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8 *Attorneys for Debtor and Debtor in Possession*

9
10 **UNITED STATES BANKRUPTCY COURT**
11 **NORTHERN DISTRICT OF CALIFORNIA**
12 **SANTA ROSA DIVISION**

13
14 In re
15 LEFEVER MATTSON, a California
16 corporation, et al.
Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

17 In re
18 KS MATTSON PARTNERS, LP,
19 Debtor.

**MOTION OF DEBTOR KSMP TO
ESTABLISH PROCEDURES FOR REAL
PROPERTY SALES**

Date: October 22, 2025
Time: 11:00 a.m.
Place: (In Person or Via Zoom)
United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

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25 ¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson
28 and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. 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>.



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1 11 U.S.C. § 363(f)18, 19

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3 11 U.S.C. § 363(k)19, 20

4 11 U.S.C. § 365 *passim*

5 11 U.S.C. § 365(a)20, 21

6 11 U.S.C. § 365(b)(1)(C)22

7 11 U.S.C. § 365(f)(2)(B)22

8 28 U.S.C. §§ 157 and 13344

9 28 U.S.C. § 157(b)4

10 28 U.S.C. §§ 1408 and 14094

11 **Other Authorities**

12 *Collier on Bankruptcy* ¶ 6004.1124

13 **Rules**

14 B.L.R. 5011-1(a)1

15 B.L.R. 6004-11

16 B.L.R. 6006-11

17 Fed. R. Bankr. P. 2002 *passim*

18 Fed. R. Bankr. P. 2002(a) and (c)23

19 Fed. R. Bankr. P. 600424

20 Fed. R. Bankr. P. 6004(h)24

21 Fed. R. Bankr. P. 6006(d)24

22 Fed. R. Bankr. P. 6006(d)24

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1 The above-captioned debtor and debtor in possession (“Debtor KSMP” or “KSMP”) hereby moves
2 (the “Motion”) this Court pursuant to sections 105, 363 and 365 of title 11 of the United States Code
3 (the “Bankruptcy Code”), Rules 2002, 6004, 6006, and 9006 of the Federal Rules of Bankruptcy
4 Procedure, (the “Bankruptcy Rules”), and Rules 6004-1 and 6006-1 of the Bankruptcy Local Rules
5 for the Northern District of California (the “Bankruptcy Local Rules”) for the entry of an order, in
6 substantially the form attached hereto as Exhibit A, authorizing Debtor KSMP to sell certain of its
7 real property assets pursuant to the proposed procedures set forth herein.¹

8 The facts and circumstances supporting this Motion are set forth in the Declarations of
9 David Kieffer (the “Kieffer Declaration”) and Robbin L. Itkin (the “Itkin Declaration”), filed
10 contemporaneously herewith and incorporated by reference herein.

11 **PRELIMINARY STATEMENT**

12 Since assuming her responsibilities in mid-June, the Responsible Individual has identified
13 at least 36 KSMP-owned properties (the “Properties”),² 25 of which are wholly owned and 11 of
14 which are held as tenancies in common with non-debtor parties (the “TIC Properties”)—and that
15 number continues to grow as the investigation proceeds. The Properties are located across Northern
16 California (including Sonoma, Napa, and Piedmont), Southern California (Del Mar), and Oregon,
17 and include commercial properties, single-family homes, mixed-use assets, vineyards, and both
18 residential and commercial vacant land.

19 KSMP’s overarching goal is to bring these Properties to market promptly and maximize
20 recoveries, thereby generating liquidity, minimizing reliance on debtor-in-possession financing,
21 and enhancing investor returns under the proposed plan. With that objective in mind, the
22 Responsible Individual and her professionals have prioritized those properties with the greatest
23 equity and the fewest complications—such as those unencumbered by prepetition liens and wholly
24 owned by KSMP—because these assets are most likely to generate near-term liquidity without

24 ¹ Debtor KSMP proposes that the use of these procedures be in its sole discretion. Debtor KSMP expressly
25 reserves the right to file individual motions for real property sales pursuant to section 363 of the Bankruptcy Code
26 for any reason, which motions would not be subject to the procedures set forth herein.

26 ² Debtor KSMP has previously represented—based on then-available information—that it holds interests in
27 approximately 38 properties. Following additional title review and conferral with the LFM Debtors, Debtor
28 has determined that two of these parcels (343 and 393 Wilkerson Ave. in Perris) appear to be titled to
Windtree, LP (an LFM Debtor), not Debtor KSMP. The precise property count remains subject to change
pending ongoing investigation.

1 protracted disputes or delays. Active marketing has already begun: eighteen properties are currently
2 listed, and nine have received formal offers.

3 To facilitate these efforts in a consistent, cost-effective, and transparent manner, Debtor
4 KSMP seeks approval of streamlined sale procedures (the “Sale Procedures”), which will:

- 5 • establish a *uniform 21-day notice* period for all sales;
- 6 • set procedures for *participation in the sale process and overbids* (including credit bids),
7 where appropriate;
- 8 • *authorize sales free and clear* of liens, claims, encumbrances, and other interests under
9 section 363(f);
- 10 • provide for the treatment of *unexpired leases* where Debtor KSMP is the lessor; and
- 11 • *limit the parties who must be served* with notice of each proposed sale, avoiding
12 unnecessary administrative costs.

13 The proposed Sale Procedures are largely modeled on the “Small Asset Sale Procedures”
14 and “Large Asset Sale Procedures” approved by this Court in the LeFever Mattson chapter 11
15 cases.³ Adopting that framework—which has worked well in the LeFever Mattson cases—will
16 provide consistency, predictability, and efficiency. At the same time, the Responsible Individual,
17 after consultation with KSMP’s professionals and brokers, has determined that limited
18 modifications to those procedures are necessary and appropriate given the composition of KSMP’s
19 portfolio, including:

- 20 • **Residential vs. Commercial Distinction.** Unlike the *LeFever Mattson* sale procedures,
21 which distinguish between “small” and “large” assets based on a \$5 million threshold and
22 require an auction process for “large” asset sales, the proposed Sale Procedures differentiate
23 between *residential* and *commercial* assets, regardless of value. This adjustment reflects the
24 reality that Debtor KSMP’s portfolio includes a number of high-value residential properties.
 - 25 ○ **Residential Properties.** Brokers have advised that residential buyers—unlike
26 institutional or commercial investors—are generally reluctant to participate in
27 bankruptcy transactions requiring auctions, even for properties above \$5 million.

28 ³ Redlines showing the differences between the LFM “Small Asset Sale Procedures” and the KSMP Residential
Sale Procedures and (2) the LFM “Large Asset Sale Procedures” and the KSMP Commercial Sale Procedures are
attached as **Exhibit E** and **Exhibit F**, respectively.

1 Imposing an auction process would likely depress value and deter participation.
2 Thus, for residential assets, the Sale Procedures rely on robust out-of-court
3 marketing consistent with industry practice, followed by sale approval after filing a
4 “Sale Notice” on a standard 21-day notice period.

5 ○ **Commercial Properties.** For all commercial properties, regardless of proposed sale
6 price, the Sale Procedures track the LFM “Large Asset” model. They provide for
7 solicitation of overbids, an auction if competing bids are received, and *optional*
8 stalking horse protections to ensure competitive bidding and value maximization.
9 These features are appropriate for the commercial context, where bidders tend to be
10 more familiar with the bankruptcy process and an auction process is both expected
11 and beneficial.

