

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES AND)	
EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	1:05-cv-1102-JDT-TAB
)	
)	
ALANAR, INC., et al.,)	
)	
Defendants,)	
)	
and)	
)	
CHURCHMEN'S INVESTMENT CORP.,)	
et al.,)	
)	
Defendants.)	

APPROVED ALTERNATIVE ALANAR RECEIVERSHIP PLAN

PREAMBLE

This Approved Alternative Alanar Receivership Plan (“Approved Plan,” “Alternative Plan” or “Alanar Plan”) has been adopted by the court after hearing from the Receiver, the U.S. Securities and Exchange Commission, the Bondholder Committee and many investors and bond issuers. The court also considered the other proposed plans and other methods of dealing with the complex and difficult issues presented by the matters in this Receivership. The principal goals of this Plan are to facilitate fair resolutions to a number of complex issues, to minimize costs and the uncertainties of

further litigation, and to impose a plan that is in the best possible interests of all bond investors, issuers and creditors under these difficult circumstances.

I.

DEFINITIONS

Alanar Rehab, Inc. or “**Alanar Rehab**” is an Indiana Not for Profit Corporation.

“**ANIC**” shall mean the Investor’s Adjusted Net Investor Claim, as defined in Exhibit M to the Receiver’s Motion and Memorandum Concerning Proposed Plan to Pool Assets and Adopt Claims Procedure filed with the court on April 13, 2007 as Docket No. 230.

“**Category A Bond Issuers**” include those church bond issuers that have elected Category A status, have met all conditions as stated in this Plan for being treated as a Category A Bond Issuer and have been approved by the Receiver for transfer to Successor Trustee and Successor Transfer/Paying Agent as provided in this Plan.

“**Category B Bond Issuers**” include those church bond issuers that have not elected Category A status or have not otherwise satisfied the conditions as stated in this Plan for inclusion in Category A, and have been identified by the Receiver as a Category B Bond Issuer by written designation filed with the court not later than sixty (60) days after the Determination Date.

“**Current**” shall mean a bond issuer who has paid into its bond repayment account all prior payments due under the trust indenture, including but not limited to principal, interest, late fees, service fees and forced placed insurance as determined by the Receiver’s accountant. The determination of whether a bond issuer is Current shall

be made solely by the Receiver subject only to the approval of the court. Church bond issuers that have escrowed monthly payments may become "Current" by paying into their bond repayment account all prior payments due under the trust indenture, including but not limited to principal, interest, late fees, service fees and forced placed insurance.

"Determination Date" shall be the first business day seven and one-half months after the court approves this Plan. This date may be extended by the Receiver with the approval of the court.

"Election Agreement" is an Agreement signed by each church bond issuer requesting to be treated as a Category A Bond Issuer under this Plan.

"Other" includes those bond issues that neither qualify as Category A Bond Issues under the Plan, nor are designated as Category B Bond Issues by the Receiver.

"Transfer Date" is the date the Receiver is authorized by court Order to transfer all collateral of Category A Bond Issues to the Successor Trustee and Successor Transfer/Paying Agent as set out in this Plan.

II.

SUMMARY OF ALTERNATIVE PLAN

A. CATEGORY A BOND ISSUERS, CATEGORY B BOND ISSUERS AND OTHER BOND ISSUES

1. All bond issues will be divided into three (3) categories, designated under this Plan as Category A, Category B, and Other.

2. Category A Bond issues will consist of those bond issues that have filed an "Election Agreement" with the Receiver as of the "Determination Date" reflecting the issuer's acceptance of all the conditions in this Plan, including the terms and conditions for transfer of collateral to Successor Trustee and Successor Transfer/Paying Agent and are (a) "Current" as of the "Determination Date," or (b) have paid their obligations in full (either through refinancing or otherwise) as of the "Determination Date," or (c) are in the process of refinancing their bond obligations with a recognized third party lender and have a valid commitment letter from the lender as of the "Determination Date." Any church bond issuer that has escrowed funds during the receivership may elect to be treated as a "Category A Bond Issuer," providing it becomes "Current" as set forth in this Plan. Upon the court's approval of this Plan, Alanar Rehab may assist bond issuers in obtaining refinancing in order for a bond issuer to satisfy the requirements to become a Category A Bond Issuer under this Plan.

3. Category B Bond Issues include those bond issues that are not treated as a Category A Bond Issue or Other and are also recognized by the Receiver to be included in the Category B designation. The Receiver will file a motion with the court designating a bond issue as Category B, not later than sixty (60) days after the "Determination Date."

