trustee")¹ of debtors and debtors in possession IBF Collateralized Finance Corporation ("CFC") and IBF VI-Secured Lending Corporation ("SLC" and, together with CFC, the "Funds"), having filed, on May 28, 2003, the "Joint Liquidating Plan Of Reorganization With Respect To Interbank Funding Corp., IBF VI-Secured Lending Corporation, IBF Collateralized Finance Corporation And IBF Premier Hotel Group, Inc." (as originally filed on May 28, 2003, as modified on June 26, 2003, and as amended on August 14, 2003, and as further amended, modified or supplemented (including by this Confirmation Order), the "Plan," a true and correct copy of which is appended hereto as Exhibit A); and, also on May 28, 2003, the ICA Trustee having filed the "Disclosure Statement With Respect To Joint Liquidating Plan Of Reorganization With Respect To Interbank Funding Corp., IBF VI-Secured Lending Corporation, IBF Collateralized Finance Corporation And IBF Premier Hotel Group, Inc." (as modified on June 26, 2003, the "Disclosure Statement"); and, on June 26, 2003, the Court having conducted a hearing (the "Disclosure Statement Hearing") to

¹ Capitalized terms used but not defined herein shall have the meanings ascribed in the Plan or Disclosure Statement, as the case may be. In addition, the rules of interpretation set forth in the Plan shall apply to these Findings of Fact, Conclusions of Law and Order (the "Confirmation Order").

consider, inter alia, approval of the Disclosure Statement, on notice to all creditors, equity security holders and other parties-in-interest herein and, at the close of such hearing, the Court having entered an order (collectively, with the Order Authorizing and Approving Supplemental Solicitation Procedures for Certain Claims Subject to Reclassification that was approved by the Court on July 31, 2003, the "Solicitation Procedures Order") that, inter alia, (i) approved the Disclosure Statement as containing adequate information within the meaning of section 1125 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended (the "Bankruptcy Code"), and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), (ii) established August 14, 2003, at 10:00 a.m., as the date and time for commencement of the hearing to consider confirmation of the Plan (the "Confirmation Hearing"), (iii) approved the form and manner of notice of the Confirmation Hearing (the "Confirmation Hearing Notice"), and (iv) established procedures governing the solicitation and tabulation of votes with respect to the Plan; and, as evidenced by the Certificate of Service of Marcy Gomez (the "Garden City Certificate") filed by Karen B. Shaer of The Garden City Group, Inc. ("Balloting Agent"), the Confirmation Hearing Notice, the Disclosure Statement and the other approved solicitation materials (or approved notices in lieu thereof) having been transmitted in accordance with the Solicitation Procedures Order and Bankruptcy Rule 3017(d); and, on August 11, 2003, the ICA Trustee having filed the Memorandum of Law in Support of Confirmation of Joint Liquidating Plan of Reorganization Under Chapter 11 of the Bankruptcy Code; and, on August 13, 2003, the Balloting Agent having filed a Certification of Jeffrey S. Stein of The Garden City Group, Inc. Regarding the Methodology for the Tabulation of an Results of Voting with Respect to the Joint Liquidating Plan of Reorganization (the "Tabulation Report"); and the Confirmation Hearing having been held on August 14, 2003; and the Court having reviewed the Plan, the Disclosure

Statement, the Solicitation Procedures Order and the other papers filed in connection with the Confirmation Hearing; and the United States Postal Service (“USPS”) having filed a limited objection dated August 8, 2003 (the “USPS Objection”) to the Plan; and upon the USPS Objection being withdrawn upon the representations of counsel to the ICA Trustee on the record at the Confirmation Hearing and the provisions of paragraph 3 herein; and the Court having considered all evidence proffered or adduced at the Confirmation Hearing; and the Court having taken judicial notice of all papers and pleadings filed in the Chapter 11 Cases; and after due deliberation and good cause appearing therefor,

FINDINGS OF FACT AND CONCLUSIONS OF LAW²

IT IS HEREBY FOUND AND DETERMINED:

A. Jurisdiction. The Court has jurisdiction over the Chapter 11 Cases pursuant to 28 U.S.C. §§ 157 and 1334. The Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L). Venue of the Chapter 11 Cases is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Judicial Notice. The Court takes judicial notice of all pleadings and other documents filed with the Court, all orders entered by the Court, and all evidence and arguments made, proffered or adduced at the hearings held before the Court in the Chapter 11 Cases, including but not limited to the Disclosure Statement Hearing and the Confirmation Hearing.