12 • **Tenancies in Common.** A key distinction in KSMP’s portfolio is that roughly 30% of its
13 Properties are held as tenancies in common with non-debtor co-owners. To address this
14 unique circumstance, the Responsible Individual has added specific provisions to the Sale
15 Procedures to provide a streamlined mechanism for selling TIC Properties where all co-
16 owners consent. Each Sale Notice will (1) identify the known co-owners and their
17 ownership percentages and (2) include a representation that all such co-owners have agreed
18 to the proposed sale. This approach promotes efficiency, ensures transparency, and respects
19 the rights of non-debtor co-owners. Where unanimous consent cannot be obtained, Debtor
20 KSMP will instead pursue relief under section 363(h) of the Bankruptcy Code.

21 • **Clarification of Free-and-Clear Sales.** Finally, to avoid ambiguity, the Sale Procedures
22 make explicit that all sales will be free and clear of liens, claims, encumbrances, and
23 interests under section 363(f), with such interests attaching to the proceeds of sale subject
24 to the rights and defenses of the Debtor and other parties in interest.

25 In short, the proposed Sale Procedures strike a careful balance: they build on the Court-
26 approved LeFever Mattson framework while tailoring the process to the realities of Debtor KSMP’s
27 portfolio and the residential marketplace. They provide predictability and transparency for buyers,
28 efficiency for the estate, and continued oversight by the Court and creditors. The Responsible

1 Individual believes these procedures represent a sound exercise of business judgment that will
2 maximize value for all stakeholders.⁴

3 **MEMORANDUM OF POINTS AND AUTHORITIES**

4 **I. JURISDICTION AND VENUE**

5 The United States Bankruptcy Court for the Northern District of California (this “Court”)
6 has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring*
7 *Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule
8 5011-1(a) of the Bankruptcy Local Rules for the Northern District of California. This is a core
9 proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C.
10 §§ 1408 and 1409.

11 **II. BACKGROUND**

12 **A. General Background**

13 This case arises from an alleged multiyear and multimillion-dollar fraud perpetrated by
14 Kenneth Mattson. On November 22, 2024, an involuntary petition for relief under chapter 11 of
15 the Bankruptcy Code was filed against Debtor KSMP. On June 9, 2025 (the “Relief Date”), the
16 Court entered the *Stipulated Order for Relief in an Involuntary Case* [Dkt. No. 131], by which
17 Debtor KSMP consented to the entry of an order for relief. Shortly thereafter, the Court appointed
18 Robbin L. Itkin as the Responsible Individual in Debtor KSMP’s chapter 11 case (the “Responsible
Individual”), effective June 16, 2025 [Dkt. No. 172].

19 Debtor KSMP continues to operate its business and manage its properties as debtor in
20 possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On August 26, 2025, a
21 committee of unsecured creditors (the “Committee”) was appointed in this chapter 11 case (the
22 “KSMP Chapter 11 Case”), consisting of the same members as the LeFever Mattson committee.
[Dkt. No. 2104].

23 **B. KS Mattson Partners, LP**

24 Debtor KSMP is a California limited partnership formed on August 16, 1999, to manage
25 and develop assets held by Mr. Mattson and his family. It is owned 49% by Mr. Mattson, 49% by
26 _____

27 ⁴ KSMP will not file any “Sale Notices” addressing any properties on which Socotra Capital, Inc. or any of its
28 affiliates as lender (collectively, “Socotra”) holds a lien without Socotra’s consent.

1 his wife, Stacy Mattson, and 2% by K S Mattson Company, LLC. Debtor KSMP has no employees.
2 Because it failed to maintain adequate books and records before the Relief Date, the Responsible
3 Individual is working to identify and confirm Debtor KSMP's assets, as described in further detail
4 below.

5 Debtor KSMP has retained Stapleton Group, a part of J.S. Held LLC ("Stapleton"), to
6 provide certain real estate and asset advisory services in the KSMP Chapter 11 Case and assist the
7 Responsible Individual in her duties, including the sale of the Properties.

8 **C. Jointly Administered Cases**

9 On September 19, 2024, LeFever Mattson and fifty-seven affiliates and subsidiaries
10 (collectively, the "LFM Debtors") – parties related to Debtor KSMP—filed voluntary petitions for
11 relief under chapter 11 of the Bankruptcy Code, commencing their jointly administered bankruptcy
12 cases (the "LFM Chapter 11 Cases"). On July 29, 2025, the Court entered the *Stipulated Bridge*
13 *Order in Connection with the Motion to Substantively Consolidate the Bankruptcy Estates of*
14 *LeFever Mattson and KS Mattson Partners, LP* [Dkt. No. 1887], which, among other things, jointly
15 administers the KSMP Chapter 11 Case with the LFM Chapter 11 Cases (collectively, "Chapter 11
Cases").⁵

16 **D. Debtor KSMP's Real Property Portfolio**

17 As discussed above, based on her investigation to date, the Responsible Individual has
18 determined that Debtor KSMP holds an interest in 36 properties (the "Properties"), consisting of
19 25 wholly-owned Properties and 11 TIC Properties. They include commercial properties (some
20 income-producing and others vacant), single-family residences (some currently leased and others
21 vacant), mixed-use properties and vacant lots (both commercial and residential). In addition, Debtor
22 KSMP owns two vineyards. A schedule of the Properties, including their addresses, KSMP's
23 known percentage ownership in each Property, and known secured lenders is attached as **Exhibit**
24 **1** to the Kieffer Declaration.

25 _____
26 ⁵ One other entity, Windscape Apartments, LLC, filed a voluntary petition for chapter 11 (Case No. 24-
27 10417) on August 6, 2024, and two other entities, Pinewood Condominiums, LP (Case No. 24-10598) and
28 Ponderosa Pines, LP (Case No. 24-10599), filed voluntary chapter 11 petitions on October 2, 2024. These
entities are the LeFever Mattson Debtors.

1 **E. Debtor KSMP's Marketing Strategy**

2 Debtor KSMP and its professionals have designed a value maximizing strategy for each
3 asset, guided by a comprehensive marketing process. Stapleton has played an integral role in this
4 process, touring properties, conducting title research, assessing property conditions, identifying
5 local brokers, and providing strategic portfolio advice. With Stapleton's guidance, Debtor KSMP
6 has retained five real estate brokers (the "Brokers"), each selected for their expertise in the relevant
7 property types and markets, to broadly market the assigned Properties and attract qualified buyers.

8 Under KSMP's comprehensive marketing plan, the Brokers will employ both direct
9 outreach to prospective buyers and other brokers, as well as broad advertising on widely used listing
10 services appropriate to each asset type (for example, the Multiple Listing Service for one- to four-
11 unit residential property). Each Property will be marketed for a minimum of 21 days before a "call
12 for offers" is issued for those assets anticipated to generate strong demand. For other Properties,
13 the marketing period may be extended to ensure adequate market exposure.

14 When multiple offers are received, Debtor KSMP will conduct a "best and final" process,
15 to identify the highest and best bid. That evaluation will consider not only price, but also the
16 prospective buyer's financial capacity, willingness to close and the timing of the proposed
17 transaction.

18 **F. The Need for the Sale Procedures**

19 The Responsible Party is aware that sale procedures were implemented in the LeFever
20 Mattson Chapter 11 Cases, and upon her appointment, carefully considered whether to adopt similar
21 procedures here. She ultimately determined that, while the LeFever Mattson Sale Procedures provide
22 a useful framework, Debtor KSMP's circumstances require a slightly tailored approach.
23 Accordingly, the proposed Sale Procedures are customized to this portfolio and will be used only for
24 those Properties where they are appropriate and value maximizing. By limiting their use in this way,
25 the Responsible Individual seeks to: (1) maximize efficiency; (2) expedite the sale process; and (3)
26 more quickly bring much-needed cash into the bankruptcy estate. These procedures will allow Debtor
27 KSMP to conduct sales in a commercially reasonable manner that is both streamlined and consistent
28 with the Bankruptcy Code, while protecting the interests of all stakeholders.