4. Bond issues not treated as Category A or Category B will be treated as "Other" and will remain under Receiver's control pursuant to further order of the court.

5. The final determination of whether a bond issue qualifies as Category A, Category B, or "Other" shall rest with the Receiver subject only to the approval of the court. Neither Bondholder Committee, Alanar Rehab, FSB (as defined herein), or THSB (as defined herein) shall have authority under this Plan to designate a bond issue as Category A or Category B. Category B Bond Issuers will undergo rehabilitation as provided in this Plan.

B. REHABILITATION OF CATEGORY B BOND ISSUERS

1. The services of Alanar Rehab will be utilized by the Receiver for assisting bond issuers in obtaining refinancing and for rehabilitation of Category B Bond Issuers. Under this Plan, Alanar Rehab may be given up to two (2) years from the date of court approval to attempt to rehabilitate all "Category B Bond Issuers." After two years the rehabilitation process will end, and the Receiver will resume all further collection actions. An Executive Committee of the Board of Alanar Rehab will meet with the Receiver before the rehabilitation process begins. Alanar Rehab further agrees to provide the Receiver with written monthly status reports describing the status of rehabilitation with respect to each "Category B Bond Issuer" and an annual audited financial statement to be submitted to the Receiver no later than ninety (90) days following the close of its fiscal year.

2. During the rehabilitation process, Alanar Rehab will provide the Receiver with the following information for each bond issue the Receiver decides to rehabilitate in Category B:

- a. Information on alternative uses of property;
- b. Current appraised value of the property;
- c. Profile of Pastor and staff;
- d. History of church;
- e. History of Pastor;
- f. Profile of church members;
- g. Most recent two years of financial information on the church, including a balance sheet and annual statement of income and expenses;
- h. Profile of the community;
- i. Condition of the property and photos of the property.

3. Where appropriate, Alanar Rehab may recommend rehabilitation to the Receiver, including but not limited to tendering to Receiver a forbearance agreement or other such modifications to the Trust Indenture including: (a) adding delinquent payment to the end of the note; (b) establishing a lower rate of interest; or (c) making reductions to the principal balance owed the bondholders or other modifications determined by the Receiver to be commercially feasible and in the best interests of the bondholders. The final decision on whether to accept the recommendations of Alanar Rehab for a bond issue's rehabilitation is the Receiver's.

4. During the rehabilitation process, bonds not recommended by Alanar Rehab for rehabilitation, or where rehabilitation has been recommended but not approved by the Receiver, will be released to the Receiver to begin collection action including foreclosure initiated by Receiver, his attorneys or other third parties on behalf of the

Receiver. Any bond issuers designated as a "Category B Bond Issuer" may be withdrawn by the Receiver during the rehabilitation process where Receiver believes the rehabilitation process is no longer in the best interests of the Receivership. Receiver's decision to withdraw a "Category B Bond Issuer" from rehabilitation is final.

5. For those bonds not recommended for rehabilitation or not accepted by the Receiver for rehabilitation, the Receiver may utilize the services of Alanar Rehab to assist in the collection or foreclosure process. In such cases the Receiver and Alanar Rehab may enter into an agreement for additional services. The decision to use the services of Alanar Rehab in the collection process rests solely with the Receiver.

6. Alanar Rehab shall provide all necessary documentation, including any proposed modifications to the original Trust Indenture and Bond Service Agent Agreement for all Category B Bond Issuers recommended to the Receiver by Alanar Rehab for rehabilitation. Upon approval by the Receiver, Receiver will file a motion with the court for authorization to transfer the Bond Issue to Successor Trustee and Successor Transfer/Paying Agent as reflected in the executed amended Bond Service Agent Agreement and Supplemental Trust Indenture.

7. Alanar Rehab agrees to indemnify, defend, and hold harmless the Receiver, his counsel and the forensic accountants, and their respective officers, directors, partners, agents and employees for all acts or omissions caused by it or its agents during the rehabilitation period. Alanar Rehab agrees to procure errors and omission insurance in favor of the Receiver, if it is available at a commercially reasonable price.

8. Alanar Rehab, its officers, directors, employees and agents are not agents of the Receiver or the court and are solely responsible for all actions taken by Alanar Rehab.

III.

