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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
 corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**MOTION OF DEBTORS TO ESTABLISH
 PROCEDURES FOR REAL PROPERTY
 SALES (SOCOTRA COLLATERAL)**

Date: April 16, 2025

Time: 11:00 a.m. (Pacific Time)

Place: United States Bankruptcy Court
 1300 Clay Street, Courtroom 215
 Oakland, CA 94612

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.



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LeFever Mattson, a California corporation (“LeFever Mattson”), and certain of its affiliates that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby move (the “Motion”) this Court pursuant to sections 105, 363 and 365 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 6004, 6006, and 9006 of the Federal Rules of Bankruptcy Procedure, (the “Bankruptcy Rules”) and Rules 6004-1 and 6006-1 of the Bankruptcy Local Rules for the Northern District of California (the “Bankruptcy Local Rules”) for the entry of an order, in substantially the form attached hereto as **Exhibit A**, authorizing the Debtors to sell their real property that is the collateral of Socotra Capital, Inc. (“Socotra”) pursuant to the proposed procedures² set forth herein.

On March 5, 2025, the Court issued the *Order Establishing Omnibus Procedures for Real Property Sales* entered on March 5, 2025 [Dkt. No. 971] (the “Original Sale Procedures Order”), which approved procedures for streamlined sales of the Debtors’ properties (the “Original Sale Procedures”). The Original Sale Procedures Order did not apply to properties that are collateral for loans by Socotra, the Debtors’ largest lender (the “Socotra Properties”). Given Socotra’s extensive dealings with Kenneth W. Mattson, the Debtors and the Official Committee of Unsecured Creditors (the “Committee”) are in the process of investigating Socotra and do not believe it prudent to release sale proceeds to Socotra until the investigation is complete. Accordingly, the Debtors now seek approval of sale procedures specific to Socotra Properties (the “Socotra Sale Procedures”) that are identical to the Original Sale Procedures except in one respect: the Debtors will retain a portion of the proceeds sufficient to adequately protect Socotra from the sale of Socotra Properties; those funds will remain in a segregated account until the investigation has concluded.

The facts and circumstances supporting this Motion are set forth in the *Declaration of Bradley D. Sharp in Support of Motion of Debtors to Establish Procedures for Real Property Sales*

² These procedures are available for the Debtors to use if they elect to do so. If appropriate in the event of a particularly complicated sale, the Debtors retain the option to file individual sale motions pursuant to section 363 of the Bankruptcy Code in their sole discretion.

(*Socotra Collateral*) (the “Sharp Declaration”), filed concurrently herewith.³ In further support of this Motion, the Debtors rely on the *Declaration of Bradley D. Sharp in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) [Dkt. No. 5], which is fully incorporated herein by reference.

MEMORANDUM OF POINTS AND AUTHORITIES

I. JURISDICTION AND VENUE

This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal, and Rule 5011-1(a) of the Bankruptcy Local Rules. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

A. General Background

As described in the First Day Declaration, these Chapter 11 Cases were necessitated by, among other things, Mr. Mattson’s purported sales of equity interests in numerous Debtors to hundreds of investors through transactions that were not recorded in the books and records of LeFever Mattson or the appropriate Debtor. Debtor Windscape Apartments, LLC, filed its chapter 11 petition on August 6, 2024. Fifty-eight Debtors, including LeFever Mattson, filed their chapter 11 petitions on September 12, 2024. Debtors Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

Among them, the various Debtors hold a highly diversified real estate portfolio of approximately 176 properties (each, a “Property” and collectively, the “Properties”), comprised of commercial, residential, office, and mixed-use real estate, as well as vacant land, located throughout California, primarily in Sonoma, Sacramento, and Solano Counties. Debtor LeFever Mattson is the general partner of each of the Debtor limited partnerships (the “LPs”) and the managing member of each of the Debtor limited liability companies (the “LLCs”), and has the authority to sell properties held by the LPs and LLCs.

³ Capitalized terms used but not defined herein have the meanings given to them in the Sharp Declaration.

B. The Socotra Properties and Loans

Socotra is a “hard money lender,” meaning that it makes short term loans where traditional lenders, such as banks and credit unions, will not. Because they are riskier than traditional mortgages, hard money loans typically have significantly higher interest rates than bank loans and usually mature in months, not years. Socotra also differs from traditional mortgage lenders in that it is comprised of a collection of affiliated loan funds. The Debtors understand that under those funds’ governance rules, once Socotra receives proceeds from the sale of a Socotra Property, it will distribute those proceeds to the fund’s investors. *See Final Order Authorizing Use of Cash Collateral, Granting Adequate Protection (Socotra Capital, Inc.)* [Dkt. No. 968 at 3, 11-14] (“[T]he 2025 Q1 Adequate Protection Payment (or any portion thereof) may be withdrawn from the Adequate Protection Account and applied to the loans . . . and disbursed in accordance with Lender’s governing investment documents.”).

Socotra holds deeds of trust and assignments of rents on sixty (60) properties held by the Debtors with approximately \$75 million in total loans. This represents about one-third of the Debtors’ total secured debt, making Socotra the Debtors’ largest secured creditor. Substantially all the Socotra Properties were originally purchased by KS Mattson Partners, LP (“KSMP”), an entity controlled by Mr. Mattson, who was also the chief executive officer of LeFever Mattson and in control of the Debtors during this period. The Debtors believe that after purchasing the Socotra Properties, Mr. Mattson encumbered the properties with high-interest loans and caused KSMP to convey the properties to various Debtors. In at least two instances, it appears that Mr. Mattson used the Debtors’ property to cross-collateralize KSMP properties. The Debtors have also uncovered evidence that, over the course of seven years, Mr. Mattson transferred approximately \$20 million from a LeFever Mattson bank account to Socotra—yet these payments appear to have been made for the benefit of Mr. Mattson or KSMP, not any of the Debtors.

Because Socotra was the counterparty to so many apparently self-interested transactions by Mr. Mattson, the Committee has spearheaded an investigation to determine whether the Debtors’ estates hold any claims against Socotra. The Debtors understand that the Committee’s investigation will remain ongoing for a number of months.

1 **C. The Approved Sale Procedures**

2 In consultation with FTI Consulting, Inc. and FTI Consulting Realty, Inc. (jointly, “FTI”)
3 and the Committee, the Debtors created the Original Sale Procedures, which were approved in the
4 Original Sale Procedures Order.

5 The schedule of Properties appended to the Original Sale Procedures Motion included the
6 fifty-nine (59) Socotra Properties.⁴ Subsequently, pursuant to an agreement between the Debtors
7 and Socotra to resolve Socotra’s objection to the Original Sale Procedures Motion, the Socotra
8 Properties were removed from the Original Sale Procedures. By this Motion, the Debtors seek
9 approval of sale procedures for the Socotra Properties, a schedule of which, including their
10 addresses and owners, is attached as Exhibit 1 to the Sharp Declaration.

11 **D. The Need for the Socotra Sale Procedures⁵**

12 The Debtors seek approval of the Socotra Sale Procedures for the same reasons they sought
13 and were granted the Original Sale Procedures Order: to create a streamlined process for the value-
14 maximizing sale of Properties. The proposed Socotra Sale Procedures are identical to the Original
15 Sale Procedures with one exception – Socotra will not be paid at the close of escrow. Instead, the
16 Debtors will maintain sufficient sale proceeds to satisfy the outstanding amount of Socotra’s loans,
17 plus six (6) months of interest and fees, in a segregated, interest-bearing account until the Debtors
18 and Committee have concluded their Socotra investigations.

19 **III. RELIEF REQUESTED**

20 The Debtors request authorization to sell the Socotra Properties pursuant to the Socotra
21 Sale Procedures. Similar to the Original Sale Procedures, the Socotra Sale Procedures are split
22 between Socotra Properties with a sale price less than \$5 million (“Small Asset Sales” and the
23 “Small Asset Sale Procedures”) and those with a sale price equal to or greater than \$5 million
24

25 ⁴ Socotra has liens on sixty (60) of the Properties; however, one is held by a Debtor as a
26 tenant-in-common with a non-debtor. That Property was excluded from both the Original Sale
Procedures Motion and this Motion.

27 ⁵ Counsel for the Debtors met and conferred with Socotra’s counsel prior to filing this
28 Motion but were not able to agree on a form of order acceptable to both parties. Thus, it was
necessary for the Debtors to seek approval from the Court.

(“Large Asset Sales” and the “Large Asset Sale Procedures”). Based on information currently available, the Debtors estimate that there are approximately fifty-four (54) Socotra Properties whose sales will be qualify for the Small Asset Sale Procedures and five (5) that will qualify for the Large Asset Sale Procedures. If a purchaser makes an offer for multiple Socotra Properties, the aggregate price will govern the Large or Small Asset Sale designation.

There will not be credit bidding. The Socotra Sale Procedures will not apply to sales where the estimated net sale proceeds (purchase price minus Closing Costs)⁶ are less than the aggregate amount of claims secured by such property plus six (6) months of accrued interest unless the Debtors first obtain in writing Socotra’s permission.

SMALL ASSET SALE PROCEDURES

The Small Asset Sale Procedures are as follows:

1. Contents of Sale Notice: Prior to any sale of a Socotra Property for which the Debtors, in consultation with the Committee, elect to seek approval through the Socotra Sale Procedures, the Debtors shall file with the Court a notice (the “Sale Notice”) that sets forth:
 - a. The address and tax identification number of the Socotra Property proposed to be sold (the “Subject Property”);
 - b. The sale price;
 - c. The name(s) of the title holder of the Subject Property;
 - d. The name(s) of the holder of any and all liens or other interests in the Subject Property with the recording date and instrument number of such liens or interests, if any, listed immediately below the caption of the Sale Notice in compliance with Bankruptcy Local Rule 6004-1(a);
 - e. The amount and nature of any known liens or other interests in the Subject Property, their proposed treatment, and the basis for any dispute thereof or any other ground asserted for selling free and clear thereof;
 - f. A brief summary of the marketing of the Subject Property that would support the Debtors’ representation that it was done in a fully commercially reasonable manner and the Debtors’ conclusion that the price and terms are reasonable and in the best interests of the Debtors’ bankruptcy estates according to their business judgment;

⁶ Defined below.

- g. The name(s) proposed buyer(s) (the “Buyer”) and any known relationship to the Debtors;⁷
 - h. The provision(s) of section 363(f) that the Debtors submit authorize the sale free and clear of liens, a summary of the Debtors’ evidence supporting such assertion, and each lien creditor(s)’ name, recording date and instrument number for which the sale will be free and clear;
 - i. The name of the Broker(s), the date of entry and docket number of the order approving the Broker’s employment, any known connection to the Debtors, and their proposed compensation;
 - j. A schedule of any unexpired leases or executory contracts (collectively, the “Leases”) associated with the Subject Property and their proposed treatment in the sale including any cure amounts;
 - k. A summary of the Buyer’s evidence that it can provide adequate assurance of future performance and assumption of the Leases, if any;
 - l. A summary of any other proposed closing payments, including but not limited to payment of the Broker’s commission, FTI’s advisory and transaction fee, transfer taxes, closing and escrow costs, recording costs and the Title Company’s fees (collectively, the “Closing Costs”);
 - m. The estimated net proceeds available to the estate upon conclusion of the sale, after the satisfaction of any liens, and payment of the Closing Costs; and
 - n. The Objection Procedures (as described below).
2. Filing and Service of Sale Notice: The Sale Notice shall be filed and served by email where available and by mail for those who have not consented to email service upon (i) the United State Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any and all holders of interests in the Subject Property, including interest holders in the applicable Debtor; (iv) counter-parties to the Leases; and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).
 3. Objection Procedures: Any objection to the proposed sale or the assumption of the Leases or request for hearing (the “Objection”) must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the “Objection Deadline”).
 4. Overbids: There shall be no overbids. The commercially reasonable practice for properties of this price range is to contact all interested parties once an offer is received, notifying them of the offer and requesting overbids. Therefore, any agreed purchase price will already include any overbids.
 5. No Stalking Horse Procedures: There shall be no stalking horse procedures; however, the Debtors reserve the right to request such procedures should they, in

⁷ The Socotra Sale Procedures shall not apply if the proposed purchaser is an insider of the Debtors.

their sole discretion determine that a stalking horse procedure would benefit the estates.