1 **G. The Proposed Sale Procedures**

2 Debtor KSMP proposes two tailored sets of Sale Procedures—one for residential properties
3 and another for commercial properties. Both are built on the same core framework: they require
4 detailed disclosures in a Sale Notice, meaningful notice to key stakeholders, an opportunity to object
5 within 21 days, and Court approval before closing. These common elements ensure that every
6 transaction is transparent, conducted in a commercially reasonable manner, and consistent with the
7 protections of the Bankruptcy Code. At the same time, the procedures diverge in ways that
8 appropriately reflect the distinct realities of the residential and commercial markets, ensuring that
9 each type of sale is handled in the manner most likely to maximize value for the estate.

10 Residential property sales are typically smaller, faster-moving, and broker-driven. In that
11 market, the custom is for brokers to run a “mini-auction” informally as offers are received—taking
12 an initial offer, presenting it to other interested buyers, and repeating the process if new overbids
13 come in.⁶ This approach produces competitive pricing in a manner consistent with market
14 expectations. By contrast, subjecting residential buyers—who are generally less familiar with the
15 bankruptcy process and more risk-averse—to a formal Court-run auction would be
16 counterproductive, as many buyers would simply walk away rather than engage in an uncertain
17 process.

18 Commercial properties, by comparison, tend to attract multiple sophisticated bidders capable
19 of navigating a structured sale process. The Commercial Sale Procedures therefore contemplate
20 formal solicitation of overbids, auction mechanics, and optional stalking horse protections⁷—
21 reflecting the realities of that market and providing the tools necessary to maximize value. In short,
22 both sets of procedures—which are laid out in detail below—are robust and commercially reasonable,
23 but they are calibrated differently: residential procedures leverage established broker practices to
24 capture fair value efficiently, while commercial procedures employ auctions where they are most
25 effective.

26 _____
⁶ The same process has been used successfully by the LFM Debtors and described in their “Small Asset Sale Notices.”

27 ⁷ While having the option of entering stalking horse agreements is important, Debtor KSMP will only offer them
28 if necessary to increase the value received for that property. The Court approved stalking horse procedures for the LFM Debtors, but after dozens of sales, they have only been used once.

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RESIDENTIAL SALE PROCEDURES

The proposed Residential Sale Procedures, which would apply to single-family residences, multi-family properties of four units or fewer and vacant lots that are zoned for residential use (“Residential Properties”), are as follows:

1. Contents of Sale Notice: Prior to any sale of a Property for which Debtor KSMP, in consultation with the Committee, elects to seek approval through these Residential Sale Procedures, Debtor KSMP shall file with the Court a notice (the “Sale Notice”) that sets forth:
 - a. The address and tax identification number of the Property proposed to be sold (the “Subject Property”);
 - b. The sale price;
 - c. The name(s) of the title holder(s) 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 Debtor KSMP’s representation that it was done in a fully commercially reasonable manner and Debtor KSMP’s conclusion that the price and terms are reasonable and in the best interests of Debtor KSMP’s bankruptcy estate according to its business judgment;
 - g. The name(s) of the proposed buyer(s) (the “Buyer”) and any known relationship to Debtor KSMP⁸;
 - h. The provision(s) of section 363(f) that Debtor KSMP submits authorize the sale free and clear of liens, a summary of Debtor KSMP’s 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 Debtor KSMP, and their proposed compensation;

⁸ These Sale Procedures shall not apply if the proposed purchaser is an insider of Debtor KSMP.

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- j. A schedule of any known 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 Broker’s commission, 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;
 - n. The Objection Procedures (as described below); and
 - o. An identification of any known tenants in common and a representation that all tenants in common have consented to the proposed sale.
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 States Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any known holders of interests in the Subject Property, including any known tenants in common; (iv) counterparties to the Leases; (v) counsel to LeFever Mattson; and (vi) those persons who have formally appeared in this chapter 11 case 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 Debtor KSMP 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 residential properties 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, Debtor KSMP reserves the right to request such procedures should it, in its sole discretion, determine that a stalking horse would benefit the estate.
6. If No Objection: If the Objection Deadline passes without the filing of an Objection or any such response is withdrawn, Debtor KSMP shall file a declaration attesting that no Objection was filed or served on Debtor KSMP (the “Certificate of No Objection”) and Debtor KSMP shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the “Residential Sale Order”). Debtor KSMP may proceed

1 with closing the Sale of the Subject Property immediately upon entry of the Residential
2 Sale Order.

- 3 7. Sale Hearing: If an Objection is filed prior to the Objection Deadline and not withdrawn,
4 Debtor KSMP will set a hearing (the “Sale Hearing”) giving no less than seven (7) days’
5 notice to (i) the Buyer; (ii) any party that filed an Objection; (iii) and the Notice Parties.
- 6 8. Free and Clear: Sales pursuant to the Residential Sale Procedures shall be free and clear
7 of liens and encumbrances to the extent provided under the Bankruptcy Code, with any
8 such liens of any kind or nature to attach to the net proceeds of the sale in the order of
9 their priority, with the same validity, force and effect which they had immediately prior
10 to Sale as against the Subject Property.

11 COMMERCIAL SALE PROCEDURES⁹

12 The proposed Commercial Sale Procedures, which would apply to commercial properties and
13 multi-family properties with more than four units, mixed-use properties including both commercial
14 and residential units, vacant lots that are zoned for commercial use, and the vineyard properties (the
15 “Commercial Properties”), are as follows:

- 16 1. Contents of Sale Notice: Prior to any sale of a Property for which Debtor KSMP, in
17 consultation with the Committee, elects to seek approval through these Commercial
18 Sale Procedures, Debtor KSMP shall file with the Court a notice (the “Sale Notice”)
19 that sets forth:
- 20 a. The address of the Property proposed to be sold (the “Subject Property”);
 - 21 b. The sale price;
 - 22 c. The name(s) of the title holder(s) of the Subject Property;
 - 23 d. The name(s) of the holder of any and all liens or other interests in the Subject
24 Property, with the recording date and instrument number of such liens or
25 interests, if any, listed immediately below the caption of the Sale Notice in
26 compliance with Bankruptcy Local Rule 6004-1(a);
 - 27 e. The amount and nature of any known liens or other interests in the Subject
28 Property, their proposed treatment, and the basis for any dispute thereof or any
other ground asserted for selling free and clear thereof;

⁹ Numbers 1 – 3 are identical to those in the Residential Sale Procedures. They are repeated here for ease of reference.

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- f. A brief summary of the marketing of the Subject Property that would support Debtor KSMP’s representation that it was done in a commercially reasonable manner and Debtor KSMP’s conclusion that the price and terms are reasonable and in the best interests of Debtor KSMP’s bankruptcy estate according to its business judgment;
 - g. The name(s) of the proposed buyer(s) (the “Buyer”) and any known relationship to Debtor KSMP¹⁰;
 - h. The provision(s) of section 363(f) that Debtor KSMP submits authorizes the sale free and clear of liens and a summary of Debtor KSMP’s 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 Debtor KSMP, and their proposed compensation;
 - j. A schedule of any known 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);
 - o. The procedures for an auction (the “Auction”) should qualified overbids be received prior to the Objection Deadline; and
 - p. An identification of any known tenants in common and a representation that all tenants in common have consented to the proposed sale.
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 States Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any known holders of interests in the Subject Property, including any known tenants in common; (iv) counterparties to the Leases; (v) counsel to the LeFever Mattson Debtors; and (vi) those persons who have formally appeared in this chapter 11 case and requested service pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).