C. Notice of Confirmation Hearing. As evidenced by the Garden City Certificate, adequate and sufficient notice of the Disclosure Statement, the Plan and the Confirmation Hearing, along with all deadlines for voting on or filing objections to the Plan, has been given to

² Pursuant to Bankruptcy Rule 7052, where appropriate in this Confirmation Order, findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact.

all known holders of Claims and Interests, in accordance with the notice procedures set forth in the Solicitation Procedures Order, the Bankruptcy Code, the Bankruptcy Rules and the local bankruptcy rules of this Court (the "Local Rules"). The Confirmation Hearing Notice, Disclosure Statement, and other approved solicitation materials (or approved notices in lieu thereof) were transmitted and served in substantial compliance with the Solicitation Procedures Order, the Bankruptcy Rules and the Local Rules, and such transmittal and service were adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing and the other bar dates, deadlines and hearings described in the Solicitation Procedures Order and other orders of the Court were given in compliance with the Bankruptcy Rules, the Solicitation Procedures Order, the Local Rules, and further orders of the Court, and no other or further notice of any of the foregoing is or shall be necessary or required.

D. Solicitation. Votes for acceptance or rejection of the Plan were solicited by the ICA Trustee and his advisors in good faith and in compliance with the provisions of sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 3017 and 3018.

E. Voting. Votes to accept or reject the Plan have been solicited and tabulated fairly, in good faith, and in a manner consistent with the Bankruptcy Code, Bankruptcy Rules, Local Rules, Solicitation Procedures Order, any other orders of the Court, and industry practice.

F. Burden of Proof. The ICA Trustee, as proponent of the Plan, has established, by a preponderance of the evidence, satisfaction of the provisions of sections 1129(a) and (b) of the Bankruptcy Code.

G. Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). The Plan complies with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, thereby satisfying section 1129(a)(1) of the Bankruptcy Code. Specifically:

1. Proper Classification (11 U.S.C. §§ 1122 and 1123(a)(1)). Article III of the Plan designates seven (7) Classes of Claims or Interests in IBF, eight (8) Classes of Claims or Interests in CFC, eight (8) Classes of Claims or Interests in SLC, and seven (7) Classes of Claims or Interests in IBF Hotel. Administrative Claims and Priority Tax Claims are not classified, in accordance with section 1123(a)(1) of the Bankruptcy Code. The Claims or Interests placed in each Class are substantially similar to other Claims or Interests within such Class. Valid business, factual and legal reasons exist for separately classifying the various Classes of Claims and Interests established under the Plan, and such Classes do not unfairly discriminate between the holders of Claims or Interests.

2. Specified Treatment (11 U.S.C. §§ 1123(a)(2) and (a)(3)). Sections 4.1 and 4.2 of the Plan identify all Impaired and Unimpaired Classes. Article V of the Plan specifies the treatment of each Impaired or Unimpaired Class.

3. No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment for each Claim or Interest within a particular Class, unless the holder has agreed to less favorable treatment of such Claim or Interest.

4. Implementation of Plan (11 U.S.C. § 1123(a)(5)). The Plan provides adequate means for implementation of the Plan. Debtors will have sufficient cash to make the payments required on the Effective Date under the terms of the Plan, after which the remaining assets will be transferred to the Liquidating LLCs for administration pursuant to the terms of the Plan.

5. Charter Provisions (11 U.S.C. § 1123(a)(6)). The Liquidating LLC Agreements prohibit the issuance of nonvoting equity securities; accordingly, the requirements of section 1123(a)(6) of the Bankruptcy Code are satisfied.

6. Selection of Officers, Directors, Trustees (11 U.S.C. § 1123(a)(7)). At or prior to the Confirmation Hearing, the ICA Trustee made adequate disclosures of the identities and affiliations of all individuals proposed to serve from and after the Effective Date as members of each Liquidating Committee.

7. Impairment of Classes (11 U.S.C. § 1123(b)(1)). The Plan impairs or leaves unimpaired, as the case may be, each Class of Claims or Interests.

8. Retention, Enforcement and Settlement of Claims (11 U.S.C. § 1123(b)(3)). Sections 8.6 and 8.8 of the Plan provides that, except as otherwise provided in the Plan or this Confirmation Order, the Liquidating LLCs shall retain, and the Liquidating Agents may prosecute, settle or compromise (or decline to do any of the foregoing) in the exercise of their business judgment, all claims, rights or causes of action, suits or proceedings, whether known or unknown, that any Debtor or any Estate may hold against any person or entity.

9. Other Provisions not Inconsistent (11 U.S.C. § 1123(b)(6)). The Plan includes additional provisions that are not inconsistent with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules or Local Rules.

10. Bankruptcy Rule 3016(a). The Plan is dated and properly identifies the entity submitting it – i.e., the ICA Trustee – as the proponent of the Plan.