6. If No Objection: If the Objection Deadline passes without the filing of an Objection or any such response is withdrawn, the Debtors shall file a declaration attesting that no Objection was filed or served on the Debtors (the “Certificate of No Objection”) and the Debtors shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the “Small Asset Sale Order”). The Debtors may proceed with closing the sale of the Subject Property upon entry of the Small Asset Sale Order.
7. Sale Hearing: If an Objection is filed prior to the Objection Deadline and not withdrawn, the Debtors will set a hearing (the “Sale Hearing”) giving no less than seven (7) days’ notice to (i) the Buyer; (ii) any party that filed an Objection; (iii) and the Notice Parties.
8. Free and Clear: Sales pursuant to the Socotra Sale Procedures shall be free and clear of liens and encumbrances to the extent provided under the Bankruptcy Code, with any such liens of any kind or nature to attach to the net proceeds of the sale in the order of their priority, with the same validity, force and effect which they had immediately prior to the sale as against the Subject Property. The Debtors shall maintain a portion of the sale proceeds sufficient to satisfy the outstanding balance of Socotra’s loans plus six (6) months of interest and fees in a segregated, interest-bearing account. Any other uncontested, non-Socotra liens shall be paid at the close of escrow.

LARGE ASSET SALE PROCEDURES⁸

The Large Asset Sale Procedures are as follows:

1. Contents of Sale Notice: Prior to any sale of a Socotra Property for which the Debtors elect to seek approval through the Socotra Sale Procedures, the Debtors shall file with the Court a notice (the “Sale Notice”) that sets forth:
 - a. The address of the Socotra Property proposed to be sold (the “Subject Property”);
 - b. The sale price;
 - c. The name(s) of the title holder of the Subject Property;
 - d. The name(s) of the holder of any liens or other interests in the Subject Property, if any, listed immediately below the caption of the Sale Notice in compliance with Bankruptcy Local Rule 6004-1(a);
 - e. The amount and nature of any known liens or other interests in the Subject Property, their proposed treatment, and the basis for any dispute thereof or any other ground asserted for selling free and clear thereof;
 - f. A brief summary of the marketing of the Subject Property that would support the Debtors’ representation that it was done in a commercially

⁸ Numbers 1 – 4 are identical to those in the Small Asset Sale Procedures. They are repeated here for ease of reference.

reasonable manner and the Debtors' conclusion that the price and terms are reasonable and in the best interests of the Debtors' bankruptcy estates according to their business judgment;

- g. The name(s) of the proposed buyer(s) (the "Buyer") and any known relationship to the Debtors;⁹
 - h. The provision(s) of section 363(f) that the Debtors submit authorize the sale free and clear of liens and a summary of the Debtors' evidence supporting such assertion;
 - i. The name of the Broker(s), the date of entry and docket number of the order approving the Broker's employment, any known connection to the Debtors, and their proposed compensation;
 - j. A schedule of any unexpired leases or executory contracts (collectively, the "Leases") associated with the Subject Property and their proposed treatment in the sale including any cure amounts;
 - k. A summary of the Buyer's evidence that it can provide adequate assurance of future performance of the Leases, if any;
 - l. A summary of any other proposed closing payments, including but not limited to payment of the Closing Costs;
 - m. The estimated net proceeds available to the estate upon conclusion of the sale, after the satisfaction of any liens, and payment of the Closing Costs;
 - n. The Objection Procedures (as described below); and
 - o. The procedures for an auction (the "Auction") should qualified overbids be received prior to the Objection Deadline.
2. Filing and Service of Sale Notice: The Sale Notice shall be filed and served by email where available and by mail for those who have not consented to email service upon (i) the United State Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) any holders of interests in the Subject Property, including interest holders in the applicable Debtor; (iv) counter-parties to the Leases; and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").
3. Objection Procedures: Any objection to the proposed sale, the Auction procedures, or the assumption and assignment of the Leases or request for hearing (the "Objection") must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the "Objection Deadline").
4. Overbids: The Sale Notice shall include solicitation for overbids which must be submitted in writing to FTI on or before the Objection Deadline. Overbids must be accompanied by a good faith deposit of 10% of the proposed sale price. Overbids

⁹ These Socotra Sale Procedures shall not apply if the proposed purchaser is an insider of the Debtors.

must exceed the proposed sale price by at least 2% on sales up to \$10,000,000 and for 1% for sales over \$10,000,000 plus Bid Protections¹⁰ (if any).

5. Stalking Horse Procedures: The Debtors may, in consultation with the Committee:

- a. designate a bidder per Subject Property as a stalking horse bidder (the “Stalking Horse Bidder”), whose bid shall serve as the stalking horse bid (the “Stalking Horse Bid”), and
- b. execute, subject to higher or otherwise better offers, a purchase agreement memorializing the proposed transaction set forth in the Stalking Horse Bid (a “Stalking Horse Agreement”), which may include:
 - i. a break-up fee of no more than 3% of the total cash consideration payable under such Stalking Horse Agreement (the “Break-Up Fee”) plus
 - ii. an expense reimbursement for the Stalking Horse Bidder’s actual out-of-pocket costs of up to \$100,000 (the “Expense Reimbursement” and, together with the Break-Up Fee, the “Bid Protections”); *provided, however*, that the aggregate Bid Protections with respect to any Stalking Horse Bid shall not exceed 5% of the total cash consideration offered in such Stalking Horse Bid.

To the extent the Debtors designate more than one Stalking Horse Bidder pursuant to these Bid Procedures, no two Stalking Horse Bidders will be designated with respect to the same Subject Property. The Bid Protections shall only be payable upon consummation of an alternative transaction. The Debtors shall not pay a Break-Up Fee to any Stalking Horse Bidder on account of the portion of the purchase price of such bid that is a credit bid, assumption of liabilities, or other non-cash (or cash-equivalent) consideration, nor provide any Bid Protections to an insider or affiliate of the Debtors.

To the extent the Debtors, in consultation with the Committee, determine to offer Bid Protections to any Stalking Horse Bidder, the Debtors shall disclose such Bid Protections in a corresponding notice designating such Stalking Horse Bidder (the “Stalking Horse Notice”) to be filed and served seven (7) calendar days *prior* to the filing of the corresponding Sale Notice. A Stalking Horse Notice, if filed, shall also include:

- a. a copy of the Stalking Horse Agreement;
- b. an appropriate declaration in support of the proposed Bid Protections (the “Bid Protections Declaration”); and
- c. a proposed form of order approving the Bid Protections (the “Stalking Horse Order”).

Any objection to (i) the Bid Protections set forth in the Stalking Horse Notice, or (ii) the form of Stalking Horse Order (a “Stalking Horse Objection”), shall be filed no later than ten (10) calendar days after the filing of the Stalking Horse Notice; *provided, however*, any such Stalking Horse Objection shall be limited to whether the Stalking Horse Notice and Stalking Horse Order are consistent with the Bid

¹⁰ Defined below.

1 Protections provided for herein. If a timely Stalking Horse Objection is filed, the
2 Debtors are authorized to file a notice seeking an expedited hearing with respect to
3 the Stalking Horse Objection on not less than three (3) calendar days' notice.
Absent any timely Stalking Horse Objection, the Court may enter the Stalking
Horse Order without further hearing.

4 6. Auction: If a qualified overbid is received prior to the Objection Deadline, the
5 Debtors shall file and serve notice of the Auction to the Stalking Horse Bidder, all
6 overbidders, any parties filing objections by the Objection Deadline, and the Notice
Parties not less than seven (7) days prior to the date scheduled for the Auction less
than seven (7) days after filing the Sale Notice.

7 7. If No Objection: If the Objection Deadline passes without the filing of an Objection
8 or submission of an overbid or any such response is withdrawn, the Debtors shall
9 file a Certificate of No Objection and the Debtors shall submit a proposed order
substantially in the form attached to the Sale Notice as Exhibit 1 (the "Large Asset
Sale Order"). The Debtors may proceed with closing the sale of the Subject
Property upon entry of the Large Asset Sale Order.

10 8. Sale Hearing: If an Objection is filed or an overbid is submitted prior to the
11 Objection Deadline and not withdrawn, the Debtors will set a Sale Hearing giving
12 no less than seven (7) days' notice to (i) the Buyer; (ii) any party that filed an
13 Objection or submitted an overbid; (iii) and the Notice Parties. If notice of a credit
bid is received prior to the Objection Deadline, the Sale Hearing shall be on 21
days' notice to the parties listed above.

14 9. Free and Clear: Sales pursuant to the Socotra Sale Procedures shall be free and
15 clear of liens and encumbrances to the extent provided under the Bankruptcy Code,
16 with any such liens of any kind or nature to attach to the net proceeds of the sale in
17 the order of their priority, with the same validity, force and effect which they had
18 immediately prior to sale as against the Subject Property. The Debtors shall
maintain a portion of the sale proceeds sufficient to satisfy the outstanding balance
of Socotra's loans plus six (6) months of interest and fees in a segregated, interest-
bearing account. Any other uncontested, non-Socotra liens shall be paid at the close
of escrow.

19 * * *

20 A proposed form of the Sale Notice for Small Asset Sales is attached hereto as Exhibit B
21 and for Large Asset Sales is attached hereto as Exhibit C. A proposed form of the Stalking Horse
22 Notice is attached hereto as Exhibit D. As described herein, such authorization will allow the
23 Debtors to efficiently sell their Socotra Properties in a manner that maximizes revenue for their
24 estates while providing parties in interest notice and opportunity to be heard.

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1 **IV. AUTHORITY FOR RELIEF REQUESTED**

2 **A. The Sale of the Socotra Properties in Accordance with the Socotra Sale**
3 **Procedures Is a Product of the Debtors' Reasonable Business Judgment.**

4 In accordance with Bankruptcy Rule 6004, sales of property rights outside the ordinary
5 course of business may be by private sale or public auction. The Debtors have determined that the
6 Socotra Sale Procedures will enable them to obtain the highest or otherwise best offers for the
7 Subject Properties (thereby maximizing the value of the estate) and are in the best interests of the
8 Debtors' creditors while minimizing administrative costs. In particular, the sales will be the result
9 of arms' length negotiations, will be subject to higher or otherwise better offers, and will provide
10 a greater recovery for the Debtors' creditors than would be provided by any other existing
11 alternative.

12 The Debtors seek to have the Socotra Sale Procedures approved pursuant to section 363 of
13 the Bankruptcy Code. Section 363(b)(1) provides: "The Trustee, after notice and a hearing, may
14 use, sell, or lease, other than in the ordinary course of business, property of the estate." Section
15 105(a) of the Bankruptcy Code provides in relevant part: "The Court may issue any order, process,
16 or judgment that is necessary or appropriate to carry out the provisions of this title."