¹⁰ These Sale Procedures shall not apply if the proposed purchaser is an insider of Debtor KSMP.

- 1 3. Objection Procedures: Any objection to the proposed sale or the assumption of the
2 Leases or request for hearing (the “Objection”) must be served upon counsel for Debtor
3 KSMP and filed with the Court not more than twenty-one (21) calendar days after
4 service of the Sale Notice unless the Sale Notice specifies a longer period or a shorter
5 period is ordered by the Court (the “Objection Deadline”).
- 6 4. Overbids: The Sale Notice shall include solicitation for overbids which must be submitted
7 in writing to Debtor KSMP on or before the Objection Deadline. Overbids must be
8 accompanied by a good faith deposit of 10% of the proposed sale price. Overbids must
9 exceed the proposed sale price by at least 2% on sales up to and including \$10,000,000
10 and by 1% for sales over \$10,000,000 plus Bid Protections (if any).
- 11 5. Stalking Horse Procedures: Debtor KSMP may, in consultation with the Committee:
- 12 a. designate a bidder per Subject Property as a stalking horse bidder (the “Stalking
13 Horse Bidder”), whose bid shall serve as the stalking horse bid (the “Stalking
14 Horse Bid”), and
- 15 b. execute, subject to higher or otherwise better offers, a purchase agreement
16 memorializing the proposed transaction set forth in the Stalking Horse Bid (a
17 “Stalking Horse Agreement”), which **may** include:
- 18 i. a break-up fee of no more than 3.0% of the total cash consideration payable
19 under such Stalking Horse Agreement (the “Break-Up Fee”) plus
- 20 ii. an expense reimbursement for the Stalking Horse Bidder’s actual out-of-pocket
21 costs of up to \$100,000 (the “Expense Reimbursement” and, together with the
22 Break-Up Fee, the “Bid Protections”); *provided, however*, that the aggregate
23 Bid Protections with respect to any Stalking Horse Bid shall not exceed 5.0%
24 of the total cash consideration offered in such Stalking Horse Bid.

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

32 To the extent Debtor KSMP, in consultation with the Committee, determines to offer Bid
33 Protections to any Stalking Horse Bidder, Debtor KSMP shall disclose such Bid
34 Protections in a corresponding notice designating such Stalking Horse Bidder (the
35 “Stalking Horse Notice”) to be filed seven (7) calendar days *prior* to the filing of the
36 corresponding Sale Notice. A Stalking Horse Notice, if filed, shall also include:

- 37 a. a copy of the Stalking Horse Agreement;

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

5 Any objection to (i) the Bid Protections set forth in the Stalking Horse Notice, or (ii)
6 the form of Stalking Horse Order (a “Stalking Horse Objection”), shall be filed no later
7 than ten (10) calendar days after the filing of the Stalking Horse Notice; *provided,*
8 *however,* any such Stalking Horse Objection shall be limited to whether the Stalking
9 Horse Notice and Stalking Horse Order are consistent with the Bid Protections
10 provided for herein. If a timely Stalking Horse Objection is filed, Debtor KSMP is
11 authorized to file a notice seeking an expedited hearing with respect to the Stalking
12 Horse Objection on not less than three (3) calendar days’ notice. Absent any timely
13 Stalking Horse Objection, the Court may enter the Stalking Horse Order without further
14 hearing.

- 15 6. Auction: a qualified overbid is received prior to the Objection Deadline, Debtor KSMP
16 shall file and serve notice of the Auction to the Stalking Horse Bidder, all overbidders,
17 any parties filing objections by the Objection Deadline.
- 18 7. If No Objection: If the Objection Deadline passes without the filing of an Objection or
19 submission of an overbid or any such response is withdrawn, Debtor KSMP shall file a
20 Certificate of No Objection and Debtor KSMP shall submit a proposed order
21 substantially in the form attached to the Sale Notice as Exhibit 1 (the “Commercial Sale
22 Order”). Debtor KSMP may proceed with closing the Sale of the Subject Property
23 immediately upon entry of the Commercial Sale Order.
- 24 8. Sale Hearing: If an Objection is filed or an overbid is submitted prior to the Objection
25 Deadline and not withdrawn, Debtor KSMP will set a Sale Hearing giving no less than
26 seven (7) days’ notice to (i) the Buyer; (ii) any party that filed an Objection or submitted
27 an overbid; (iii) and the Notice Parties.
- 28 9. Free and Clear: Sales pursuant to these 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
Sale as against the Subject Property.

The Properties designed for the Residential Sale Procedures and those designated for the
Commercial Sale Procedures are listed on Exhibit 1 to the Kieffer Declaration.¹¹ If a purchaser
submits an offer that includes both residential and commercial properties, the Commercial Sale

¹¹ The Properties included on these lists will be modified by the contemplated Socotra settlement.

1 Procedures will control. Debtor KSMP will not apply the Sale Procedures to any property in which
2 it holds only a tenancy in common interest unless all co-tenants have consented to the sale. This
3 approach respects the rights of non-debtor co-owners while ensuring that, if consent cannot be
4 obtained, Debtor KSMP retains the ability to preserve value for the estate by seeking authority to
5 proceed under section 363(h) of the Bankruptcy Code. A proposed form of the Sale Notice for
6 Residential Sales is attached hereto as **Exhibit B** and for Commercial Sales is attached hereto as
7 **Exhibit C**. A proposed form of the Stalking Horse Notice is attached hereto as **Exhibit D**.

8 As described herein, approval of the Sale Procedures will allow Debtor KSMP to sell its
9 Properties efficiently in a manner that maximizes revenue for its estates while providing parties in
10 interest notice and opportunity to be heard.

11 **III. RELIEF REQUESTED**

12 Debtor KSMP seeks approval of the Residential Sale Procedures and Commercial Sale
13 Procedures, as set forth herein.

14 **IV. AUTHORITY FOR RELIEF REQUESTED**

15 **A. The Sale of Properties Through the Sale Procedures Is a Sound Exercise of 16 Debtor KSMP's Reasonable Business Judgment.**

17 *1. Courts Defer to the Business Judgment Standard When Assessing 18 Proposed Asset Sales.*

19 A debtor seeking to sell estate property outside the ordinary course of business must establish
20 that the proposed sale complies with the Bankruptcy Code and governing case law. Bankruptcy Rule
21 6004 provides the procedural framework, while sections 363 and 105 of the Bankruptcy Code supply
22 the substantive authority. Specifically, section 363(b)(1) authorizes a debtor, after notice and a
23 hearing, to “use, sell, or lease, other than in the ordinary course of business, property of the estate,”
24 and section 105(a) empowers the Court to “issue any order, process, or judgment that is necessary or
25 appropriate to carry out the provisions of this title.”

26 Although section 363 does not articulate a specific standard for approving a sale, courts have
27 consistently held that sales of estate property should be approved if they represent a sound exercise
28 of the debtor’s business judgment. The Ninth Circuit has explained that a bankruptcy court has
“considerable discretion” to approve or disapprove a proposed sale “in the light of sound business

1 justification.” *In re Walter*, 83 B.R. 14, 16 (9th Cir. 1988). Other courts have similarly emphasized
2 that at sale may be approved under section 363 if it represents the debtor’s reasonable business
3 judgment. *See, e.g., In re Continental Airlines, Inc.*, 780 F.2d 1223, 1226 (5th Cir. 1986); *In re Verity*
4 *Health Sys. of Cal., Inc.*, 598 B.R. at 292; *In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr.
5 D. Del. 1987) (stating that the elements necessary for approval of a section 363 sale in a chapter 11
6 case are “that the proposed sale is fair and equitable, that there is a good business reason for
7 completing the sale and the transaction is in good faith”).