APPOINTMENT OF SUCCESSOR TRUSTEE AND SUCCESSOR BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT AND DEPOSITORY BANK FOR CATEGORY "A" BOND ISSUERS

1. No later than thirty (30) days after the "Determination Date," the Receiver shall apply for an order to the court naming a subsidiary of the Terre Haute Savings Bank ("THSB") as Successor Trustee and First Security Bank of Batesville, MS ("FSB") as Successor Bond Registrar/Transfer Agent, Paying Agent and Depository Bank (Bond Transfer/Paying Agent), for each "Category A Bond Issuer" who has executed an Amended Bond Service Agent Agreement and Supplemental Trust Indenture; and such other Agreements the Receiver deems necessary to carry out the purposes under this Plan.

2. No later than sixty (60) days after approval of this Plan, FSB shall provide Receiver with a copy of an Amended Bond Service Agent Agreement, which shall not diminish the rights of the bondholders or bond issuers, other than as provided for under this Plan and order of the court. The Receiver has final approval over the form of the Amended Bond Service Agent Agreement.

3. No later than sixty (60) days after approval of this Plan, THSB shall provide Receiver with the Supplemental Trust Indenture, which Agreement shall not diminish

the rights of bondholder or bond issuers other than as provided for under this Plan and order of the court. Subject to order of the court, the Receiver has final approval over the form of Supplemental Trust Indenture.

4. Under the terms of the Amended Bond Service Agreement and Supplemental Trust Indenture, each "Category A Bond Issuer," and each Category B Bond Issuer recommended for rehabilitation agree to save and hold harmless the Receiver, his counsel and forensic accountants and their respective officers, directors, partners, agents and employees for all acts or omissions in connection with the bonds prior to their assuming duties and responsibilities under this Plan.

5. Within sixty (60) days of a bond issuer electing to be included in Category A status and satisfying the requirements under this Plan for becoming "Current," the Receiver will provide FSB and THSB with copies of all documents, reports and information otherwise in his possession for purposes of verifying proper security interest in collateral and taking all other necessary action to prepare for transfer of bonds and collateral to Successor Trustee and Successor Bond Service Agent as provided for under this Plan.

6. The documentation costs and professional fees associated with and incurred by FSB and THSB in the preparation, review and execution of all transfer documents in order to transfer bonds and collateral shall be the sole expense of FSB and THSB, except as set forth herein.

7. (a) Southern Michigan Bank & Trust (“SMBT”) is a former indenture trustee with respect to forty nine (49) bond offerings. Nothing in this Approved Plan or any court order approving this Approved Plan (or any action taken or agreement or document executed pursuant to this Approved Plan) shall impair the rights, benefits and protections afforded to SMBT in the “Order Removing Indenture Trustee” entered by the court on November 17, 2006, which rights, benefits and protections shall remain in full force and effect.

(b) Effective as of the Determination Date, any and all existing and future obligations and duties of SMBT arising from or related to (i) the agreement dated December 27, 2000 between Guardian Services, LLC and SMBT, or (ii) any individual retirement account established or administered by Guardian Services, LLC or its affiliates, shall be terminated and released. This termination and release of SMBT’s obligations is prospective only and does not release SMBT for actions taken prior to the Determination Date.

IV.

TRANSFER OF COLLATERAL TO SUCCESSOR TRUSTEE AND SUCCESSOR BOND TRANSFER/PAYING AGENT

1. Upon issuance of an order by the court authorizing Receiver to transfer bond collateral of “Category A Bond Issuers” to THSB as Successor Trustee and FSB as Bond Transfer/Paying Agent, the Receiver shall transfer all collateral, including cash collateral securing the issuers’ bonds, less Receivership administrative and professional

fees incurred by the Receiver through the “Determination Date” as determined by the Receiver’s accountants and approved by the court.

2. The Order of the court authorizing the Receiver’s transfer of bond collateral for each “Category A Bond Issuer” shall also reflect the bondholder’s pro rata share of Receiver’s administrative and professional fees to be retained by the Receivership.

3. The Order of the court authorizing the transfer of collateral by the Receiver to FSB and THSB shall provide that the Receiver, his counsel, the forensic accountants, FSB, THSB, the Bondholder Committee, Alanar Rehab and their respective officers, directors, partners, agents, employees and counsel shall not be held responsible for any acts or omissions in connection with the bonds prior to their assuming responsibilities under this Plan.

4. Upon completion of transfer of collateral to FSB, the Bond Transfer/Paying Agent shall within sixty (60) days of the transfer begin making normally scheduled payments to the bondholders in accordance with the terms of the bonds as amended by the Supplemental Trust Indenture, Amended Bond Service Agreement, and Order of the court authorizing the transfer.