17 Section 363 does not provide a standard for approving a sale, but the Ninth Circuit has held
18 that the "bankruptcy court has considerable discretion in deciding whether to approve or
19 disapprove the use of estate property by a debtor in possession, in the light of sound business
20 justification." *In re Walter*, 83 B.R. 14, 16 (9th Cir. 1988). *See also Chamberlain v. Stanziale (In*
21 *re Chamberlain)*, 545 B.R. 827, 844 (D. Del. 2016) (stating that the Bankruptcy Court has
22 "considerable discretion" for approving sales under section 363). Indeed, courts have uniformly
23 held that approval of a proposed sale of assets of a debtor under section 363 outside the ordinary
24 course of business and prior to the confirmation of a plan of reorganization is appropriate if a court
25 finds that the transaction represents a reasonable business judgment on the part of the trustee or
26 debtor in possession. *See, e.g., In re Continental Airlines, Inc.*, 780 F.2d 1223, 1226 (5th Cir.
27 1986); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991); *In re Stroud Ford,*
28 *Inc.*, 164 B.R. 730, 732 (Bankr. M.D. Pa 1993); *Titusville Country Club v. Pennbank (In re*

1 *Titusville Country Club*), 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); *In re Verity Health Sys. of*
2 *Cal., Inc.*, 598 B.R. 283, 292 (Bankr. C.D. Cal. 2018); *In re Culp*, 545 B.R. 827, 844 (D. Del.
3 2016) (citing *In re Montgomery Ward Holding, Corp.*, 242 B.R. 147, 153 (D. Del. 1999); *In re*
4 *Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987) (stating that the elements
5 necessary for approval of a section 363 sale in a chapter 11 case are “that the proposed sale is fair
6 and equitable, that there is a good business reason for completing the sale and the transaction is in
7 good faith”).

8 In determining whether a debtor in possession has complied with the business judgment
9 rule, a court must consider whether: (a) there has been “[a]ny improper or bad motive,” (b) the
10 “price is fair and the negotiations or bidding has occurred at arm’s length,” and (c) the sale
11 followed “[a]dequate procedures, including proper exposure to the market and accurate and
12 reasonable notice to all parties in interest.” *In re Castre*, 312 B.R. 426, 428 (Bankr. D. Colo.
13 2004). See also *In re Aller*, 649 B.R. 662, 666 (Bankr. W.D. Pa. 2023); *Hernandez v. Hernandez*
14 (*In re Hernandez*), No. SC-23-1016-BCF, 2023 Bankr. LEXIS 2875, at *12 (B.A.P. 9th Cir.
15 Dec. 6, 2023); *In re Boston Generating, LLC*, 440 B.R. 302, 330 (Bankr. S.D.N.Y. 2010). When
16 applying the rule, “the bankruptcy court should presume that the debtor-in-possession acted
17 prudently on an informed basis, in good faith, and in the honest belief that the action taken was in
18 the best interests of the bankruptcy estate.” *Agarwal v. Pomona Valley Med. Grp., Inc. (In re*
19 *Pomona Valley Med. Grp., Inc.)*, 476 F.3d 665, 670 (9th Cir. 2007) (considering the rule in the
20 context of the debtor’s decision to reject a contract).

21 The paramount goal in any proposed sale of property of the estate is to maximize the
22 proceeds received by the estate. See, e.g., *In re Food Barn Stores, Inc.*, 107 F.3d 558, 564-65 (8th
23 Cir. 1997) (in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the
24 estate at hand”); *Delannoy v. Woodlawn Colonial L.P. (In re Delannoy)*, 833 F. App’x 116, 119
25 (9th Cir. 2020) (“To satisfy § 363, the sale must be proposed in good faith and for a proper purpose
26 and realize optimal value . . . for the estate under the circumstances” (cleaned up)); *Simantob v.*
27 *Claims Prosecutor, L.L.C. (In re Lahijani)*, 325 B.R. 282, 288 (B.A.P. 9th Cir. 2005) (“The court’s
28 obligation in § 363(b) sales is to assure that optimal value is realized by the estate under the

circumstances”). As long as the sale appears to enhance a debtor’s estate, court approval of a trustee’s decision to sell should only be withheld if the trustee’s judgment is clearly erroneous, too speculative, or contrary to the provisions of the Bankruptcy Code. *GBL Holding Co., Inc. v. Blackburn/Travis/Cole, Ltd.*, 331 B.R. 251, 255 (N.D. Tex. 2005); *In re Lajijani*, 325 B.R. at 289; *In re WPRV-TV, Inc.*, 143 B.R. 315, 319 (D.P.R. 1991) (“The trustee has ample discretion to administer the estate, including authority to conduct public or private sales of estate property. Courts have much discretion on whether to approve proposed sales, but the trustee’s business judgment is subject to great judicial deference.”).

The Debtors assert that selling the Socotra Properties in a manner consistent with market-tested means of advertising real property outside of the bankruptcy context is the best way to ensure that the sales generate the highest possible value. Use of the Socotra Sale Procedures fits squarely within the Debtors’ business judgement.

B. The Socotra Sale Procedures Are Appropriate and Will Maximize the Value Received for the Socotra Properties.

To achieve the goal of maximizing the proceeds received by the estate in any proposed sale of property, courts have recognized that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate and therefore are appropriate in the context of bankruptcy sales. *See, e.g., Silver State Broad., LLC v. Carmel (In re Silver State Broad., LLC)*, No. NV-23-1196-FCL, 2024 Bankr. LEXIS 1935, at *22 (B.A.P. 9th Cir. Aug. 20, 2024) (the Bankruptcy Appellate Panel for the Ninth Circuit upheld the Bankruptcy Court’s approval of a sale under section 363, emphasizing that the bid procedures were fair and reasonable, and that competitive bidding process resulted in a significant increase in the sale price, benefitting the estate and its creditors); *In re Fin’l News Network, Inc.*, 126 B.R. 152, 156 (Bankr. S.D.N.Y. 1991) (“court-imposed rules for the disposition of assets . . . [should] provide an adequate basis for comparison of offers, and [should] provide for a fair and efficient resolution of bankrupt estates”).

The Socotra Sale Procedures establish parameters under which the value of the Socotra Properties may be tested by both the traditional real estate market and the opportunity to overbid,

1 either prior to or during the objection period set in the Sale Notice. Such procedures will increase
2 the likelihood that the Debtors' estates will receive the greatest possible consideration for their
3 assets because they will ensure a competitive and fair bidding process. They also allow the Debtors
4 to sell the Socotra Properties in as expeditious and efficient a manner as possible, which the
5 Debtors believe is essential to maximizing the value of the Debtors' estates.

6 The Debtors also believe that the proposed Socotra Sale Procedures will promote active
7 bidding from seriously interested parties and will dispel any doubt as to the highest or otherwise
8 best offer reasonably available for the Subject Properties. In particular, the proposed Socotra Sale
9 Procedures will allow the Debtors to liquidate their Socotra Properties in a controlled, fair, and
10 open fashion that will encourage participation by financially capable buyers who demonstrate the
11 ability to close a transaction.

12 In sum, the Debtors believe that the Socotra Sale Procedures will encourage fair market
13 offers for the Socotra Properties while preventing sales from being impeded by long delays in the
14 bankruptcy proceedings. Accordingly, the proposed Socotra Sale Procedures are reasonable,
15 appropriate, and within the Debtors' sound business judgment.

16 **C. Sale of the Socotra Properties Should Be Free and Clear of Liens, Claims,**
17 **Encumbrances, and Interests.**

18 Pursuant to section 363(f) of the Bankruptcy Code, the Debtors seek authority to sell and
19 transfer the Debtors' right, interest, and title in the Socotra Properties free and clear of all liens,
20 claims, encumbrances, and interests with such liens, claims, encumbrances, and interests to attach
21 to the proceeds of the sales of the Socotra Subject Properties, subject to any rights and defenses of
22 the Debtors and other parties in interest with respect thereto.

23 Section 363(f) of the Bankruptcy Code provides, in pertinent part:

24 The trustee may sell property under subsection (b) or (c) of this
25 Section free and clear of any interest in such property of an entity
other than the estate, only if –

26 (1) applicable nonbankruptcy law permits sale of such property
27 free and clear of such interest;

28 (2) such entity consents;

(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f); *see also In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988) (holding that section 363(f) written in disjunctive; court may approve sale “free and clear” provided at least one of the requirements is met); *A&D Prop. Consultants, LLC v. A&S Lending, LLC (In re Groves)*, 652 B.R. 104, 114 (B.A.P. 9th Cir. 2023) (stating same).

With respect to each creditor asserting a lien, claim, encumbrance, or interest, one or more of the standards set forth in Bankruptcy Code sections 363(f)(1) to (5) has been satisfied. Those holders of liens, claims, encumbrances, or interests who did not object or who withdraw their objections to the sales are deemed to have consented to the sale pursuant to Bankruptcy Code section 363(f)(2). Those holders of liens, claims, encumbrances, or interests who do object will be shown to fall within one or more of the other subsections of Bankruptcy Code section 363(f), including that such holder could be compelled to accept a money satisfaction of such interest, which satisfies section 363(f)(5).

A sale free and clear of liens, claims, encumbrances, or interests is necessary to maximize the value of the Socotra Properties. A sale of the Socotra Properties other than one free and clear of the foregoing would yield substantially less value for the Debtors’ estates. Socotra’s rights in, to, or against the Debtors’ right, interest, and title in the Socotra Properties that exist immediately prior to the closing of any sales will attach to the sale proceeds with the same validity, priority, force, and effect as they had at such time, subject to the rights and defenses of the Debtors or any party in interest.

As discussed above, the Debtors and the Committee continue to investigate what Socotra knew or should have known of Mr. Mattson and KSMP’s self-serving transactions, including the transfer of \$20 million from a LeFever Mattson account to Socotra. If Socotra is allowed to disburse the sale proceeds to its investors, recovering those funds for the benefit of the estate will become far more difficult, if not impossible. Accordingly, the Debtors have built into the Socotra

1 Sale Procedures a delay in the payment of Socotra's loans to allow sufficient time for the
2 investigation to be completed and preserve the Debtors' ability, if necessary, to make a meaningful
3 recovery from Socotra. The Debtors submit that Socotra's liens, claims, encumbrances, or
4 interests, if any, will be adequately protected by the availability of the sale proceeds in a
5 segregated, interest-bearing account to satisfy its liens, claims, encumbrances, or interests.
6 Therefore, the transactions contemplated by the Socotra Sale Procedures are in the best interests
7 of the Debtors, their estates and creditors, and all other parties in interest.

8 **D. The Applicable Leases Should Be Assumed and Assigned by the Purchasers.**

9 Bankruptcy Code section 365(a) authorizes a debtor in possession, "subject to the court's
10 approval," to "assume or reject any executory contract or unexpired lease of the debtor." Courts
11 review a debtor's decision to assume an executory contract under the "business judgment
12 standard." *See, e.g., Agarwal v. Pomona Valley Med. Grp., Inc. (In re Pomona Valley Med. Grp.,*
13 *Inc.),* 476 F.3d 665, 670 (9th Cir. 2007) (applying the Ninth Circuit's interpretation of the business
14 judgment rule in evaluating a rejection decision under section 365(a)); *Orion Pictures Corp. v.*
15 *Showtime Networks (In re Orion Pictures Corp.),* 4 F.3d 1095, 1099 (2d Cir. 1993) (applying
16 business judgment rule in context of assumption of a contract).

17 As a general matter, the business judgment rule is satisfied in the Ninth Circuit where a
18 company's directors acted on an informed basis, in good faith, with the honest belief that the
19 actions taken were in the best interests of the company. *See, e.g., F.D.I.C. v. Castetter,* 184 F.3d
20 1040, 1043 (9th Cir. 1999) (the business judgment rule "requires directors to perform their duties
21 in good faith and as an ordinarily prudent person in a like circumstance would"); *see also, e.g.,*
22 *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.),*
23 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) ("Where the debtor articulates a reasonable basis for its
24 business decisions (as distinct from a decision made arbitrarily or capriciously), courts will
25 generally not entertain objections to the debtor's conduct.").