8 When applying the business judgment rule, courts presume that a debtor acts “prudently
9 on an informed basis, in good faith, and in the honest belief that the action taken was in the best
10 interests of the bankruptcy estate.” *Agarwal v. Pomona Valley Med. Grp., Inc. (In re Pomona*
11 *Valley Med. Grp., Inc.)*, 476 F.3d 665, 670 (9th Cir. 2007) (considering the rule in the context of
12 the debtor’s decision to reject a contract). That presumption may be overcome only if the decision
13 is shown to be clearly erroneous, speculative, or contrary to the Bankruptcy Code. *See, e.g., GBL*
14 *Holding Co. v. Blackburn/Travis/Cole, Ltd.*, 331 B.R. 251, 255 (N.D. Tex. 2005).

15 Finally, the overarching goal of a section 363 sale is to maximize the proceeds received by
16 the estate. *See, e.g., In re Food Barn Stores, Inc.*, 107 F.3d 558, 564-65 (8th Cir. 1997) (in
17 bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”);
18 *Delannoy v. Woodlawn Colonial L.P. (In re Delannoy)*, 833 F. App’x 116, 119 (9th Cir. 2020) (“To
19 satisfy § 363, the sale must be proposed in good faith and for a proper purpose and realize optimal
20 value . . . for the estate under the circumstances” (cleaned up)); So long as the proposed sale meets
21 those objectives and reflects sound business judgment, courts may grant approval.

22 2. *The Sale Procedures Reflect a Sound Exercise of Business Judgment*
23 *and Provide a Framework for Court and Creditor Oversight of Each*
24 *Sale.*

25 Debtor KSMP’s decision to adopt uniform Sale Procedures is a sound exercise of its
26 business judgment. With at least 36 properties to administer, adopting these procedures provides a
27 rational, efficient framework for conducting sales while ensuring that the Court and stakeholders
28 retain the ability to review and evaluate each transaction under well-established standards.

First, the Sale Procedures maximize efficiency and decrease costs. Debtor KSMP owns at
least 36 properties. Proceeding by separate motion and hearing for each property would be unduly

1 expensive and burdensome, consuming creditor and Investor recoveries in professional fees and
2 straining the Court’s docket. By contrast, the Sale Procedures create a uniform and predictable
3 framework that minimizes those costs while still preserving Court oversight, full transparency, and
4 due process for interested parties.

5 **Second**, the Sale Procedures are tailored to the nature of the Properties. Without such
6 procedures, potential buyers—especially for residential assets—may be deterred by the prospect of
7 repeated hearings or an unfamiliar bankruptcy auction process. Residential buyers may decline to
8 sign an offer if they fear their “winning” bid could later be overbid after a long and unfamiliar court
9 process. The Sale Procedures address this risk by incorporating established market practices:
10 brokers will expose the properties to the market and conduct informal “mini-auctions” before
11 contracts are signed, ensuring competitive pricing consistent with ordinary business expectations.
12 At the same time, the Court and stakeholders will retain a full opportunity to evaluate Debtor
13 KSMP’s business judgment through the required notice and objection process.

14 Commercial properties, by contrast, often involve larger, more complex transactions that
15 attract sophisticated bidders. The Commercial Sale Procedures therefore include formal solicitation
16 of overbids, auction mechanics, and optional stalking horse protections. Here too, however, the
17 Court’s role is preserved—any sale is subject to notice, objection, and ultimate Court approval,
18 with the Court able to test the fairness and good faith of Debtor KSMP’s business judgment.

19 **Third**, the Sale Procedures are critical to generate liquidity. Debtor KSMP requires timely
20 and successful sales to fund this case. Rental income is limited and largely encumbered. And
21 although Debtor KSMP has obtained up to \$4 million in DIP financing, that facility carries steep
22 interest costs and was never intended to be the sole source of liquidity. In fact, Debtor KSMP’s
23 budget expressly contemplates that property sales will provide the funds needed to administer this
24 chapter 11 case, repay DIP financing, and otherwise maximize estate value. The Sale Procedures
25 allow marketing to proceed, offers to be received, and sales to close in an orderly but expedited
26 fashion, providing the cash needed to repay DIP financing, administer the case, and maximize
27 recoveries. Importantly, this framework ensures that the Court can assess Debtor KSMP’s business
28 judgment at the point of each proposed transaction, rather than being asked to adjudicate dozens of
piecemeal motions that drain estate resources.

1 **Finally**, the Sale Procedures balance efficiency with fairness. They are carefully structured
2 to preserve the rights of secured creditors while streamlining the process for the estate. Specifically,
3 Debtor KSMP (i) is not seeking to limit credit bids, require secured creditors to provide advance
4 notice of an intent to credit bid, or obligate them to pay closing costs or break-up fees; (ii) will
5 include the recording date and instrument number for all liens in each Sale Notice, so that affected
6 parties can readily determine whether their interests are implicated; and (iii) will not conduct any
7 short sale without the express consent of the applicable secured creditor. These safeguards ensure
8 that while Debtor KSMP exercises its business judgment to administer sales efficiently, creditors
9 and the Court retain full ability to evaluate that judgment on a transaction-by-transaction basis.

10 Taken together, the Sale Procedures reflect a prudent exercise of business judgment by the
11 Debtor and create an orderly framework that allows the Court to evaluate that judgment in
12 connection with each proposed sale.

13 **B. The Sale Procedures Are Appropriate and Will Maximize the Value Received**
14 **for the Properties.**

15 Courts consistently recognize that procedures designed to foster competitive bidding are
16 appropriate in bankruptcy sales because they advance the fundamental goal of maximizing value for
17 the estate. *See, e.g., Silver State Broad., LLC v. Carmel (In re Silver State Broad., LLC)*, No. NV-
18 23-1196-FCL, 2024 Bankr. LEXIS 1935, at *22 (B.A.P. 9th Cir. Aug. 20, 2024) (upholding approval
19 of a 363 sale where bid procedures fostered a competitive process that increased the sale price and
20 benefitted the estate and creditors); *In re Fin'l News Network, Inc.*, 126 B.R. 152, 156 (Bankr.
21 S.D.N.Y. 1991) (noting that “court-imposed rules for the disposition of assets . . . [should] provide
22 an adequate basis for comparison of offers, and [should] provide for a fair and efficient resolution
23 of bankrupt estates”). Debtor KSMP’s proposed Sale Procedures satisfy this standard because they
24 are designed to ensure transparency, encourage competition, and deliver the highest possible value
25 for the Properties.

26 The Sale Procedures establish a clear framework under which the value of the Properties may
27 be tested by both the traditional real estate market practices and, in appropriate cases, the opportunity
28 for overbids. This dual structure increases the likelihood that the estates will receive the greatest
possible consideration for their assets by ensuring a competitive and fair bidding process, while also

1 permitting sales to close in an efficient and timely manner—an essential component of maximizing
2 value for creditors.

3 The procedures are also designed to promote active participation from serious, financially
4 capable buyers. By providing a predictable, controlled, fair, and transparent process, the Sale
5 Procedures give prospective purchasers confidence that they are competing on a level playing field,
6 which in turn dispels doubts as to whether the estate has obtained the highest or otherwise best offer
7 available.