5. Upon completion of the transfer of collateral pursuant to court Order, the bond collateral of the “Category A Bond Issuer” shall be removed from the Receivership.

V.

**ALLOCATION OF COSTS AND EXPENSES
BY BOND ISSUERS AND BONDHOLDERS**

A. CATEGORY A BOND ISSUERS COSTS

1. All "Category A Bond Issuers" agree to waive all accounts receivable as reflected on the accounts of the bond issuer or cash shortages as reflected in the bond repayment account or bond proceeds accounts, as determined by the Receiver's accountants, unless the Receiver has otherwise reached an agreement with the issuer to accept another amount, based on good cause shown, and in the best interests of all investors.

2. All "Category A Bond Issuers" agree to pay to the Receivership all payables as reflected on the accounts of the bond issuer as determined by the Receiver's accountants as a pre-condition for Category A status.

3. Category A Bond Issuers may file a claim with the Receiver as a general creditor for any lost receivables paid by that issuer under this Plan.

4. Each "Category A Bond Issuer" agrees to pay all costs and expenses to Successor Trustee and Successor Transfer/Paying Agent, Alanar Rehab, and Receiver as set forth in this Plan, and as provided in the Amended Bond Service Agent Agreement and Supplemental Trust Indenture.

B. CATEGORY A BONDHOLDERS COSTS

1. Bondholders in Category A will be assessed all Receivership administrative and professional fees incurred as of the "Determination Date" pro rata based on each bondholder's "ANIC," which will be calculated by the Receiver, subject to approval of the court.

2. Category A Bondholders will also be assessed all acceptance fees of FSB and THSB.

VI.

COSTS AND FEES OF FSB AND THSB

A. FSB – COSTS AND FEES

1. Within thirty (30) days of approval of this Plan, the Receivership will advance up to \$25,000 to FSB from Receivership funds (such costs to be allocated pro-rata to Category A bondholders based on each bondholder's ANIC) for cost of computer conversion of data.

2. Within thirty (30) days of approval of this Plan, the Receivership will advance an acceptance fee of \$50,000 for FSB acceptance to serve under this Plan. (Such costs to be allocated pro rata to Category A Bondholders).

3. The Receivership shall pay an acceptance fee of \$250 per bond issue upon appointment as Successor Transfer/Paying Agent.

4. Each "Category A Bond Issuer" will pay FSB an annual maintenance fee of \$600 per year for services as Successor Transfer/Paying Agent, issuance of Form 1099, and two disbursements to bondholders, as well as an additional \$100 per bond issue for each additional disbursement or written communication with bondholders in excess of two per year.

5. If the bond issue is transferred to another Successor Transfer/Paying Agent, a registration and transfer fee of \$500 per bond issue will be paid by each "Category A Bond Issuer."

6. Miscellaneous charges and fees, paid by each "Category A Bond Issuer" to include costs of printing bonds, postage, insurance and out of pocket costs.

7. FSB will prepare an Amended Bond Service Agent Agreement to include the fees described herein for Receiver's review prior to FSB's appointment as Successor Transfer/Paying Agent. If an agreement is not reached, Receiver reserves the right to retain another Successor/Transfer Paying Agent to serve under this Plan.

B. THSB COSTS AND FEES

1. Within thirty (30) days of approval of this Plan, the Receivership will advance THSB an acceptance fee of \$50,000 for its costs of document preparation and review (including counsel), such costs to be allocated pro rata to Category A Bondholders based on each bondholder's "ANIC."

2. The Receivership shall pay THSB an acceptance fee of \$250 per bond issue upon appointment as Successor Trustee.

3. Each "Category A Bond Issuer" will pay THSB an annual maintenance fee of \$500 per bond issue for serving as Successor Trustee, plus 110% of any out of pocket costs incurred by THSB as Successor Trustee.

4. THSB will prepare a Supplemental Trust Indenture and a description of all fees and costs described herein for Receiver's review prior to THSB's appointment as Successor Trustee. If an agreement is not reached, Receiver reserves the right to retain another Successor Trustee to serve under this Plan.

C. COSTS AND FEES OF ALANAR REHAB

1. Within thirty (30) days of approval of this Plan, the Receivership will pay \$70,000 to Alanar Rehab as an initial start up fee, which will be repaid at the end of the two (2) year period, if it has funds available.