26 In applying the business judgment rule under section 365(a), "the bankruptcy court should
27 presume that the debtor-in-possession acted prudently, on an informed basis, in good faith, and in
28 the honest belief that the action taken was in the best interests of the bankruptcy estate." *In re*

1 *Pomona Valley Med. Grp.*, 476 F.3d at 670; *see also* 3 *Collier on Bankruptcy* ¶ 365.03 (noting that
2 the *In re Pomona Valley Med. Group* court’s broad reading of the business judgment rule in the
3 context of executory contract rejection “presumably [applied to] assumption as well”). The court
4 should approve the decision to reject or assume a contract under section 365 unless it finds that
5 the decision “is so manifestly unreasonable that it could not be based on sound business judgment,
6 but only on bad faith, or whim or caprice.” *In re Pomona Valley Med. Grp.*, 476 F.3d at 670
7 (quoting *Lubrizol Enter. v. Richmond Metal Finishers*, 756 F.2d 1043, 1047 (4th Cir. 1985)).

8 If there has been a default under an unexpired lease, section 365(b)(1) requires that, before
9 a debtor in possession may assume that lease, it must cure the default or provide adequate
10 assurance that it will promptly do so (section 365(b)(1)(A)); compensate, or provide adequate
11 assurance that it will promptly compensate the other party for any actual pecuniary loss it suffered
12 from the default (section 365(b)(1)(B)); and provide adequate assurance of future performance
13 under the lease (section 365(b)(1)(C)).

14 Under section 365(f)(1), the debtor in possession may assign an unexpired lease, so long
15 as the requirements of subsection (f)(2) are met. Under section 365(f)(2), the debtor in possession
16 may assign an unexpired lease so long as it assumes the lease “in accordance with the provisions
17 of this section” (section 365(f)(2)(A) and provides “adequate assurance of future performance by
18 the assignee . . ., whether or not there has been a default in [the] lease” (section 365(f)(2)(B).

19 The meaning of “adequate assurance of future performance” depends on the facts and
20 circumstances of each case, but should be given “practical, pragmatic construction.” *EBG*
21 *Midtown S. Corp. v. McLaren/Hart Envtl. Eng’g Corp. (In re Sanshoe Worldwide Corp.)*, 139 B.R.
22 585, 593 (S.D.N.Y. 1992); *In re Prime Motor Inns Inc.*, 166 B.R. 993, 997 (Bankr. S.D. Fla. 1994);
23 *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J.
24 1988).

25 Among other things, adequate assurance may be provided by demonstrating the assignee’s
26 financial health and experience in managing the type of enterprise or property assigned. *See, e.g.*,
27 *In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (finding adequate assurance of
28 future performance present when prospective assignee of lease from debtor has financial resources

1 and has expressed willingness to devote sufficient funding to business in order to give it strong
2 likelihood of succeeding).

3 The Debtors submit that it is an exercise of their sound business judgment to assume and
4 assign the Leases to the Buyers in connection with the consummation of the sales where that
5 assumption and assignment will increase the purchase price, and the assumptions, assignments,
6 and sales of the Leases to the Buyers are in the best interests of the Debtors, their estates, their
7 creditors, and all parties in interest. Due to the Socotra Properties' nature as income properties,
8 the Leases being assigned to the Buyers contribute significantly to the Socotra Properties' value,
9 and accordingly, such assumptions, assignments, and sales of the Leases are reasonable and
10 enhance the value of the Debtors' estates.

11 To the extent that any defaults by the Debtors exist under the Leases, any such default will
12 be promptly cured, or adequate assurance that such default will be cured will be provided, by the
13 Buyer of the Subject Property prior to the assumption and assignment. If an Objection is filed, the
14 Debtors will submit facts prior to or at the Sale Hearing to show the financial credibility of the
15 Buyer and its willingness and ability to perform under the Leases. The Sale Hearing will therefore
16 provide the Court and other interested parties the opportunity to evaluate and, if necessary,
17 challenge the ability of the Buyer to provide adequate assurance of future performance under the
18 Leases, as required under sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code.

19 The Debtors submit that the cure procedures set forth herein are appropriate, are reasonably
20 calculated to provide notice to any affected party, afford the affected party the opportunity to
21 exercise any rights affected by the Socotra Sale Procedures, and are consistent with Section 365
22 of the Bankruptcy Code. To the extent that any defaults by the Debtors exist under any Lease, any
23 such default will be cured pursuant to the Buyer. Accordingly, the Debtors submit that the cure
24 procedures for effectuating the assumption and assignment of the Leases as set forth herein are
25 appropriate and should be approved. The Court should therefore authorize the Debtors to assume
26 and assign the Lease as set forth herein.

27 ///

28 ///

E. The Socotra Sale Procedures' Sale Notice Provision Is Reasonable Under the Circumstances.

Under Bankruptcy Rules 2002(a) and (c), the Debtors are required to notify creditors of the proposed sale of the Debtors' assets, including a disclosure of the time and place of an auction, the terms and conditions of a sale, and the deadline for filing any objections unless the Court orders otherwise. The Debtors submit that in view of the significant number of Socotra Properties, the proposed limitation of service of the Sale Notices is appropriate under the circumstances and should be approved. The Sale Notice is reasonably calculated to provide interested parties with 21-days' notice of, and opportunity to object to, the sales, the opportunity to overbid under certain circumstances, the Sale Hearing (if necessary), and the sale. Serving all parties in interest in these Chapter 11 Cases with notice of each individual sale as contemplated in Bankruptcy Rule 2002 would result in substantial expense to the estate without any attended benefit thereto.

As set forth below, the Debtors are serving all known creditors and parties in interest in these Chapter 11 Cases with notice of this Motion, affording them meaningful opportunity to either object to the relief requested herein or request that they be added to the list of parties receiving the Notice of Sale. Accordingly, granting such relief is an acceptable use of the power bestowed upon the Court by Bankruptcy Rule 2002(a)(2).

V. REQUEST FOR WAIVER OF BANKRUPTCY RULES 6004 AND 6006

Pursuant to Bankruptcy Rule 6004(h), unless the Court orders otherwise, all orders authorizing the sale of property pursuant to section 363 of the Bankruptcy Code are automatically stayed for fourteen days after entry of the order. Similarly, under Bankruptcy Rule 6006(d), unless the Court orders otherwise, all orders authorizing the assignment of contracts or unexpired leases are automatically stayed for fourteen days after entry of the order. The purpose of Bankruptcy Rules 6004(h) and 6006(d) is to provide sufficient time for an objecting party to request a stay pending appeal before the order can be implemented. *See* Advisory Committee Notes to Fed. R. Bankr. P. 6004(h); Advisory Committee Notes to Fed. R. Bankr. P. 6006(d).

Although Bankruptcy Rules 6004(h) and 6006(d) and the Advisory Committee Notes are silent as to when a court should "order otherwise" and eliminate or reduce the 14-day stay period,

commentators agree that the 14-day stay period should be eliminated to allow a sale or other transaction to close immediately where there has been no objection to the procedure. *See generally Collier on Bankruptcy* ¶ 6004.11 (Alan N. Resnick & Henry J. Sommer eds., 16th ed.). Furthermore, if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal, the stay may be reduced to the amount of time necessary to file such appeal. *Id.*

The Socotra Sale Procedures provide the Debtors a means of closing sales of the Subject Properties without significant delay while providing interested parties with the opportunity to object so that the Debtors may maximize their value for the benefit of their estates and creditors. Thus, waiver of any applicable stays is appropriate in this circumstance.

VI. NOTICE

Notice of this Motion will be provided to (i) the United States Trustee; (ii) Socotra; (iii) any other parties with liens on the Socotra Properties; (iv) the Committee; (v) all creditors and equity holders; and (vi) Lease counter-parties. Based on the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein.

Dated: March 26, 2025

KELLER BENVENUTTI KIM LLP

By: /s/ Gabrielle L. Albert

Gabrielle L. Albert

Attorneys for the Debtors and Debtors in Possession

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Exhibit A
(Proposed Order)

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*Attorneys for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER
ESTABLISHING OMNIBUS
PROCEDURES FOR REAL
PROPERTY SALES (SOCOTRA
COLLATERAL)**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon consideration of the *Motion of Debtors to Establish Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ___] (the “Motion”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”); the Court having reviewed the Motion and the Sharp Declaration; and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the “Hearing”); and the Court having found that (i) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”); (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) notice of the Motion and the Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth below.
2. The Socotra Sale Procedures are approved, and the Debtors are authorized, but not directed, to take any and all actions reasonably necessary or appropriate to implement those procedures. The Socotra Sale Procedures shall be limited to those Socotra Properties listed on the schedule attached hereto as **Exhibit A**. The Debtors may file, in their business judgement, a motion to approve the sale of any individual Socotra Property which they deem necessary and appropriate.
3. These Socotra Sale Procedures do not apply to sales where the estimated net sale proceeds (purchase price minus Closing Costs) are less than the aggregate amount of claims secured by such property unless the Debtors first obtain in writing the permission of the applicable secured lender(s).

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

4. “Small Asset Sales” shall be defined as those sales with a sale price less than \$5 million.

5. “Large Asset Sales” shall be defined as those sales with a sale price equal to or greater than \$5 million.

6. The Small Asset Sale Procedures shall be as follows:

a. Contents of Sale Notice: Prior to any sale of a Socotra Property for which the Debtors, in consultation with the Committee, elect to seek approval through these Socotra Sale Procedures, the Debtors shall file with the Court a notice (the “Sale Notice”) that sets forth:

- i. The address and tax identification number of the Socotra Property proposed to be sold (the “Subject Property”);
- ii. The sale price;
- iii. The name(s) of the title holder of the Subject Property;
- iv. The name(s) of the holder of any and all liens or other interests in the Subject Property with the recording date and instrument number of such liens or interests, if any, listed immediately below the caption of the Sale Notice in compliance with Bankruptcy Local Rule 6004-1(a);
- v. The amount and nature of any known liens or other interests in the Subject Property, their proposed treatment, and the basis for any dispute thereof or any other ground asserted for selling free and clear thereof;
- vi. A brief summary of the marketing of the Subject Property that would support the Debtors’ representation that it was done in a fully commercially reasonable manner and the Debtors’ conclusion that the price and terms are reasonable and in the best interests of the Debtors’ bankruptcy estates according to their business judgment;
- vii. The name(s) proposed buyer(s) (the “Buyer”) and any known relationship to the Debtors;³
- viii. The provision(s) of section 363(f) that the Debtors submit authorize the sale free and clear of liens, a summary of the Debtors’ evidence supporting such assertion, and each lien creditor(s)’ name, recording date and instrument number for which the sale will be free and clear;
- ix. The name of the Broker(s), the date of entry and docket number of the order approving the Broker’s employment, any

³ These Socotra Sale Procedures shall not apply if the proposed purchaser is an insider of the Debtors.

known connection to the Debtors, and their proposed compensation;

x. A schedule of any unexpired leases or executory contracts (collectively, the “Leases”) associated with the Subject Property and their proposed treatment in the sale including any cure amounts;

xi. A summary of the Buyer’s evidence that it can provide adequate assurance of future performance and assumption of the Leases, if any;

xii. A summary of any other proposed closing payments, including but not limited to payment of the Broker’s commission, FTI’s advisory and transaction fee, transfer taxes, closing and escrow costs, recording costs and the Title Company’s fees (collectively, the “Closing Costs”);

xiii. The estimated net proceeds available to the estate upon conclusion of the sale, after the satisfaction of any liens, and payment of the Closing Costs; and

xiv. The Objection Procedures (as described below).

b. Filing and Service of Sale Notice: The Sale Notice shall be filed and served by email where available and by mail for those who have not consented to email service upon (i) the United State Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) Socotra; (iv) any and all holders of interests in the Subject Property, including interest holders in the applicable Debtor; (v) counter-parties to the Leases; and (vi) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).

c. Objection Procedures: Any objection to the proposed sale or the assumption of the Leases or request for hearing (the “Objection”) must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the “Objection Deadline”).

d. Overbids: There shall be no overbids. The commercially reasonable practice for properties of this price range is to contact all interested parties once an offer is received, notifying them of the offer and requesting overbids. Therefore, any agreed purchase price will already include any overbids.

e. No Stalking Horse Procedures: There shall be no stalking horse procedures; however, the Debtors reserve the right to request such procedures should they, in their sole discretion determine that a stalking horse procedure would benefit the estates.

f. If No Objection: If the Objection Deadline passes without the filing of an Objection or any such response is withdrawn, the Debtors shall file a declaration attesting that no Objection was filed or served on the Debtors (the “Certificate of No Objection”) and the Debtors shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the

1 “Small Asset Sale Order”). The Debtors may proceed with closing the sale
2 of the Subject Property upon entry of the Small Asset Sale Order.