8 In short, the proposed Sale Procedures will encourage fair market offers while avoiding the
9 delays, uncertainty and inefficiencies that could otherwise erode value in a traditional motion-by-
10 motion process. They are therefore reasonable, appropriate, and within Debtor KSMP’s sound
11 business judgment.

12 **C. Sale of the Properties Should Be Free and Clear of Liens, Claims,
13 Encumbrances, and Interests.**

14 The Sale Procedures contemplate that any sales approved by the Court will be conducted
15 pursuant to section 363(f) of the Bankruptcy Code, Section 363(f) authorizes a debtor to sell estate
16 property “free and clear” of liens, claims, encumbrances, and interests—with such interests to
17 attach to sale proceeds subject to any rights and defenses of Debtor KSMP and other parties in
18 interest with respect thereto—where at least one of the following statutory conditions is met:

- 19 1. applicable non-bankruptcy law permits sale of the property free and clear of such
20 interest;
- 21 2. the holder of the interest consents;
- 22 3. the interest is a lien and the sale price exceeds the aggregate value of all liens;
- 23 4. the interest is in bona fide dispute; or
- 24 5. the holder of the interest could be compelled in a legal or equitable proceeding to
25 accept a money satisfaction of its interest.

26 11 U.S.C. § 363(f); *see also In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988) (holding that section
27 363(f) written in disjunctive; court may approve sale “free and clear” provided at least one of the
28 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).

1 Debtor KSMP will be able to satisfy section 363(f)(2) of the Bankruptcy Code with respect
2 to any holders of liens, claims, encumbrances, or interests who either (i) consent to the sale or (ii)
3 do not object to the sale or, after filing an objection, withdraw that objection, as failure to object to
4 a sale or subsequent withdrawal of a filed objection constitutes deemed consent. Debtor KSMP also
5 anticipates that, with respect to those holders of liens, claims, encumbrances, or interests who do
6 object, it will be able to satisfy one or more of the other conditions set forth in section 363(f) of the
7 Bankruptcy Code.

8 Providing for sales free and clear is critical to maximizing the value: prospective purchasers
9 expect to receive unencumbered title, and absent that assurance, bids would be chilled and recoveries
10 diminished. In contemplating free and clear sales—so long as one or more conditions of section
11 363(f) are met—the Sale Procedures balance market demands with creditor rights, providing that
12 any lien, claim, encumbrance, or interest in, to or against Debtor KSMP’s right, interest, and title in
13 the Properties will attach to Debtor KSMP’s sale proceeds with the same validity, priority, force,
14 and effect they enjoyed immediately prior to closing, subject to all rights and defenses of Debtor
15 KSMP or any party in interest. Debtor KSMP submits that holders of liens, claims, encumbrances,
16 or interests, if any, will be adequately protected by the availability of the proceeds of the Sales to
17 satisfy its liens, claims, encumbrances, or interests.

18 **D. Credit Bidding Should be Authorized.**

19 A secured creditor is allowed to “credit bid” the amount of its allowed claims in a sale
20 of assets in which it has a security interest. Bankruptcy Code section 363(k) provides, in relevant
21 part, that unless the court for cause orders otherwise, the holder of a claim secured by property
22 that is the subject of the sale “may bid at such sale, and, if the holder of such claim purchases
23 such property, such holder may offset such claim against the purchase price of such property.”
24 11 U.S.C. § 363(k). Even if a secured creditor is undersecured as determined in accordance with
25 Bankruptcy Code section 506(a), section 363(k) allows such secured creditor to bid the total
26 face value of its claim and does not limit the credit bid to the creditor’s economic value. *See In*
27 *re Submicron Sys. Corp.*, 432 F.3d 448, 459-60 (3d Cir. 2006) (explaining that “[i]t is well
28 settled . . . that creditors can bid the full face value of their secured claims under section 363(k)”);

1 *POLK 33 Lending, LLC v. THL Corp. Fin., Inc. (In re Aerogroup Int'l, Inc.)*, 620 B.R. 517, 523
2 (D. Del. 2020) (citing *id.*).

3 Absent cause for restriction on credit bidding, courts have consistently ruled in favor of
4 preserving a secured creditor's right to credit bid its claim. *See, e.g., In re Gardens Reg'l Hosp.*
5 *& Med. Ctr., Inc.*, No. 2:16-bk-17463-ER, 2016 Bankr. LEXIS 4714, at *34 (Bankr. C.D. Cal.
6 July 6, 2016) (order approving Bid Procedures which authorized parties with secured claims to
7 credit bid under section 363(k)); *In re T Asset Acquisition Co., LLC*, Nos. 2:09-31853-ER, 2010
8 Bankr. LEXIS 4052, at *8 (Bankr. C.D. Cal. Jan. 28, 2010) (same); *In re Source Home Entm't,*
9 *LLC*, No. 14-115533 (KG) (Bankr. D. Del. July 21, 2014) (same); *In re Fisker Auto. Hldgs, Inc.*,
10 No. 13-13087 (KG) (Bankr. D. Del. Jan. 23, 2014) (same); *In re PTC Alliance Corp.*, No. 09-
11 13395 (Bankr. D. Del. Nov. 6, 2009) (order authorizing, but not directing, the administrative
12 agent to credit bid); *In re Hayes Lemmerz Int'l, Inc.*, No. 09-11655 (Bankr. D. Del. Sept. 22,
13 2009) (order authorizing interested party to exercise its right under Bankruptcy Code section
14 363(k) to make a credit bid); *In re Foamex Int'l Inc.*, No. 09-10560 (Bankr. D. Del. May 27,
15 2009) (order authorizing the sale of substantially all of the debtor's assets in a \$155 million
16 credit bid over a \$151.5 million all-cash bid); *see also Cohen v. KB Mezzanine Fund II, LP (In*
17 *re SubMicron Sys. Corp.)*, 432 F.3d 448, 459-60 (3d Cir. 2006) (citations omitted); *In re LeFever*
Mattson, No. 24-10545 [Dkt No. 971] (Bankr. N.D. Cal. Mar. 5, 2025).

18 To comply with section 363(k) of the Bankruptcy Code, Debtor KSMP requests that the
19 order approving the Sale Procedures authorize Debtor KSMP to accept credit bids from secured
20 creditors in an amount up to that of their allowed secured claim.

21 **E. Any KSMP Leases May Be Assumed and Assigned As Part of a Sale.**

22 The Sale Procedures contemplate that leases may be assumed and assigned as part of a sale.
23 Bankruptcy Code section 365(a) authorizes a debtor in possession, "subject to the court's approval,"
24 to "assume or reject any executory contract or unexpired lease of the debtor." Courts review a debtor's
25 decision to assume an executory contract under the "business judgment standard." *See, e.g., Agarwal*
26 *v. Pomona Valley Med. Grp., Inc. (In re Pomona Valley Med. Grp., Inc.)*, 476 F.3d 665, 670 (9th Cir.
27 2007) (applying the Ninth Circuit's interpretation of the business judgment rule in evaluating a
28 rejection decision under section 365(a)); *Orion Pictures Corp. v. Showtime Networks (In re Orion*

1 *Pictures Corp.*), 4 F.3d 1095, 1099 (2d Cir. 1993) (applying business judgment rule in context of
2 assumption of a contract).