H. Compliance With the Bankruptcy Code (11 U.S.C. § 1129(a)(2)). The Plan is in compliance with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules, thereby satisfying section 1129(a)(2) of the Bankruptcy Code. Specifically:

1. Debtors are proper debtors under section 109 of the Bankruptcy Code, and the ICA Trustee is a proper proponent of the Plan under section 1121(a) of the Bankruptcy Code.

2. Debtors and the ICA Trustee have complied with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules and Local Rules, except as otherwise permitted by orders of this Court.

3. The ICA Trustee has complied with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, Local Rules, Solicitation Procedures Order and any further orders of this Court in transmitting the Plan, Disclosure Statement, Ballots and related materials and notices, and in soliciting and tabulating votes on the Plan.

I. The Plan is Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The ICA Trustee has proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. The ICA Trustee's good faith is evident from the facts and records of the Chapter 11 Cases, the Disclosure Statement and Disclosure Statement Hearing, and the record of the Confirmation Hearing and other proceedings held in the Chapter 11 Cases. The Plan was proposed with the legitimate purpose of maximizing the value of Debtors' estates and the recovery to holders of Claims. The Plan is the result of extensive, good faith, arm's length negotiations involving the ICA Trustee, Debtors, the Committee and other parties in interest, and reflects input from discussions involving the staff of the SEC.

J. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). Any payment made or to be made by Debtors or the ICA Trustee for services or for costs or expenses

incurred in connection with the Plan and incidental to the Chapter 11 Cases has been approved by, or is subject to approval by, the Court as reasonable, thereby satisfying section 1129(a)(4).

K. Directors, Officers and Insiders (11 U.S.C. § 1129(a)(5)). At the Confirmation Hearing, the ICA Trustee disclosed the identity and affiliations of the persons proposed to serve as initial members of each Liquidating Committee, following confirmation of the Plan. In addition, the appointment of such persons is consistent with the interests of holders of Claims against and Interests in Debtors and with public policy. Accordingly, the ICA Trustee has complied with the requirements of section 1129(a)(5) of the Bankruptcy Code.

L. No Rate Charges (11 U.S.C. § 1129(a)(6)). Section 1129(a)(6) of the Bankruptcy Code is not applicable in this instance because the Plan does not provide for any change in rates established or approved by, or otherwise subject to, any governmental regulatory commission.

M. Best Interests of Creditors Test (11 U.S.C. § 1129(a)(7)). The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. The Recovery Analysis attached to the Disclosure Statement as Exhibit C and other evidence proffered or adduced at the Confirmation Hearing (1) are persuasive and credible, (2) have not been controverted by other evidence, (3) are based on reasonable and sound assumptions, and (4) establish that each holder of a Claim in an impaired Class that has not accepted the Plan will receive or retain under the Plan, on account of such Claim, property of a value, as of the Effective Date, not less than the amount that it would receive if Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

N. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8)). The Claims in the following Classes are Unimpaired, and are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code: IBF-1, IBF-2, SLC-1, SLC-2, CFC-1, CFC-2, IBF Hotel-1, IBF Hotel-2 and IBF Hotel-3. Claims in the following Classes are Impaired:

IBF-3, IBF-4, IBF-5, IBF-6, IBF-7, SLC-3, SLC-4, SLC-5, SLC-6, SLC-7, SLC-8, CFC-3, CFC-4, CFC-5, CFC-6, CFC-7, CFC-8, IBF Hotel-4, IBF Hotel-5, IBF Hotel-6 and IBF Hotel-7. The following Classes are not entitled to receive or retain any property under the Plan and, therefore, are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code: IBF-4 (by virtue of the assignment of such Claims to the Fund Liquidating LLC by operation of Section 7.6 of the Plan), IBF-5, IBF-6, IBF-7, SLC-6, SLC-7, SLC-8, CFC-6, CFC-7, CFC-8, IBF Hotel-5, IBF Hotel-6 and IBF Hotel-7 (the “Deemed Rejecting Classes”). As a result, only the following Classes were entitled to vote with respect to the Plan: IBF-3, SLC-3, SLC-4, SLC-5, CFC-3, CFC-4, CFC-5 and IBF Hotel-4. As set forth in the Tabulation Report, all Classes entitled to vote have voted to accept the Plan, in accordance with sections 1126(c) and (d) of the Bankruptcy Code.³

O. Treatment of Administrative Expense, Priority Tax and Other Priority Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Claims and Other Priority Claims pursuant to Sections 2.1, 2.2, 5.1(b), 5.2(b), 5.3(b) and 5.4(c) of the Plan satisfies the requirements of sections 1129(a)(9)(A), (B) and (C) of the Bankruptcy Code.

P. Acceptance by Impaired Classes (11 U.S.C. § 1129(a)(10)). As set forth in the Tabulation Report, at least one Class of Impaired Claims has voted to accept the Plan, determined to the best of the ICA Trustee's knowledge without including any acceptances by insiders, thus satisfying the requirements of section 1129(a)(10) of the Bankruptcy Code.