3 g. Sale Hearing: If an Objection is filed prior to the Objection Deadline and
4 not withdrawn, the Debtors will set a hearing (the “Sale Hearing”) giving
5 no less than seven (7) days’ notice to (i) the Buyer; (ii) any party that filed
6 an Objection; (iii) and the Notice Parties.

7 h. Free and Clear: Sales pursuant to these Socotra Sale Procedures shall be
8 free and clear of liens and encumbrances to the extent provided under the
9 Bankruptcy Code, with any such liens of any kind or nature to attach to the
10 net proceeds of the sale in the order of their priority, with the same validity,
11 force and effect which they had immediately prior to the sale as against the
12 Subject Property. The Debtors shall maintain a portion of the sale proceeds
13 sufficient to satisfy the outstanding balance of Socotra’s liens plus six (6)
14 months of interest and fees in a segregated, interest-bearing account. Any
15 other uncontested, non-Socotra liens shall be paid at the close of escrow.

16 7. The Large Asset Sale Procedures shall be as follows:

17 a. Contents of Sale Notice: Prior to any sale of a Socotra Property for which
18 the Debtors elect to seek approval through these Socotra Sale Procedures,
19 the Debtors shall file with the Court a notice (the “Sale Notice”) that sets
20 forth:

- 21 i. The address of the Socotra Property proposed to be sold (the
22 “Subject Property”);
- 23 ii. The sale price;
- 24 iii. The name(s) of the title holder of the Subject Property;
- 25 iv. The name(s) of the holder of any liens or other interests in the
26 Subject Property, if any, listed immediately below the caption
27 of the Sale Notice in compliance with Bankruptcy Local Rule
28 6004-1(a);
- v. The amount and nature of any known liens or other interests
 in the Subject Property, their proposed treatment, and the basis
 for any dispute thereof or any other ground asserted for selling
 free and clear thereof;
- vi. A brief summary of the marketing of the Subject Property that
 would support the Debtors’ representation that it was done in
 a commercially reasonable manner and the Debtors’
 conclusion that the price and terms are reasonable and in the
 best interests of the Debtors’ bankruptcy estates according to
 their business judgment;
- vii. The name(s) of the proposed buyer(s) (the “Buyer”) and any
 known relationship to the Debtors;⁴

⁴ These Socotra Sale Procedures shall not apply if the proposed purchaser is an insider of

- viii. The provision(s) of section 363(f) that the Debtors submit authorize the sale free and clear of liens and a summary of the Debtors' evidence supporting such assertion;
- ix. The name of the Broker(s), the date of entry and docket number of the order approving the Broker's employment, any known connection to the Debtors, and their proposed compensation;
- x. A schedule of any unexpired leases or executory contracts (collectively, the "Leases") associated with the Subject Property and their proposed treatment in the sale including any cure amounts;
- xi. A summary of the Buyer's evidence that it can provide adequate assurance of future performance of the Leases, if any;
- xii. A summary of any other proposed closing payments, including but not limited to payment of the Closing Costs;
- xiii. The estimated net proceeds available to the estate upon conclusion of the sale, after the satisfaction of any liens, and payment of the Closing Costs; and
- xiv. The Objection Procedures (as described below).
- xv. The procedures for an auction (the "Auction") should qualified overbids be received prior to the Objection Deadline.

- b. Filing and Service of Sale Notice: The Sale Notice shall be filed and served by email where available and by mail for those who have not consented to email service upon (i) the United State Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) Socotra; (iv) any holders of interests in the Subject Property; (v) counter-parties to the Leases; and (vi) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").
- c. Objection Procedures: Any objection to the proposed sale, the Auction procedures, or the assumption and assignment of the Leases or request for hearing (the "Objection") must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the "Objection Deadline").
- d. Overbids: The Sale Notice shall include solicitation for overbids which must be submitted in writing to FTI on or before the Objection Deadline. Overbids must be accompanied by a good faith deposit of 10% of the proposed sale price. Overbids must be for 2% on sales up to \$10,000,000 and for 1% for sales over \$10,000,000 plus Bid Protections (if any).

the Debtors.

e. Stalking Horse Procedures: The Debtors may, in consultation with the Committee:

- i. designate a bidder per Subject Property as a stalking horse bidder (the “Stalking Horse Bidder”), whose bid shall serve as the stalking horse bid (the “Stalking Horse Bid”), and
- ii. execute, subject to higher or otherwise better offers, a purchase agreement memorializing the proposed transaction set forth in the Stalking Horse Bid (a “Stalking Horse Agreement”), which may include:
 1. a break-up fee of no more than 3% of the total cash consideration payable under such Stalking Horse Agreement (the “Break-Up Fee”) plus
 2. an expense reimbursement for the Stalking Horse Bidder’s actual out-of-pocket costs of up to \$100,000 (the “Expense Reimbursement” and, together with the Break-Up Fee, the “Bid Protections”); *provided, however*, that the aggregate Bid Protections with respect to any Stalking Horse Bid shall not exceed 5% of the total cash consideration offered in such Stalking Horse Bid.

To the extent the Debtors designate more than one Stalking Horse Bidder pursuant to these Bid Procedures, no two Stalking Horse Bidders will be designated with respect to the same Subject Property. The Bid Protections shall only be payable upon consummation of an alternative transaction. The Debtors shall not pay a Break-Up Fee to any Stalking Horse Bidder on account of the portion of the purchase price of such bid that is a credit bid, assumption of liabilities, or other non-cash (or cash-equivalent) consideration, nor provide any Bid Protections to an insider or affiliate of the Debtors.

To the extent the Debtors, in consultation with the Committee, determine to offer Bid Protections to any Stalking Horse Bidder, the Debtors shall disclose such Bid Protections in a corresponding notice designating such Stalking Horse Bidder (the “Stalking Horse Notice”) to be filed and served seven (7) calendar days prior to the filing of the corresponding Sale Notice. A Stalking Horse Notice, if filed, shall also include:

- i. a copy of the Stalking Horse Agreement;
- ii. an appropriate declaration in support of the proposed Bid Protections (the “Bid Protections Declaration”); and
- iii. a proposed form of order approving the Bid Protections (the “Stalking Horse Order”).

Any objection to (i) the Bid Protections set forth in the Stalking Horse Notice, or (ii) the form of Stalking Horse Order (a “Stalking Horse Objection”), shall be filed no later than ten (10) calendar days after the filing of the Stalking Horse Notice; *provided, however*, any such Stalking Horse Objection shall be limited to whether the Stalking Horse Notice and Stalking Horse Order are consistent with the Bid Protections provided for herein. If a timely Stalking Horse Objection is filed, the Debtors are authorized to file a notice seeking an expedited hearing with

respect to the Stalking Horse Objection on not less than three (3) calendar days' notice. Absent any timely Stalking Horse Objection, the Court may enter the Stalking Horse Order without further hearing.

- f. Auction: If a qualified overbid is received prior to the Objection Deadline, the Debtors shall file and serve notice of the Auction to the Stalking Horse Bidder, all overbidders, any parties filing objections by the Objection Deadline, and the Notice Parties not less than seven (7) days prior to the date scheduled for the Auction.
- g. If No Objection: If the Objection Deadline passes without the filing of an Objection or submission of an overbid or any such response is withdrawn, the Debtors shall file a Certificate of No Objection and the Debtors shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the "Large Asset Sale Order"). The Debtors may proceed with closing the sale of the Subject Property upon entry of the Large Asset Sale Order.
- h. Sale Hearing: If an Objection is filed or an overbid is submitted prior to the Objection Deadline and not withdrawn, the Debtors will set a Sale Hearing giving no less than seven (7) days' notice to (i) the Buyer; (ii) any party that filed an Objection or submitted an overbid; (iii) and the Notice Parties.
- i. Free and Clear: Sales pursuant to these Socotra Sale Procedures shall be free and clear of liens and encumbrances to the extent provided under the Bankruptcy Code, with any such liens of any kind or nature to attach to the net proceeds of the sale in the order of their priority, with the same validity, force and effect which they had immediately prior to the sale as against the Subject Property. The Debtors shall maintain a portion of the sale proceeds sufficient to satisfy the outstanding balance of Socotra's liens plus six (6) months of interest and fees in a segregated, interest-bearing account. Any other uncontested, non-Socotra liens shall be paid at the close of escrow.
8. The forms of Sale Notices attached hereto as Exhibits B and C are approved.
9. The forms of Small Asset Sale Order and Large Asset Sale Order, each attached as Exhibit 1 to the respective form of Sale Notices, are approved.
10. The form of the Stalking Horse Notice attached hereto as Exhibit D is approved.
11. The form of the Stalking Horse Order attached as Exhibit 1 to the Stalking Horse Notice is approved.
12. To the extent that any counterparty to a Lease fails to timely object to the sale of a Subject Property or the assumption and assignment of its Lease to the Buyer, such counterparty is deemed to have consented to the assignment of its Lease to the Buyer.
13. The Debtors shall pay directly from escrow the Closing Costs and any outstanding property taxes.

1 14. The Debtors shall not pay Socotra the amount of its claims and shall instead
2 maintain a portion of the sale proceeds sufficient to satisfy the outstanding balance of Socotra's
3 liens plus six (6) months of interest and fees in a segregated, interest-bearing account. Any other
4 uncontested, non-Socotra liens shall be paid at the close of escrow.

5 15. These Socotra Sale Procedures shall not apply to sales of Socotra Property to
6 "insiders" of the Debtors as that term is defined in section 101(31) of the Bankruptcy Code.

7 16. All parties' rights under the Bankruptcy Code to object to a Sale Notice, their
8 treatment thereunder and/or to an interest in the Socotra Properties, including the right to seek
9 relief from the automatic stay from the Bankruptcy Court, are preserved. Secured creditors' rights
10 to credit bid pursuant to section 363(k) of the Bankruptcy Code are preserved and shall not be
11 required to pay Closing Costs or Bid Protections unless there is a prior written agreement or order
12 of the Court.

13 17. This Order shall be effective immediately upon entry, and any stay of orders
14 provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or
15 Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the
16 implementation, enforcement or realization of the relief granted in this Order, and may, in their
17 discretion and without further delay, take any action and perform any act authorized under this
18 Order.

19 18. Nothing contained in the Motion, the Sale Notice, or this Order is intended to be or
20 shall be construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a
21 waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis
22 for, or validity of any claim against the Debtors; (iii) a waiver of any claims or causes of action
23 that may exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or
24 rejection of any agreement, contract, lease, program, or policy, other than those identified in the
25 Sale Notice, between the Debtors and any third party under section 365 of the Bankruptcy Code.