3 In applying the business judgment rule under section 365(a), “the bankruptcy court should
4 presume that the debtor-in-possession acted prudently, on an informed basis, in good faith, and in the
5 honest belief that the action taken was in the best interests of the bankruptcy estate.” *In re Pomona Valley*
6 *Med. Grp.*, 476 F.3d at 670. The court should approve the decision to reject or assume a contract under
7 section 365 unless it finds that the decision “is so manifestly unreasonable that it could not be based
8 on sound business judgment, but only on bad faith, or whim or caprice.” *In re Pomona Valley Med.*
9 *Grp.*, 476 F.3d at 670 (quoting *Lubrizol Enter. v. Richmond Metal Finishers*, 756 F.2d 1043, 1047 (4th
10 Cir. 1985)).

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

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

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

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

1 performance present when prospective assignee of lease from debtor has financial resources and has
2 expressed willingness to devote sufficient funding to business in order to give it strong likelihood of
3 succeeding).

4 Debtor KSMP submits that it is an exercise of its sound business judgment to assume and
5 assign Leases to Buyers in connection with the consummation of Sales, and the assumptions,
6 assignments, and sales of Leases to Buyers are in the best interests of Debtor KSMP, its estates, its
7 creditors, and all parties in interest. Due to some of the Properties' nature as income properties, the
8 Leases being assigned to the Buyers contribute to the Properties' value, and accordingly, such
9 assumptions, assignments, and sales of the Leases are reasonable and enhance the value of Debtor
10 KSMP's estates.

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

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

27 **F. The Sale Procedures' Sale Notice Provision Is Reasonable Under the**
28 **Circumstances**

Bankruptcy Rules 2002(a) and (c) require that creditors receive notice of proposed sales of

1 estate property, including the terms of sale, the deadline for objections, and, if applicable, the time and
2 place of any auction, unless the Court orders otherwise.

3 Debtor KSMP's proposed Sale Notice—which contemplates notice being given to (i) the
4 U.S. Trustee, (ii) counsel to the Committee, (iii) any known holders of interests in the Subject
5 Property, including any any known tenants in common;, (iv) counterparties to the Leases,
6 (v) counsel to the LeFever Mattson Debtors; and (vi) those persons who have formally appeared in
7 this chapter 11 case and requested service pursuant to Bankruptcy Rule 2002 – satisfies these
8 requirements. It is reasonably calculated to provide affected parties with timely and proper notice
9 of each proposed sale, the opportunity to overbid where applicable, the objection deadline, and the
10 details of any sale hearing should one become necessary. Serving every party in interest in all these
11 jointly administered chapter 11 cases with individual notices for up to 36 anticipated sales, as
12 Bankruptcy Rule 2002 would otherwise contemplate, would impose significant expense on the
13 estate without yielding any corresponding benefit.

14 Instead, Debtor KSMP has served this Motion on all known creditors and parties interest in
15 KSMP's chapter 11 case thereby giving them a meaningful opportunity to either object to the relief
16 requested herein or request that they be added to the list of parties receiving future Sale Notices
17 party that requests future notices will be added to the service list, ensuring they receive ongoing
18 notice of proposed sales. This approach strikes the proper balance between efficiency and due
19 process and falls well within the Court's discretion under Bankruptcy Rule 2002(a)(2).

20 **V. REQUEST FOR WAIVER OF BANKRUPTCY RULES 6004 AND 6006**

21 Pursuant to Bankruptcy Rule 6004(h), unless the Court orders otherwise, all orders
22 authorizing the sale of property pursuant to section 363 of the Bankruptcy Code are automatically
23 stayed for fourteen days after entry of the order. Similarly, under Bankruptcy Rule 6006(d), unless
24 the Court orders otherwise, all orders authorizing the assignment of contracts or unexpired leases are
25 automatically stayed for fourteen days after entry of the order. The purpose of Bankruptcy Rules
26 6004(h) and 6006(d) is to provide sufficient time for an objecting party to request a stay pending
27 appeal before the order can be implemented. *See* Advisory Committee Notes to Fed. R. Bankr. P.
28 6004(h); Advisory Committee Notes to Fed. R. Bankr. P. 6006(d).

1 Although Bankruptcy Rules 6004(h) and 6006(d) and the Advisory Committee Notes are silent
2 as to when a court should “order otherwise” and eliminate or reduce the 14-day stay period,
3 commentators agree that the 14-day stay period should be eliminated to allow a sale or other
4 transaction to close immediately where there has been no objection to the procedure. *See generally*
5 *Collier on Bankruptcy* ¶ 6004.11 (Alan N. Resnick & Henry J. Sommer eds., 16th ed.). Furthermore,
6 if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal,
7 the stay may be reduced to the amount of time necessary to file such appeal. *Id.*

8 The Sale Procedures provide Debtor KSMP with a means of closing Sales of the Properties
9 without significant delay while providing interested parties with the opportunity to object so that
10 Debtor KSMP may maximize its value for the benefit of its estates and creditors. Thus, waiver of
11 any applicable stays is appropriate in this circumstance.

12 **VI. NOTICE**

13 Notice of this Motion will be provided to (i) the United States Trustee; (ii) parties with liens
14 on the Properties; (iii) counsel to the Committee; (iv) all known creditors and known equity holders
15 of KSMP and the LeFever Mattson Debtors, (v) known Lease counterparties; (vi) tenants in
16 common in the Properties and (vii) those persons who have formally appeared in these Chapter 11
17 Cases and requested service pursuant to Bankruptcy Rule 2002. Based on the nature of the relief
18 requested herein, Debtor KSMP respectfully submits that no further notice is required.

19 **WHEREFORE**, Debtor KSMP respectfully requests that the Court enter an order,
20 substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein.

21 [Signature Page Follows]
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Dated: October 1, 2025

/s/ Richard L. Wynne
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Attorneys for Debtor and Debtor in Possession

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EXHIBIT A
(Proposed Order)

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2 Richard L. Wynne (Bar No. 120349)
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13 *Attorneys for Debtor and Debtor in Possession*

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

17 In re
18 LEFEVER MATTSON, a California
corporation, et al.
19 Debtors.¹

20 In re
21 KS MATTSON PARTNERS, LP,
22 Debtor.

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

**[PROPOSED] ORDER GRANTING
MOTION OF DEBTOR KSMP TO
ESTABLISH PROCEDURES FOR REAL
PROPERTY SALES**

Date: October 22, 2025
Time: 11:00 a.m.
Place: (In Person or Via Zoom)

24
25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson
28 and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621. 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>.

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4 Upon consideration of the *Motion of Debtor KSMP to Establish Omnibus Procedures for*
5 *Real Property Sales* (the “Motion”),² filed by the above-captioned debtor and debtor in possession
6 (“Debtor KSMP” or “KSMP”), the Court having reviewed the Motion, the Itkin Declaration and the
7 Kieffer Declaration, and the Court having considered the statements of counsel and the evidence
8 adduced with respect to the Motion at a hearing before the Court (the “Hearing”); and the Court having
9 found that (i) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant
10 to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to*
11 *Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the
12 United States District Court for the Northern District of California (the “Bankruptcy Local Rules”);
13 (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding
14 pursuant to 28 U.S.C. § 157(b); (iv) notice of the Motion and the Hearing was sufficient under the
15 circumstances; and (v) good cause exists to waive the requirements imposed by Bankruptcy Rules
16 6003 or 4001(b)(2), to the extent either is applicable; and after due deliberation the Court having
17 determined that the relief requested in the Motion is in the best interests of Debtor KSMP, its
18 estates, and its creditors; and good and sufficient cause having been shown;

19
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21 **IT IS HEREBY ORDERED THAT:**

- 22 1. The Motion is granted.
- 23 2. The Sale Procedures are approved, and Debtor KSMP is authorized, but not directed,
24 to take any and all actions reasonably necessary or appropriate to implement those procedures.
25 The Sale Procedures shall not apply to any TIC Property unless all co-owners consent to the sale.