Q. Feasibility (11 U.S.C. § 1129(a)(11)). The Disclosure Statement and the evidence proffered or adduced at the Confirmation Hearing (a) are persuasive and credible, (b) have not been controverted by other evidence, and (c) establish that confirmation is not likely to be

³ While no votes were received with respect to Class IBF Hotel-4 it is deemed an accepting Class. Pursuant to the Solicitation Procedures Order “if no votes to accept or reject the Plan are received with respect to a class, such class shall be deemed to have voted to accept the Plan[.]” Solicitation Procedures Order at p. 10.

followed by the liquidation, or need for further reorganization, of Debtors or the Liquidating LLCs, thus satisfying the requirements of section 1129(a)(1) of the Bankruptcy Code.

R. Payment of Statutory Fees (11 U.S.C. § 1129(a)(12)). All fees payable under section 1930 of title 28 of the United States Code, as determined by the Court at the Confirmation Hearing, have been paid or shall be paid on the Effective Date. Accordingly, the Plan satisfies the requirements of section 1129(a)(12) of the Bankruptcy Code.

S. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). Debtors are not obligated to, and do not, pay any "retiree benefits" as defined in section 1114(a) of the Bankruptcy Code, so section 1129(a)(13) of the Bankruptcy Code is not applicable.

T. Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)). Pursuant to section 1129(b) of the Bankruptcy Code, the Court finds that the Plan does not discriminate unfairly, and is fair and equitable, with respect to each of the Deemed Rejecting Classes. Specifically, with respect to each Deemed Rejecting Class, no holder of a junior Claim or Interest will receive or retain any property under the Plan on account of such junior Claim or Interest.

U. Principal Purpose of the Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933, and no governmental unit is objecting to confirmation of the Plan.

V. Modifications to Plan. The modifications to the Original Plan reflected in the Plan or set forth in this Confirmation Order do not materially or adversely change the treatment of any Claims or Interests. Accordingly, pursuant to Bankruptcy Rule 3019, such modifications do not require additional disclosure pursuant to section 1125 of the Bankruptcy Code or resolicitation of votes pursuant to section 1126 of the Bankruptcy Code, nor do they require that

holders of Claims be afforded an opportunity to change previously cast votes with respect to the Plan. The disclosure of such modifications in the Plan or at the Confirmation Hearing constitutes due and sufficient notice thereof and no other or further notice is necessary or required.

W. Good Faith Solicitation (11 U.S.C. § 1125(e)). Based on the record before the Court in these Chapter 11 Cases, the ICA Trustee and his attorneys, advisors agents and other representatives have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code and in compliance with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules and Local Rules in connection with all of their activities relating to the solicitation of acceptances to the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code, and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation and injunction set forth in Section 12.1 of the Plan.

X. Assumption of Executory Contracts and Unexpired Leases. The assumption, on the Effective Date, of each of Debtors' insurance policies and any agreements, documents or instruments relating thereto pursuant to Section 11.4 of the Plan is in the best interests of the applicable Debtor party to such contracts or leases, its estate, and all parties in interest in the Chapter 11 Cases. The Plan and this Confirmation Order adequately provide for the payment of any required cure amounts, in accordance with section 365(b)(1) of the Bankruptcy Code. The August 4, 2003 date in section 11.3 of the Plan is hereby amended to September 25, 2003, and may be further extended by order of the Court.

Y. Rejection of Executory Contracts and Unexpired Leases. The executory contracts and unexpired leases of Debtors to be rejected on the Effective Date in accordance with the Plan are burdensome and, as such, the rejection thereof is in the best interests of the applicable Debtor party to such contracts or leases, its estate, and all parties in interest in the Chapter 11 Cases.

Z. Substantive Consolidation. No creditor of any Fund Debtor will be prejudiced by the substantive consolidation of the Fund Debtors pursuant to Section 7.2 of the Plan.

AA. Satisfaction of Confirmation Requirements. The Plan satisfies the requirements for confirmation set forth in Section 1129 of the Bankruptcy Code.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. Modifications to Plan. The modifications and clarifications to the Original Plan reflected in the Plan or set forth in this Confirmation Order meet the requirements of sections 1127(a) and (c) of the Bankruptcy Code and such modifications and clarifications do not adversely change the treatments of any Claims or Interests within the meaning of Bankruptcy Rule 3019, and no other or further disclosure, solicitation or voting is necessary or required.