26 19. The Debtors are hereby authorized to take such actions and to execute such
27 documents as may be necessary to implement the relief granted by this Order.
28

1 20. The Debtors are authorized to make non-substantive changes to the documents
2 referenced herein without further order of the Court, including, without limitation, changes to
3 correct typographical and grammatical errors and to make conforming changes among the
4 aforementioned documents prior to their distribution.

5 21. The Court retains exclusive jurisdiction with respect to all matters arising from or
6 related to the implementation, interpretation, and enforcement of this Order.

7 ** END OF ORDER **
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Exhibit A
(Schedule of Properties)

Common Name	APN	Address	City	State	LP / LLC Ownership Name	Lender
Cottage Inn & Spa	018-171-019; 018-171-031	302 304 310 1st Street East	Sonoma	CA	Sienna Pointe, LLC	Socotra
An Inn to Remember	018-202-051	171 West Spain Street	Sonoma	CA	Sienna Pointe, LLC	Socotra
Thornberry Single Family	127-192-056	1870 Thornberry Road	Sonoma	CA	RT Capitol Mall, LP	Socotra
Coco Planet	128-082-011	921 Broadway	Sonoma	CA	RT Capitol Mall, LP	Socotra
635 Broadway	018-301-010	635 Broadway	Sonoma	CA	Ginko Tree LP / Buckeye, LP	Socotra
Broadway Square	018-301-009	645-651 Broadway/10 Maple Street	Sonoma	CA	Ginko Tree LP / Buckeye, LP	Socotra
The Broadway	128-181-029	1161-1167 Broadway	Sonoma	CA	Ginko Tree LP / Buckeye, LP	Socotra
Broadway Office	128-181-028	1151 Broadway	Sonoma	CA	Ginko Tree LP / Buckeye, LP	Socotra
596 3rd Street East	018-271-037	596 3rd Street East	Sonoma	CA	Ginko Tree LP	Socotra
Sonoma Farmhouse Townhouses / Yellow Farmhouse Vacation Rental	018-201-003	446 3rd Street West	Sonoma	CA	Red Spruce Tree LP	Socotra
Sonoma Farmhouse Townhouses / Red Farmhouse Vacation Rental	018-201-004	454 3rd Street West	Sonoma	CA	Red Spruce Tree LP	Socotra
789 Cordilleras Drive	023-010-069	789 Cordilleras Drive	Sonoma	CA	Black Walnut, LP	Socotra
19450 Old Winery Road	127-242-049	19450 Old Winery Road	Sonoma	CA	RT Capitol Mall, LP	Socotra
222-226 West Spain Street	018-151-005	222-226 West Spain Street	Sonoma	CA	RT Capitol Mall, LP	Socotra
24265 Arnold Drive (The 'Circus' House)	128-484-009	24265 Arnold Drive	Sonoma	CA	Fire Tree I, LP	Socotra
24321 Arnold Drive (The 'Water Tower' House)	128-484-010	24321 Arnold Drive	Sonoma	CA	Fire Tree I, LP	Socotra
786-790 Broadway SFR	018-352-043	786 Broadway	Sonoma	CA	Fire Tree I, LP	Socotra
786-790 Broadway SFR	018-352-044	790 Broadway	Sonoma	CA	Fire Tree I, LP	Socotra
17700 Highway 12	056-303-025	17700 Sonoma Highway	Sonoma	CA	Fire Tree III, LP	Socotra
377 West Spain Street	018-192-028	377 West Spain Street	Sonoma	CA	Beach Pine, LP	Socotra
20564 Broadway	128-321-008	20564 Broadway	Sonoma	CA	Black Walnut, LP	Socotra
653 3rd Street West	018-283-005	653 3rd Street West	Sonoma	CA	Black Walnut, LP	Socotra
391-455 Oak Street and 19173 Railroad Avenue	052-402-022	391-455 Oak Street and 19173 Railroad Avenue	Sonoma	CA	Black Walnut, LP	Socotra
Sojourn Tasting Room	018-261-006	141-145 East Napa Street	Sonoma	CA	Sienna Pointe, LLC	Socotra
Tank House Farms Meat Processing	128-461-009; 128-471-012	23250 Maffei Road	Sonoma	CA	Sienna Pointe, LLC	Socotra
925-927 Broadway Street	128-082-015	925-927 Broadway	Sonoma	CA	Sienna Pointe, LLC	Socotra
Meadowlark/Arnold	128-484-013	101 Meadowlark Lane	Sonoma	CA	Sienna Pointe, LLC	Socotra
Fruit Basket	128-484-003	24101 Arnold Drive	Sonoma	CA	Sienna Pointe, LLC	Socotra
Meadowlark/Arnold	128-484-024	24151 Arnold Drive	Sonoma	CA	Sienna Pointe, LLC	Socotra
Meadowlark/Arnold	128-484-014	310 Meadowlark Lane	Sonoma	CA	Sienna Pointe, LLC	Socotra
Meadowlark/Arnold	128-484-033; 128-484-034	201 Meadowlark Lane	Sonoma	CA	Fire Tree III, LP	Socotra
16721 Sonoma Highway	056-662-020	16721 Sonoma Highway	Sonoma	CA	Buckeye Tree LP	Socotra
Perris Properties on Wilkerson	310-061-023	333 Wilkerson Avenue	Perris	CA	Windtree, LP	Socotra
Perris Properties on Wilkerson	310-070-078	371 Wilkerson Avenue	Perris	CA	Windtree, LP	Socotra
Perris Properties on Wilkerson	310-081-012	411 Wilkerson Avenue	Perris	CA	Windtree, LP	Socotra
19340 7th Street East	127-242-025	19340 7th Street East	Sonoma	CA	Golden Tree, LP	Socotra
Pinyon Creek II - 107 Quail Court	107-170-035	107 Quail Court	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 109 Quail Court	107-170-036	109 Quail Court	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10306 Badger Lane	107-170-003	10306 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10308 Badger Lane	107-170-004	10308 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10326 Badger Lane	107-170-007	10326 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10328 Badger Lane	107-170-008	10328 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10334 Badger Lane	107-170-009	10334 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10336 Badger Lane	107-170-010	10336 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10342 Badger Lane	107-170-011	10342 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10344 Badger Lane	107-170-012	10344 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10393 Badger Lane	107-170-026	10393 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
Pinyon Creek II - 10395 Badger Lane	107-170-025	10395 Badger Lane	Truckee	CA	LeFever Mattson	Socotra
430 West Napa Street	018-193-048	430 West Napa Street	Sonoma	CA	Windscape Apartments, LLC	Socotra
446-462 West Napa Street	018-193-041	446 West Napa Street	Sonoma	CA	Windscape Apartments, LLC	Socotra
446-462 West Napa Street	018-193-040	454 West Napa Street	Sonoma	CA	Windscape Apartments, LLC	Socotra
446-462 West Napa Street	018-193-039	462 West Napa Street	Sonoma	CA	Windscape Apartments, LLC	Socotra
24160 Turkey Road, 24237 Arnold Drive	128-484-066; 128-484-067	24160 Turkey Road, 24237 Arnold Drive	Sonoma	CA	Windscape Apartments, LLC	Socotra
Fence Post	126-032-037	1025 Napa Road	Sonoma	CA	Windscape Apartments, LLC	Socotra
900 East Napa Street	127-231-040	900 East Napa Street	Sonoma	CA	Windscape Apartments, LLC	Socotra
424 2nd Street W	018-202-002	424 2nd Street West	Sonoma	CA	Windscape Apartments, LLC	Socotra
The Post (Fly Fishing Venue)	128-461-029	24120 Arnold Drive	Sonoma	CA	Windscape Apartments, LLC	Socotra
Ravenswood Winery	127-051-073; 127-051-074	18701 Gehricke Road	Sonoma	CA	Windscape Apartments, LLC	Socotra
1045 Bart Road (Adjacent to Ravenswood Winery)	127-051-059	1045 Bart Road	Sonoma	CA	Windscape Apartments, LLC	Socotra

Exhibit B
(Form of Small Asset Sale Notice)

KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

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425 Market Street, 26th Floor
San Francisco, California 94105
Telephone: (415) 496-6723
Facsimile: (650) 636-9251

*Attorneys for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**NOTICE OF SALE OF SUBJECT
PROPERTY LOCATED AT [INSERT
SUBJECT PROPERTY ADDRESS]**

(SMALL ASSET SALE)

**LIEN HOLDER: [Name of Secured
Party(ies)]**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

PLEASE TAKE NOTICE THAT pursuant to the *Order Establishing Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ____] (the “Socotra Sale Procedures Order”)² entered on [DATE], LeFever Mattson, a California corporation, and certain of its affiliates that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases, propose to sell certain of their real property in accordance with the approved Socotra Sale Procedures. The proposed sale has the following terms:

1. The address of the property proposed to be sold (the “Subject Property”):

[STREET]

[CITY, STATE, ZIP CODE]

[TAX IDENTIFICATION NUMBER]

The sale price is \$_____.

Title holder of the Subject Property: [NAME]

[NAME OF SECURED PARTY(IES)] holds a lien against the Subject Property in the amount of \$_____. Upon closing of the sale, the lien(s) [DESCRIPTION OF (I) TREATMENT OF LIEN; (II) BASIS FOR ANY DISPUTE OF THE LIEN; (III) RECORDING DATE AND INSTRUMENT NUMBER; AND (IV) GROUNDS ASSERTED FOR SELLING FREE AND CLEAR OF THE LIEN PURSUANT TO § 363(f)]

The Subject Property was marketed as follows: [DESCRIPTION OF MARKETING]. [DESCRIPTION OF BASIS FOR CONCLUSION THAT THE PRICE AND TERMS ARE REASONABLE AND IN THE BEST INTERESTS OF THE DEBTORS’ BANKRUPTCY ESTATES ACCORDING TO THEIR BUSINESS JUDGMENT.]

Proposed Buyer: [NAME]

Known connections to the Debtors: [DESCRIPTION, IF ANY]

Pursuant to section 363(f) of the Bankruptcy Code, the Debtors may sell the Subject Property free and clear of all liens for the following reason(s): [SUMMARY OF THE DEBTORS’ EVIDENCE SUPPORTING A SALE FREE AND CLEAR OF LIENS.]

Broker: [NAME]

Known connections to the Debtors: [DESCRIPTION, IF ANY]

Compensation: ____% of Sale Price (\$_____)

Date and Docket Number of Employment Order: [INSERT]

The following unexpired leases or executory contracts (the “Leases”) are associated with the Subject Property:

Counter Party	Title	Treatment	Cure Amount (if any)

² Capitalized terms not otherwise defined herein shall have the meaning given to them in the Socotra Sale Procedures Order.

Adequate assurance information: *[DESCRIPTION OF BUYER'S EVIDENCE THAT IT CAN PROVIDE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE OF THE ASSIGNED LEASES]*

Title and escrow company: *[NAME]*

Escrow number: *[NUMBER]*

Closing payments and treatment of liens: *[DESCRIPTION INCLUDING AMOUNTS OF ALL CLOSING COSTS; MAY ATTACH CLOSING STATEMENT PROVIDED BY TITLE COMPANY]*

Estimated Net Proceeds of Sale: *[AMOUNT]*

PLEASE TAKE FURTHER NOTICE THAT this Sale Notice shall be served by mail upon (i) the United State Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) any holders of interests in the Subject Property, including interest holders in the applicable Debtor; (iv) counter-parties to the Leases; and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").

PLEASE TAKE FURTHER NOTICE THAT any objection to the proposed sale or the assumption and assignment of the Leases or request for hearing (the "Objection") must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE THAT there shall be no overbids.