2. For all Category B Bond Issues accepted by Receiver for rehabilitation and where rehabilitation has been approved by the court, each issuer agrees to pay Alanar Rehab its costs, including the costs and fees of its counsel, and accountants a fee in an amount equal to one percent (1%) of the outstanding bond issue balance, including accrued interest, but in all events, not less than \$1,000 or more than \$10,000. This fee shall not be paid by the issuer unless the Receiver has approved the Plan of rehabilitation, and the court has entered an Order approving the Plan of rehabilitation.

3. Alanar Rehab may charge a reasonable fee to any bond issuer who agrees to use Alanar Rehab's services to obtain refinancing in order to qualify as a "Category A Bond Issuer." Alanar Rehab and the respective bond issuer shall agree on a reasonable fee for the services performed.

4. Alanar Rehab will be paid for services rendered to the Receivership for any foreclosures where the Receiver retains Alanar Rehab to provide additional services.

VII.

RECEIVER'S ADMINISTRATIVE AND PROFESSIONAL FEES – PAID BY CATEGORY A BONDHOLDERS

1. All of the Receiver's administrative and professional fees incurred during the Receivership (whether or not paid) as of the "Determination Date" will be allocated pro-rata to each of the bondholders in Category A Bond Issues, and paid from collateral of Category A Bond Issues.

2. Receiver's professional and administrative fees include, but are not limited to:
 - a. Receiver's fee and fees of Receiver's counsel and other retained professionals, including all costs incurred by the Receivership under this Plan through the "Determination Date;"
 - b. All costs of maintaining the Sullivan, Indiana facility; and
 - c. Any additional administrative costs and professional fees determined by order of court as reasonable and necessary to carry out the provisions of this Plan.

VIII.

RECEIVER'S ADMINISTRATIVE AND PROFESSIONAL FEES - PAID FROM RECEIVERSHIP ASSETS AND POOLED FUNDS

1. All of the Receiver's administrative and professional fees incurred after the "Determination Date," including costs incurred by the Receiver under this Plan shall be paid from the Receivership assets; Receiver's professional and administrative fees include, but are not limited to:
 - a. Costs and fees incurred by the Receiver in closing down the Sullivan, Indiana Alanar operations;
 - b. All attorney fees and other professional fees incurred by the Receiver during the administration of this Receivership; and
 - c. Any additional costs and fees as determined by order of the court as reasonable and necessary to carry out the provisions of this Plan.

IX.

BOND FUNDS TERMINATION AND POOLING

1. Bond funds holding bonds in Category A, Category B or “Other” bond issues will be terminated as of the “Determination Date.”

2. All amounts owed to members of bond funds for bond fund investments in Category A, Category B, or “Other” bond issues will be subject to pooling, based on each member’s “ANIC,” as determined by the Receiver and approved by order of the court.

3. Distributions will be paid to members of bond funds on a pro-rata basis no less than annually.

4. Receiver will form a liquidating trust on or before the final date of distribution to receive monthly payments from Category A, Category B, and “Other” bond issuers and make pro-rata distributions to bondholders and members of the bond funds based on their “ANIC.” Receiver will make every effort to have remaining assets transferred to the trust in the shortest time that is commercially feasible and determined by the court to be in the best interests of all investors.

X.

POOLING OF CATEGORY B AND OTHER BOND ISSUES

1. No later than twenty four (24) months after the “Determination Date,” all other assets or collateral other than collateral of “Category A Bond Issuers” will be pooled for

the benefit of bondholders and members of the bond funds. The Receiver retains the discretion to extend this twenty four (24) month period upon approval of the court.

2. Category B bonds and "Other" bonds issues will be pooled under this Plan and distributions will be paid to bondholders in Category B and "Other" no less than annually.

3. Receiver may form a liquidating trust on or before the final distribution date to receive monthly payments from Category B and "Other" Bond Issuers and make pro-rata distributions to bondholders and members based on their "ANIC."

XI.

CREDITOR CLAIMS

1. Receiver will establish a claim process within one hundred eighty (180) days of the court's approval of this Plan for specified third party creditors to file claims against pooled funds.

XII.

COURT SUPERVISION

The implementation and execution of this Plan is to be carried out by the parties identified herein and is subject to further court Order and supervision as determined by the Receiver under his Order of appointment. This Plan and its terms may only be changed by prior court Order. The court shall retain jurisdiction over the terms of this

Plan until the assets of Receivership are transferred to a liquidating trust formed by Receiver pursuant to order of the court.

ALL OF WHICH IS APPROVED this 28th day of August 2007.



John Daniel Tinder, Judge
United States District Court

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