2. Confirmation. The Plan is approved and confirmed under section 1129 of the Bankruptcy Code, and all acceptances and rejections previously cast for or against the Original Plan are hereby deemed to constitute acceptances or rejections of the Plan. The terms of the Plan, the exhibits to the Plan and the agreements incidental to the Plan (including but not limited to the Liquidating LLC Agreements) are incorporated by reference into and are an integral part of the Plan and this Confirmation Order. The ICA Trustee, Debtors and their respective attorneys, advisors and other representatives are authorized to carry out, and comply with, the provisions of the Plan, and to take all actions reasonably necessary to effectuate the Plan.

3. Objections. The USPS Objection is withdrawn subject to the following: nothing set forth in this Order is intended to modify any rights or liabilities that the Debtors and USPS may have to each other, and notwithstanding anything contained herein or in the Plan to the contrary, the Debtors and USPS each reserve all rights, remedies, defenses, claims and counterclaims with respect to each other, including, without limitation, as to whether the Debtors

have any rights: (a) with respect to USPS, (b) under that certain Purchase and Sale Agreement (the “Agreement”), made as April 15, 2002 by and between USPS and IBF as modified by (i) that certain Assignment and Assumption Agreement, made as of September 23, 2002 by and between IBF and AMJM Realty LLC (“AMJM”) and (ii) that certain Acknowledgement of Assignment and Amendment of Purchase and Sale Agreement (the “Acknowledgment”), dated as of October, 2002, made by and between USPS and AMJM, (c) with respect to the funds held in escrow by Title Associates, Inc., pursuant to the Agreement, and (d) to assume, assign or reject the Agreement; nor shall this Order constitute (a) approval of the assumption or rejection of the Agreement or (b) any other determination with respect to the Agreement.

4. Other Plan Documents. Agreements incidental to the Plan, including but not limited to the Liquidating LLC Agreements, and any amendments, modifications or supplements thereto, and the execution, delivery and performance thereof by the ICA Trustee, Debtors, the Liquidating LLCs, the Liquidating Committees and the Liquidating Agents, are authorized and approved, and such parties are authorized and empowered to modify such documents if and to the extent such modifications are not material and are consistent with the Plan.

5. Plan Classifications are Controlling. The classification of Claims and Interests for purposes of the distributions to be made under the Plan shall be governed solely by the terms of the Plan. The classifications set forth on the Ballots tendered to or returned by creditors in connection with voting on the Plan (a) were set forth on the Ballots solely for purposes of voting to accept or reject the Plan, (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims and Interests under the Plan for distribution purposes, and (c) shall not be binding on the ICA Trustee, Debtors, Debtors' estates, the Liquidating LLCs, or the Liquidating Agents.

6. Approval of Liquidating Agents and Liquidating Committees. Effective as of the Effective Date, on the terms and conditions set forth in the Plan, this Confirmation Order and the respective Liquidating LLC Agreement, (a) the ICA Trustee is hereby approved as the initial Liquidating Agent for each Liquidating LLC, and (b) Dr. Wolf-Dieter Voss and Thomas D'Ambra are hereby approved as the initial members of the Liquidating Committee for each Liquidating LLC.

7. Transfer of Assets to Liquidating LLCs. The transfers of property by Debtors to their respective Liquidating LLCs pursuant to Section 8.3 of the Plan, on the terms and conditions of the Plan or this Confirmation Order, (a) are or shall be legal, valid, and effective transfers of the property, and (b) do not and shall not constitute avoidable transfers under Chapter 5 of the Bankruptcy Code or otherwise or under applicable nonbankruptcy law.

8. Vesting of Property. Except as otherwise provided in the Plan or this Confirmation Order, upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, on the terms and conditions of the Plan, the Liquidating LLC Agreements and this Confirmation Order, and after certain initial distributions required under the Plan, (a) all property of IBF will vest in and be retained by the IBF Liquidating LLC, and (b) all property of CFC, SLC or IBF Hotel will vest in and be retained by the Fund Liquidating LLC, in each case free and clear of all liens, claims and encumbrances not specifically contemplated by the Plan.

9. Claims in respect of SLC Bonds. By agreement with the SLC Indenture Trustee, by operation of Section 5.7 of the Plan, all claims asserted by holders of SLC Bonds on account of Claim under or evidenced by SLC Bonds, with respect to which SLC Bonds a proof of claim has been filed by the SLC Indenture Trustee, shall be disallowed by separate order entered in connection herewith, and a single Claim shall be permitted in the name of the SLC Indenture

Trustee for all SLC Bonds, and the SLC Indenture Trustee shall be deemed to be the sole holder of all Allowed Claims under or evidenced by SLC Bonds issued under the SLC Indenture.

10. Assumption of Executory Contracts and Unexpired Leases. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, the assumption of each of Debtors' insurance policies and any agreements, documents or instruments relating thereto is authorized, effective as of the Effective Date, on the terms and conditions set forth in Section 11.4 of the Plan. The August 4, 2003 date in section 11.3 of the Plan is hereby amended to September 25, 2003, and may be further extended by order of the Court.