PLEASE TAKE FURTHER NOTICE THAT there shall be no stalking horse procedures; however, the Debtors reserve the right to request such procedures should they, in their sole discretion determine that a stalking horse procedure would benefit the estates.

PLEASE TAKE FURTHER NOTICE THAT if the Objection Deadline passes without the filing of an Objection or any such response is withdrawn, the Debtors shall file a declaration attesting that no Objection was filed or served on the Debtors and the Debtors shall submit a proposed order substantially in the form attached hereto as **Exhibit 1** (the "Small Asset Sale Order"). The Debtors may proceed with closing the sale of the Subject Property upon entry of the Small Asset Sale Order.

PLEASE TAKE FURTHER NOTICE THAT if an Objection is filed prior to the Objection Deadline and not withdrawn, the Debtors will set a hearing (the "Sale Hearing") giving no less than seven (7) days' notice to (i) the Buyer; (ii) any party that filed an Objection; (iii) and the Notice Parties.

PLEASE TAKE FURTHER NOTICE THAT to the extent that any counterparty to a Lease fails to timely object to the sale of the Subject Property or the assumption and assignment of its Lease to the Buyer, such counterparty is deemed to have consented to the assignment of its Lease to the Buyer.

PLEASE TAKE FURTHER NOTICE THAT the sale pursuant to these Socotra Sale Procedures shall be free and clear of liens and encumbrances to the extent provided under the Bankruptcy Code, with any such liens or encumbrances of any kind or nature to attach to the net proceeds of the sale in the order of their priority, with the same validity, force and effect which they had immediately prior to sale as against the Subject Property.

Dated: _____

KELLER BENVENUTTI KIM LLP

By: /s/ EXHIBIT

Gabrielle L. Albert

Attorneys for the Debtors and Debtors in Possession

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Exhibit 1
(Proposed Sale Order)

KELLER BENVENUTTI KIM LLP
TOBIAS S. KELLER (Cal. Bar No. 151445)
(tkeller@kbbkllp.com)
DAVID A. TAYLOR (Cal. Bar No. 247433)
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San Francisco, California 94105
Telephone: (415) 496-6723
Facsimile: (650) 636-9251

*Attorneys for the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER APPROVING
ASSET SALE OF THE PROPERTY
LOCATED AT [INSERT SUBJECT
PROPERTY ADDRESS]**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon submission of the Certificate of No Objection regarding the proposed sale (the “Sale”) of the property located at _____ (the “Subject Property”) as contemplated by the Socotra Sale Procedures approved by the *Order Establishing Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ____] (the “Socotra Sale Procedures Order”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”); the Court having reviewed the *Notice of Sale of Subject Property Located at [INSERT SUBJECT PROPERTY ADDRESS]* dated ____, 2025 [Dkt. No. ____] (the “Sale Notice”); and the Court having found that (i) the Court has jurisdiction to consider the proposed sale pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”); (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) the Sale Notice was sufficient under the circumstances; and (v) all Notice Parties have been served with Sale Notice; and after due deliberation the Court having determined that the relief requested in the Sale Notice is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The proposed Sale of the Subject Property located at _____, APN number ____, owned by [NAME OF DEBTOR(S)], to [NAME OF BUYER] (the “Buyer”), pursuant to the terms of the purchase agreement attached hereto as Exhibit 1, is approved.

2. The Buyer’s offer was the highest and otherwise best offer for the Subject Property.

3. The Sale Notice has been served on all Notice Parties.

4. Pursuant to the Sale Notice and section 363(f) of the Bankruptcy Code, the Sale shall be free and clear of liens, claims and encumbrances to the extent provided under the Bankruptcy Code, with any such liens or encumbrances of any kind or nature to attach to the net proceeds of the sale in the order of their priority, with the same validity, force and effect which

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Socotra Sale Procedures Order.

1 they had immediately prior to sale as against the Subject Property. The Debtors shall maintain a
2 portion of the sale proceeds sufficient to satisfy the outstanding balance of Socotra's liens plus six
3 (6) months of interest and fees in a segregated, interest-bearing account. Any other uncontested,
4 non-Socotra liens shall be paid at the close of escrow.

5 5. The Debtors are authorized to fully assume, perform under, consummate and
6 implement the sale agreement and all additional instruments and documents that may be
7 reasonably necessary or desirable to implement the sale, including the purchase and sale agreement
8 and escrow instructions.

9 6. Pursuant to Bankruptcy Code section 365(a), the Debtors are authorized to assume
10 the Lease(s) identified in the Sale Notice.

11 7. Pursuant to Bankruptcy Code section 365(f), the Debtors are authorized to assign
12 the Lease(s) to the Buyer and, pursuant to Bankruptcy Code section 365(k), the Debtors shall be
13 relieved from any liability for any breach of the lease after such assignment, both effective upon
14 the closing of the Sale.

15 8. The Debtors, and any escrow agent upon the Debtors' written instruction, shall pay
16 directly from escrow upon closing (i) all Closing Costs, including but not limited to, the real estate
17 commission of the Broker(s) and FTI's advisory and transaction fee in the indicated amount(s),
18 costs of sale, and escrow costs and (ii) any outstanding property taxes.

19 9. This Order shall be effective immediately upon entry, and any stay of orders
20 provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or
21 Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the
22 implementation, enforcement or realization of the relief granted in this Order, and may, in their
23 discretion and without further delay, take any action and perform any act authorized under this
24 Order.

25 10. Nothing contained in the Sale Notice or this Order is intended to be or shall be
26 construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of
27 the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or
28 validity of any claim against the Debtors; (iii) a waiver of any claims or causes of action that may

1 exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection
2 of any agreement, contract, lease, program, or policy, other than those identified in the Sale Notice,
3 between the Debtors and any third party under section 365 of the Bankruptcy Code.

4 11. The Debtors are hereby authorized to take such actions and to execute such
5 documents as may be necessary to implement the relief granted by this Order.

6 12. The Debtors are authorized to make non-substantive changes to the documents
7 referenced herein without further order of the Court, including, without limitation, changes to
8 correct typographical and grammatical errors and to make conforming changes among the
9 aforementioned documents prior to their distribution.

10 13. The Court retains exclusive jurisdiction with respect to all matters arising from or
11 related to the implementation, interpretation, and enforcement of this Order.

12 ** END OF ORDER **
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Exhibit C
(Form of Large Asset Sale Notice)

KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

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KELLER BENVENUTTI KIM LLP
TOBIAS S. KELLER (Cal. Bar No. 151445)
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Facsimile: (650) 636-9251

*Attorneys for the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**NOTICE OF SALE OF SUBJECT
PROPERTY**

(LARGE ASSET SALE)

**LIEN HOLDER: [Name of Secured
Party(ies)]**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

PLEASE TAKE NOTICE THAT pursuant to the *Order Establishing Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ____] (the “Socotra Sale Procedures Order”)² entered on [DATE], LeFever Mattson, a California corporation, and certain of its affiliates that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases, propose to sell certain of their real property in accordance with the approved Socotra Sale Procedures. The proposed sale has the following terms:

The address of the property proposed to be sold (the “Subject Property”):

[STREET]
[CITY, STATE, ZIP CODE]
[TAX IDENTIFICATION NUMBER]

The sale price is \$_____.

Title holder of the Subject Property: [NAME]

[NAME OF SECURED PARTY] holds a lien against the Subject Property in the amount of \$_____. Upon closing of the sale, the lien [DESCRIPTION OF (I) TREATMENT OF LIEN; (II) BASIS FOR ANY DISPUTE OF THE LIEN; (III) RECORDING DATE AND NUMBER OF SUCH LIEN; AND (IV) GROUNDS ASSERTED FOR SELLING FREE AND CLEAR OF THE LIEN PURSUANT TO § 363(f)]

The Subject Property was marketed as follows: [DESCRIPTION OF MARKETING]. [DESCRIPTION OF BASIS FOR CONCLUSION THAT THE PRICE AND TERMS ARE REASONABLE AND IN THE BEST INTERESTS OF THE DEBTORS’ BANKRUPTCY ESTATES ACCORDING TO THEIR BUSINESS JUDGMENT.]

Proposed Buyer: [NAME]

Known connections to the Debtors: [DESCRIPTION, IF ANY]

Pursuant to section 363(f) of the Bankruptcy Code, the Debtors may sell the Subject Property free and clear of all liens for the following reason(s): [SUMMARY OF THE DEBTORS’ EVIDENCE SUPPORTING A SALE FREE AND CLEAR OF LIENS.]

Broker: [NAME]

Known connections to the Debtors: [DESCRIPTION, IF ANY]

Compensation: ____% of Sale Price (\$_____)

Date and Docket Number of Employment Order: [INSERT]

The following unexpired leases or executory contracts (the “Leases”) are associated with the Subject Property:

Counter Party	Title	Treatment	Cure Amount (if any)

² Capitalized terms not otherwise defined herein shall have the meaning given to them in the Socotra Sale Procedures Order.

Adequate assurance information: *[DESCRIPTION OF BUYER'S EVIDENCE THAT IT CAN PROVIDE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE OF THE ASSIGNED LEASES]*

Title and escrow company: *[NAME]*

Escrow number: *[NUMBER]*

Closing payments and treatment of liens: *[DESCRIPTION INCLUDING AMOUNTS OF ALL CLOSING COSTS; MAY ATTACH CLOSING STATEMENT PROVIDED BY TITLE COMPANY]*

Estimated Net Proceeds of Sale: *[AMOUNT]*

Auction Procedures: If a qualified overbid is received prior to the Objection Deadline (as defined below), the Debtors shall conduct an auction (the "Auction") according to the procedures (the "Auction Procedures") attached hereto as **Exhibit 2**.

PLEASE TAKE FURTHER NOTICE THAT this Sale Notice shall be served by mail upon (i) the United State Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) any holders of interests in the Subject Property, including interest holders in the applicable Debtor; (iv) counter-parties to the Leases; and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").

PLEASE TAKE FURTHER NOTICE THAT any objection to the proposed sale, the Auction Procedures, or the assumption of the Leases or request for hearing (the "Objection") must be served upon counsel for the Debtors and filed with the Court not more than twenty-one (21) calendar days after service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter period is ordered by the Court (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE THAT parties wishing to submit to an overbid for the Subject Property must do so in writing on or before the Objection Deadline by emailing it to Greg Gotthardt at greg.gotthardt@fticonsulting.com. Overbids must be accompanied by a good faith deposit of 10% of the proposed sale price. Overbids must be for 2% on sales up to \$10,000,000 and for 1% for sales over \$10,000,000 plus Bid Protections (if any).

PLEASE TAKE FURTHER NOTICE THAT if a qualified overbid is received prior to the Objection Deadline, the Debtors shall provide notice of the Auction to the Stalking Horse Bidder, all overbidders, any parties filing objections prior to the Objection Deadline, and the Notice Parties not less than seven (7) days prior to the scheduled Auction.

PLEASE TAKE FURTHER NOTICE THAT if the Objection Deadline passes without the filing of an Objection or submission of a qualified overbid or any such response is withdrawn, the Debtors shall file a Certificate of No Objection and the Debtors shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the "Large Asset Sale Order"). The Debtors may proceed with closing the sale of the Subject Property upon entry of the Large Asset Sale Order.

PLEASE TAKE FURTHER NOTICE THAT if an Objection is filed or a qualified overbid is submitted prior to the Objection Deadline and not withdrawn, the Debtors will set a Sale Hearing giving no less than seven (7) days' notice to (i) the Buyer; (ii) any party that filed an Objection or submitted a qualified overbid; (iii) and the Notice Parties.