11. Cure Amounts in connection with Assumption. With respect to each executory contract or unexpired lease assumed by Debtors, any monetary amounts required as cure payments shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of such cure amount in cash on the later of (a) the Effective Date and (b) thirty (30) days after entry of a Final Order determining Debtors' or the Liquidating LLCs' obligations under section 365(b) of the Bankruptcy Code with respect to such executory contract or unexpired lease.

12. Rejection of Executory Contracts and Unexpired Leases. Each applicable Debtor is authorized, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, to reject, and shall be deemed to have rejected, as of the Effective Date, the current management agreement between IBF Management (a related non-debtor entity providing management service to the Debtors) and IBF and the Funds, and those executory contracts and unexpired leases that (a) were not assumed or rejected, or renegotiated and assumed on modified terms, pursuant to an order of this Court entered prior to the Effective Date, (b) were entered into by any Debtor during pendency of the Chapter 11 Cases in the ordinary course of business or pursuant to order of the Court, (c) are subject of a motion to assume the same filed prior to and pending as of the

Effective Date, and (d) are specifically treated otherwise in the Plan or this Confirmation Order. Notwithstanding the foregoing, any obligations of any Debtor to indemnify its present or former directors, officers or employees pursuant to such Debtor's certificates or articles of incorporation, by-laws or applicable law are deemed to be executory contracts and their rejection, pursuant to Section 11.1 of the Plan, is authorized and approved.

13. Bar Date for Rejection Claims. Pursuant to Section 11.2 of the Plan, if the rejection of any executory contract or unexpired lease by any Debtor results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the ICA Trustee, Debtors, the Liquidating LLCs, or Debtors' estates, assets, properties or interests in properties, unless a proof of claim is filed with the Court and served upon counsel to the ICA Trustee and counsel to Debtors on or before (a) if the order authorizing rejection was entered on or before April 15, 2003, by the Bar Date, (b) if the order authorizing rejection was entered after April 15, 2003, by the date specified in such order or, if no such date is specified, thirty (30) days after the effective date of rejection, or (c) in the case of an executory contract or unexpired lease deemed rejected by operation of the Plan, by thirty (30) days after entry of this Confirmation Order. Objections shall be filed and served by the Claims Objection Deadline.

14. Approvals and Consents. Except as provided in the Plan, this Confirmation Order shall constitute all approvals and consents required, if any, by the laws, rules or regulations of any state or any other governmental authority with respect to the implementation or consummation of the Plan and any other documents, instruments or agreements incidental thereto, and any amendments or modifications to any of the foregoing, and any other acts referred to in or contemplated by the Plan and any other documents, instruments or agreements

incidental thereto, and any amendments or modifications to any of the foregoing, and any other acts that may be necessary or appropriate for the implementation and consummation of the Plan.

15. Issuance of Membership Interests. The issuance of Membership Interests is hereby authorized without further act or action under applicable law, regulation order or rule.

16. Securities Laws Exemption. To the extent, if any, that Membership Interests constitute "securities," the offering, issuance and distribution thereof by the Liquidating LLCs have been duly authorized and, when issued on the terms and conditions set forth in the Plan, this Confirmation Order and the Liquidating LLC Agreements, will be validly issued. Pursuant to section 1145(a)(1) of the Bankruptcy Code, the offering, issuance and distribution of Membership Interests are exempt from Section 5 of the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer, issuance or distribution of securities.

17. Substantive Consolidation. Subject to the occurrence of the Effective Date, the substantive consolidation of the Fund Debtors for voting, confirmation and distribution purposes is authorized and approved on the terms and conditions in Sections 7.2 and 7.3 of the Plan.

18. Exemption from Certain Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes or other debt or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, transfers made by the Liquidation LLCs, shall not be subject to any stamp, real estate transfer, sales, use, mortgage recording or other similar tax.

19. Final Fee Applications. Pursuant to Section 10.6 of the Plan, all final requests for payment of Professional Claims and Committee Fees shall be filed and served so as to be

actually received by counsel to the Liquidating LLCs and such other parties as may be entitled to notice under the Bankruptcy Code, Bankruptcy Rules, Local Rules or any order of this Court not later than sixty (60) days after the Effective Date. All such Professional Claims and Committee Fees for which applications are not filed and served in accordance herewith shall be forever barred. Objections, if any, to such Professional Claims or Committee Fees shall be filed not later than ninety (90) days after the Effective Date. The ICA Trustee and Debtors are authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date and until the Effective Date in the ordinary course and without the need for approval of this Court. Upon the Effective Date, any requirement that professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking payment for services rendered shall terminate and such persons shall be compensated and reimbursed for further fees and expenses upon application to the District Court, as more fully set forth in Section 10.6(a) of the Plan.

20. Administrative Bar Date. All requests for payment of Other Administrative Claims shall be filed and served so as to be actually received by counsel to the Liquidating LLCs not later than ten (10) days after entry of this Confirmation Order. Objections, if any, to such requests for payment shall be filed not later than the Claims Objection Deadline.

Notwithstanding the foregoing, no request for payment need be filed and served with respect to any Other Administrative Claim payable in the ordinary course of any Debtor's business.

21. Releases, Exculpations and Injunctions. The exculpation and injunction provisions set forth in Sections 12.1 and 12.2 of the Plan are fair and equitable, are given for valuable consideration, and are in the best interests of Debtors and their chapter 11 estates, and the following provisions shall be effective and binding upon all persons and entities:

a. Term of Injunctions or Stays. All injunctions or stays provided for under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of (a) the Effective Date and (b) the date indicated in the order providing for such injunction or stay.

b. Exculpation; Limitation of Liability. Except as otherwise specifically provided in the Plan, none of the ICA Trustee, the Committee or the Committee's members in their representative capacity, or any of the foregoing's attorneys, advisors or professionals (including any and all predecessors, successors and assigns of any of the foregoing) shall have or incur, and are hereby released from, any claim, obligation, cause of action or liability to one another or to any holder of a Claim or Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of the Chapter 11 Cases, the negotiation, documentation or implementation of the transactions contemplated herein (including the considerations of alternatives to the Plan), pursuit of confirmation of the Plan, consummation of the Plan, administration of the Plan or the property to be distributed under the Plan, in all cases except for their gross negligence or willful misconduct; provided, however, that in all respects, such persons shall be entitled to rely on advice of counsel with respect to their duties and responsibilities under the Plan, and such reliance shall in no event constitute gross negligence or willful misconduct for purposes hereof.

22. Retention of Causes of Action/Reservation of Rights.

a. Nothing contained in the Plan or this Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights or Causes of Action that any Debtor, any Debtor's estate, the ICA Trustee, any Liquidating LLC, or any Liquidating Agent may have or which any Liquidating LLC may choose to assert under any provision of the Bankruptcy Code or applicable nonbankruptcy law, including but not limited to (a) any and all claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and or Claim for setoff which seeks affirmative relief against any Debtor, any Liquidating LLC or their respective officers, directors or representatives, and (b) the turnover of any property of any Debtor's estate.

b. Nothing contained in the Plan or this Confirmation Order shall be deemed to be a waiver or the relinquishment of any claim, Cause of Action, right of setoff or recoupment, or other legal or equitable right or defense which any Debtor or any Debtor's estate had immediately prior to the Petition Date or thereafter, against or with respect to any Claim left unimpaired by the Plan. The Liquidating LLCs shall have, retain, reserve, and be entitled to assert all such claims, causes of action, rights of setoff or recoupment, and other legal or equitable rights or defenses which Debtors had immediately prior to the Petition Date or thereafter fully as if the Chapter 11 Cases had not been commenced, and all of Debtors' legal and equitable rights and defenses respecting any Claim left unimpaired by the Plan may be asserted after the Petition Date to the same extent as if the Chapter 11 Cases had not been commenced.

23. Claims of SEC Not Addressed. Claims asserted by the SEC against Debtors or Mr. Simon A. Hershon in connection with certain litigation pending in the District Court,

Securities and Exchange Commission v. IBF Collateralized Finance Corporation et al., No. 02-CV-5713-JSM (i.e., the SEC Litigation), including but not limited to claims for penalties or injunctive relief, are not addressed by the Plan. The resolution of such claims against the Debtors is a condition precedent to the Effective Date on terms acceptable to the SEC and ICA Trustee and subject to approval by the District Court in the SEC Litigation, pursuant to Section 13.1(e) of the Plan,

24. Cancellation of Existing Securities and Agreements. Pursuant to Section 7.8 of the Plan, on the Effective Date, all securities, instruments, agreements and other documents evidencing Claims or rights of any holder of a Claim against any Debtor, including all indentures and notes evidencing such Claims, shall be canceled and deemed null and void and of no force and effect as against Debtors; provided, however, that such terminations shall not impair the rights, if any, of such holders to receive distributions in respect thereof under the Plan; and provided further that the SLC Indenture shall continue in effect for the purposes of (a) allowing the SLC Indenture Trustee to make any distributions in respect of SLC Bonds pursuant to the Plan and to perform such other necessary administrative functions with respect thereto, and (b) permitting the SLC Indenture Trustee to maintain any rights or liens it may have for fees, costs and expenses under the SLC Indenture. Subsequent to the performance of the SLC Indenture Trustee required under the provisions of the Plan and under the SLC Indenture, the SLC Indenture Trustee shall be relieved of all obligations associated with the SLC Indenture.