PLEASE TAKE FURTHER NOTICE THAT to the extent that any counterparty to a Lease fails to timely object to the sale of the Subject Property or the assumption and assignment of its Lease to the Buyer, such counterparty is deemed to have consented to the assignment of its

1 Lease to the Buyer.

2 **PLEASE TAKE FURTHER NOTICE THAT** the sale pursuant to these Socotra Sale
3 Procedures shall be free and clear of liens and encumbrances to the extent provided under the
4 Bankruptcy Code, with any such liens or encumbrances of any kind or nature to attach to the net
proceeds of the sale in the order of their priority, with the same validity, force and effect which
they had immediately prior to sale as against the Subject Property.

5 Dated: _____

KELLER BENVENUTTI KIM LLP

6 By: /s/ EXHIBIT

7 Gabrielle L. Albert

8 *Attorneys for the Debtors and Debtors in*
9 *Possession*

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Exhibit 1
(Proposed Sale Order)

KELLER BENVENUTTI KIM LLP
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Facsimile: (650) 636-9251

*Attorneys for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER APPROVING
ASSET SALE OF THE PROPERTY
LOCATED AT [INSERT SUBJECT
PROPERTY ADDRESS]**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon submission of the Certificate of No Objection regarding the proposed sale (the “Sale”) of the property located at _____ (the “Subject Property”) as contemplated by the Socotra Sale Procedures approved by the *Order Establishing Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ____] (the “Socotra Sale Procedures Order”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”); the Court having reviewed the *Notice of Sale of Subject Property Located at [INSERT SUBJECT PROPERTY ADDRESS]* dated ____, 2025 [Dkt. No. ____] (the “Sale Notice”); and the Court having found that (i) the Court has jurisdiction to consider the proposed sale pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”); (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) the Sale Notice was sufficient under the circumstances; and (v) all Notice Parties have been served with the Sale Notice; and after due deliberation the Court having determined that the relief requested in the Sale Notice is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The proposed Sale of the Subject Property located at _____, APN number ____, owned by [NAME OF DEBTOR(S)], to [NAME OF BUYER] (the “Buyer”), pursuant to the terms of the purchase agreement attached hereto as Exhibit 1, is approved.

2. The Buyer’s offer was the highest and otherwise best offer for the Subject Property.

3. The Sale Notice has been served on all Notice Parties.

4. Pursuant to the Sale Notice and section 363(f) of the Bankruptcy Code, the Sale shall be free and clear of liens, claims and encumbrances to the extent provided under the Bankruptcy Code, with any such liens or encumbrances of any kind or nature, to the extent not paid pursuant to paragraph 8 below, to attach to the net proceeds of the sale in the order of their

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Socotra Sale Procedures Order.

1 priority, with the same validity, force and effect which they had immediately prior to Sale as
2 against the Subject Property. The Debtors shall maintain a portion of the sale proceeds sufficient
3 to satisfy the outstanding balance of Socotra's liens plus six (6) months of interest and fees in a
4 segregated, interest-bearing account. Any other uncontested, non-Socotra liens shall be paid at the
5 close of escrow.

6 5. The Debtors are authorized to fully assume, perform under, consummate and
7 implement the sale agreement and all additional instruments and documents that may be
8 reasonably necessary or desirable to implement the Sale, including the purchase and sale
9 agreement and escrow instructions.

10 6. Pursuant to Bankruptcy Code section 365(a), the Debtors are authorized to assume
11 the Lease(s) identified in the Sale Notice.

12 7. Pursuant to Bankruptcy Code section 365(f), the Debtors are authorized to assign
13 the Lease(s) to the Buyer and, pursuant to Bankruptcy Code section 365(k), the Debtors shall be
14 relieved from any liability for any breach of the lease after such assignment, both effective upon
15 the closing of the Sale.

16 8. The Debtors, and any escrow agent upon the Debtors' written instruction, shall pay
17 directly from escrow upon closing (i) all Closing Costs, including but not limited to, the real estate
18 commission of the Broker(s) and FTI's advisory and transaction fee in the indicated amount(s),
19 costs of sale, and escrow costs, and (ii) any outstanding property taxes.

20 9. This Order shall be effective immediately upon entry, and any stay of orders
21 provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or
22 Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the
23 implementation, enforcement or realization of the relief granted in this Order, and may, in their
24 discretion and without further delay, take any action and perform any act authorized under this
25 Order.

26 10. Nothing contained in the Sale Notice or this Order is intended to be or shall be
27 construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a waiver of
28 the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or

1 validity of any claim against the Debtors; (iii) a waiver of any claims or causes of action that may
2 exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or rejection
3 of any agreement, contract, lease, program, or policy, other than those identified in the Sale Notice,
4 between the Debtors and any third party under section 365 of the Bankruptcy Code.

5 11. The Debtors are hereby authorized to take such actions and to execute such
6 documents as may be necessary to implement the relief granted by this Order.

7 12. The Court retains exclusive jurisdiction with respect to all matters arising from or
8 related to the implementation, interpretation, and enforcement of this Order.

9 ** END OF ORDER **
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Exhibit 2
(Auction Procedures)

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Exhibit D
(Form of Stalking Horse Notice)

KELLER BENVENUTTI KIM LLP
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Telephone: (415) 496-6723
Facsimile: (650) 636-9251

*Attorneys for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**NOTICE OF DESIGNATION OF
STALKING HORSE BIDDER FOR
SALE OF SUBJECT PROPERTY
LOCATED AT [INSERT SUBJECT
PROPERTY ADDRESS]**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

PLEASE TAKE NOTICE THAT pursuant to the *Order Establishing Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ____] (the “Socotra Sale Procedures Order”)² entered on [DATE], LeFever Mattson, a California corporation, and certain of its affiliates that are debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases, propose to sell certain of their real property in accordance with the approved Socotra Sale Procedures and have designated the following:

The address of the property proposed to be sold (the “Subject Property”):

[STREET]
[CITY, STATE, ZIP CODE]

[NAME OF STALKING HORSE BIDDER] shall be the stalking horse bidder (the “Stalking Horse Bidder”) for the Subject Property.

Stalking Horse Bid: [AMOUNT OF BID]

Break-Up Fee: [PERCENTAGE OF SALE PRICE]

Expense Reimbursement Cap: \$100,000

Proviso: The aggregate Break-Up Fee and Expense Reimbursement (the “Bid Protections”) shall not exceed 5.0% of the total cash consideration offered in the Stalking Horse Bid.

PLEASE TAKE FURTHER NOTICE THAT a copy of the agreement between the Debtor and the Stalking Horse Bidder is attached hereto as Exhibit 2 (the “Stalking Horse Agreement”).

PLEASE TAKE FURTHER NOTICE THAT the declaration of [DECLARANT'S NAME] supporting the Debtors' decision to approve the Stalking Horse Bidder and enter the Stalking Horse Agreement is attached hereto as Exhibit 3.

PLEASE TAKE FURTHER NOTICE THAT this Stalking Horse Notice shall be served by mail upon (i) the United State Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any holders of interests in the Subject Property, including interest holders in the applicable Debtor; and (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).

PLEASE TAKE FURTHER NOTICE THAT any objection to (i) the Bid Protections set forth in this Stalking Horse Notice, or (ii) the form of Stalking Horse Order (a “Stalking Horse Objection”), shall be filed no later than ten (10) calendar days after the filing of the Stalking Horse Notice (the “Objection Deadline”); *provided, however*, that any such Stalking Horse Objection shall be limited to whether the Stalking Horse Notice and Stalking Horse Order are consistent with the Bid Protections provided for in the Socotra Sale Procedures Order.

PLEASE TAKE FURTHER NOTICE THAT if the Objection Deadline passes without the filing of a Stalking Horse Objection or any such response is withdrawn, the Debtors shall file a declaration attesting that no Stalking Horse Objection was filed or served on the Debtors and the Debtors shall submit a proposed order substantially in the form attached hereto as Exhibit 1 (the “Stalking Horse Order”).

² Capitalized terms not otherwise defined herein shall have the meaning given to them in the Socotra Sale Procedures Order.

PLEASE TAKE FURTHER NOTICE THAT if a Stalking Horse Objection is filed prior to the Objection Deadline and not withdrawn, the Debtors will file a notice seeking an expedited hearing with respect to the Stalking Horse Objection on not less than three (3) calendar days' notice.

Dated: _____

KELLER BENVENUTTI KIM LLP

By: /s/ EXHIBIT

Gabrielle L. Albert

Attorneys for the Debtors and Debtors in Possession

Exhibit 1
(Proposed Stalking Horse Order)

KELLER BENVENUTTI KIM LLP
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105

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*Attorneys for the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION**

In re:

LEFEVER MATTSON, a California
corporation, *et al.*,¹

Debtors.

Lead Case No. 24-10545 (CN)

(Jointly Administered)

Chapter 11

**[PROPOSED] ORDER APPROVING
DESIGNATION OF STALKING
HORSE FOR THE SALE OF THE
PROPERTY LOCATED AT [INSERT
SUBJECT PROPERTY ADDRESS]**

¹ The last four digits of LeFever Mattson's tax identification number are 7537. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://veritaglobal.net/LM>. The address for service on the Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621.

Upon submission of the Certificate of No Objection regarding the *Notice of Designation of Stalking Horse Bidder for Sale of Subject Property Located at [INSERT SUBJECT PROPERTY ADDRESS]* [Dkt. No. ___] (the “Stalking Horse Notice”) as contemplated by the Socotra Sale Procedures approved by the *Order Establishing Omnibus Procedures for Real Property Sales (Socotra Collateral)* [Dkt. No. ___] (the “Socotra Sale Procedures Order”),² filed by the above-captioned debtors and debtors in possession (the “Debtors”); the Court having reviewed the Stalking Horse Notice and the exhibits thereto; and the Court having found that (i) the Court has jurisdiction to consider the proposed sale pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “Bankruptcy Local Rules”); (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) the Stalking Horse Notice was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Stalking Horse Notice is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. [NAME OF STALKING HORSE BIDDER] is approved as the Stalking Horse Bidder.
2. The Stalking Horse Bid shall be [AMOUNT].
3. The Break-Up Fee shall be [AMOUNT] plus expense reimbursement for the Stalking Horse Bidder’s actual out-of-pocket costs of up to \$100,000 (the “Expense Reimbursement” and, together with the Break-Up Fee, the “Bid Protections”) *provided, however*, that the aggregate Bid Protections with respect to the Stalking Horse Bid shall not exceed 5.0% of the total cash consideration offered in such Stalking Horse Bid.

² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Socotra Sale Procedures Order.

1 4. The Debtors are authorized to fully assume, perform under, consummate and
2 implement the Stalking Horse Agreement.

3 5. This Order shall be effective immediately upon entry, and any stay of orders
4 provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or
5 Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the
6 implementation, enforcement or realization of the relief granted in this Order, and may, in their
7 discretion and without further delay, take any action and perform any act authorized under this
8 Order.

9 6. Nothing contained in the Stalking Horse Notice or this Order is intended to be or
10 shall be construed as (i) an admission as to the validity of any claim against the Debtors; (ii) a
11 waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis
12 for, or validity of any claim against the Debtors; (iii) a waiver of any claims or causes of action
13 that may exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or
14 rejection of any agreement, contract, lease, program, or policy, other than those identified in the
15 Sale Notice, between the Debtors and any third party under section 365 of the Bankruptcy Code.

16 7. The Debtors are hereby authorized to take such actions and to execute such
17 documents as may be necessary to implement the relief granted by this Order.

18 8. The Court retains exclusive jurisdiction with respect to all matters arising from or
19 related to the implementation, interpretation, and enforcement of this Order.

20 ** END OF ORDER **
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