25. Notice of Effective Date. In accordance with Bankruptcy Rules 2002 and 3020(c), no later than fifteen (15) days following the occurrence of the Effective Date, the ICA Trustee shall give notice of the Effective Date to the parties required in Bankruptcy Rule 3020(c).

26. Nonoccurrence of Effective Date. In the event the Effective Date does not occur on or before sixty (60) days after entry of this Confirmation Order, then upon written notification filed by the ICA Trustee and served on counsel to Debtors, the Committee and the U.S. Trustee, (a) the Confirmation Order shall be vacated; (b) no distributions under the Plan shall be made; (c) Debtors and all holders of Claims or Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred; and (d) all obligations of each Debtor with respect to Claims and Interests shall remain unchanged and nothing contained in the Plan, any agreement, instrument or document incidental thereto, or any amendments or modifications to any of the foregoing, or the Disclosure Statement, shall be deemed to constitute a waiver or release of any claims by or against Debtors or any other Person or to prejudice in any manner the rights of the ICA Trustee, Debtors, the Committee or any other Person in any further proceedings involving Debtors.

27. Notice of Confirmation. In accordance with Bankruptcy Rules 2002 and 3020(c), no later than fifteen (15) days after entry of this Confirmation Order, the ICA Trustee shall give notice of entry of this Confirmation Order to the parties listed in Bankruptcy Rule 3020(c). Such notice is sufficient under the circumstances and no further notice is necessary or required.

28. Termination of Committee. On the Effective Date, the Committee shall cease to exist and its members, employees or agents (including without limitation, attorneys, investment bankers, financial advisors, accountants and other professionals) shall be released and discharged from any further authority, duties, responsibilities and obligations relating to, arising from, or in connection with the Committee. The Committee shall continue to exist after such date solely with respect to applications seeking payment of Professional or Committee Fees, and any matters pending on the Effective Date in the Chapter 11 Cases, until such matters are finally resolved.

29. Retention of Jurisdiction. Pursuant to Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of this Confirmation Order or the occurrence of the Effective Date, this Court shall retain jurisdiction over the matters set forth in Section 14.2 of the Plan.

30. References to Plan Provisions. The failure to include or reference any particular provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Plan be confirmed in its entirety.

31. Modification/Reversal. If any of the provisions of this Confirmation Order are hereafter modified, vacated, or reversed by subsequent order of this Court or any other court of competent jurisdiction, such reversal, modification or vacatur shall not affect the validity of the obligations incurred or undertaken under or in connection with the Plan prior to the ICA Trustee's receipt of written notice of any such order; nor shall such reversal, modification or vacatur of this Confirmation Order affect the validity or enforceability of such obligations. Notwithstanding any reversal, modification, or vacatur of this Confirmation Order, any such obligation incurred or undertaken pursuant to and in reliance on this Confirmation Order prior to the effective date of such reversal, modification or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan and all documents, instruments and agreements incidental thereto, or any amendments or modifications of any of the foregoing.

32. Provisions of Plan and Confirmation Order are Nonseverable and Mutually Dependent. The provisions of the Plan and this Confirmation Order, including the findings of fact and conclusions of law set forth herein, are nonseverable and mutually dependent.

33. Binding Effect. Pursuant to section 1141(a) of the Bankruptcy Code, effective as of the Confirmation Date, but subject to the Effective Date, and except as expressly provided in the Plan or this Confirmation Order, the provisions of the Plan (including the exhibits to, and all

documents and agreements incidental to the Plan) and this Confirmation Order shall be binding upon: (a) the ICA Trustee, (b) Debtors, (c) all holders of Claims against and Interests in Debtors, whether or not such Claims or Interests are Impaired under the Plan and whether or not, if Impaired, such holders accepted the Plan, (d) each Person acquiring property under the Plan, (e) any other party in interest, (f) any Person making an appearance in the Chapter 11 Cases and (h) each of the foregoing's respective heirs, successor, assigns, trustees, executors, administrators, officers, directors, agents, representatives, attorneys, beneficiaries, or guardians.

34. Conflicts between Confirmation Order and Plan. The provisions of the Plan and this Confirmation Order shall be construed in a manner consistent with each other so as to effect the purposes of each; provided, however, that, if there is determined to be any inconsistency between the provisions of the Plan and this Confirmation Order that cannot be reconciled, then, to the extent of such inconsistency, the provisions of this Confirmation Order shall govern and shall be deemed a modification of the Plan and shall control and take precedence.

Dated: New York, New York
August 14, 2003

/s/Burton R. Lifland
Honorable Burton R. Lifland
United States Bankruptcy Judge