26
27
28 ² Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

1 Debtor KSMP need not use the Sale Procedures, but may file, in its business judgement, a motion
2 to approve the sale of any individual Property which it deems necessary and appropriate.

3 3. These Sale Procedures do not apply to sales where the estimated net sale proceeds
4 (purchase price minus Closing Costs) are less than the aggregate amount of claims secured by such
5 property unless Debtor KSMP first obtains in writing the permission of the applicable secured
6 lender(s).

7
8 4. “Residential Sales” shall be defined as sales of single-family residences, multi-
9 family properties of four units or fewer and vacant lots that are zoned for residential use.

10 5. “Commercial Sales” shall be defined as sales of commercial properties and multi-
11 family properties with more than four units, mixed-use properties including both commercial and
12 residential units, vacant lots that are zoned for commercial use, and the vineyard properties.

13
14 6. The Residential Sale Procedures shall be as follows:

15 a. Contents of Sale Notice: Prior to any sale of a Property for which Debtor KSMP, in
16 consultation with the Committee, elects to seek approval through these Residential
17 Sale Procedures, Debtor KSMP shall file with the Court a notice (the “Sale Notice”)
that sets forth:

18 i. The address and tax identification number of the Property proposed to be
19 sold (the “Subject Property”);

20 ii. The sale price;

21 iii. The name(s) of the title holder(s) of the Subject Property;

22 iv. The name(s) of the holder of any and all liens or other interests in the Subject
23 Property, with the recording date and instrument number of such liens or
24 interests, if any, listed immediately below the caption of the Sale Notice in
compliance with Bankruptcy Local Rule 6004-1(a);

25 v. The amount and nature of any known liens or other interests in the Subject
26 Property, their proposed treatment, and the basis for any dispute thereof or any
other ground asserted for selling free and clear thereof;

27 vi. A brief summary of the marketing of the Subject Property that would support
28 Debtor KSMP’s representation that it was done in a fully commercially

1 reasonable manner and Debtor KSMP's conclusion that the price and terms are
2 reasonable and in the best interests of Debtor KSMP's bankruptcy estate
3 according to its business judgment;

- 4 vii. The name(s) of the proposed buyer(s) (the "Buyer") and any known
5 relationship to Debtor KSMP³;
- 6 viii. The provision(s) of section 363(f) that Debtor KSMP submits authorize the
7 sale free and clear of liens, a summary of Debtor KSMP's evidence
8 supporting such assertion, and each lien creditor(s)' name, recording date
9 and instrument number for which the sale will be free and clear;
- 10 ix. The name of the Broker(s), the date of entry and docket number of the order
11 approving the Broker's employment, any known connection to Debtor
12 KSMP, and their proposed compensation;
- 13 x. A schedule of any known unexpired leases or executory contracts
14 (collectively, the "Leases") associated with the Subject Property and their
15 proposed treatment in the Sale including any cure amounts;
- 16 xi. A summary of the Buyer's evidence that it can provide adequate assurance
17 of future performance of the Leases, if any;
- 18 xii. A summary of any other proposed closing payments, including but not
19 limited to payment of the Broker's commission, transfer taxes, closing and
20 escrow costs, recording costs and the Title Company's fees (collectively, the
21 "Closing Costs");
- 22 xiii. The estimated net proceeds available to the estate upon conclusion of the
23 Sale, after the satisfaction of any liens, and payment of the Closing Costs;
- 24 xiv. The Objection Procedures (as described below); and
- 25 xv. An identification of any known tenants in common and a representation that
26 all tenants in common have consented to the proposed sale.
- 27 b. Filing and Service of Sale Notice: The Sale Notice shall be served by email where
28 available and by mail for those who have not consented to email service upon (i) the
United States Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) any
known holders of interests in the Subject Property, including any known tenants in
common; (iv) counterparties to the Leases; (v) counsel to LeFever Mattson; and (vi)
those persons who have formally appeared in this chapter 11 case and requested
service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice Parties").

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

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- 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 Debtor KSMP 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 residential properties 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, Debtor KSMP reserves the right to request such procedures should it, in its sole discretion determine that a stalking horse would benefit the estate.
 - f. If No Objection: If the Objection Deadline passes without the filing of an Objection or any such response is withdrawn, Debtor KSMP shall file a declaration attesting that no Objection was filed or served on Debtor KSMP (the “Certificate of No Objection”) and Debtor KSMP shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the “Residential Sale Order”). Debtor KSMP may proceed with closing the Sale of the Subject Property immediately upon entry of the Residential Sale Order.
 - g. Sale Hearing: If an Objection is filed prior to the Objection Deadline and not withdrawn, Debtor KSMP 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.
 - h. Free and Clear: Sales pursuant to the Residential 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 Sale as against the Subject Property.
7. The Commercial Sale Procedures shall be as follows:
- a. Contents of Sale Notice: Prior to any sale of a Property for which Debtor KSMP, in consultation with the Committee, elects to seek approval through these Commercial Sale Procedures, Debtor KSMP shall file with the Court a notice (the “Sale Notice”) that sets forth:
 - i. The address of the Property proposed to be sold (the “Subject Property”);
 - ii. The sale price;
 - iii. The name(s) of the title holder(s) of the Subject Property;

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- 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 Debtor KSMP's representation that it was done in a commercially reasonable manner and Debtor KSMP's conclusion that the price and terms are reasonable and in the best interests of Debtor KSMP's bankruptcy estate according to its business judgment;
- vii. The name(s) of the proposed buyer(s) (the "Buyer") and any known relationship to Debtor KSMP⁴;
- viii. The provision(s) of section 363(f) that Debtor KSMP submits authorizes the sale free and clear of liens and a summary of Debtor KSMP's 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 known connection to Debtor KSMP, and their proposed compensation;
- x. A schedule of any known 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;
- 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; and

⁴ These Sale Procedures shall not apply if the proposed purchaser is an insider of Debtor KSMP.

1 xvi. An identification of any known tenants in common and a representation that
2 all tenants in common have consented to the proposed sale.

3 b. Filing and Service of Sale Notice: The Sale Notice shall be filed and served by email
4 where available and by mail for those who have not consented to email service upon
5 (i) the United States Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii)
6 any known holders of interests in the Subject Property, including any known tenants
7 in common; (iv) counterparties to the Leases; (v) counsel to the LeFever Mattson
8 Debtors; and (vi) those persons who have formally appeared in this chapter 11 case
9 and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "Notice
10 Parties").

11 c. Objection Procedures: Any objection to the proposed sale, the Auction procedures,
12 or the assumption and assignment of the Leases or request for hearing (the
13 "Objection") must be served upon counsel for Debtor KSMP and filed with the
14 Court not more than twenty-one (21) calendar days after service of the Sale Notice
15 unless the Sale Notice specifies a longer period or a shorter period is ordered by the
16 Court (the "Objection Deadline").

17 d. Overbids: The Sale Notice shall include solicitation for overbids which must be
18 submitted in writing to Debtor KSMP on or before the Objection Deadline. Overbids
19 must be accompanied by a good faith deposit of 10% of the proposed sale price.
20 Overbids must exceed the proposed sale price by at least 2% on sales up to and
21 including \$10,000,000 and by 1% for sales over \$10,000,000 plus Bid Protections (if
22 any).

23 e. Stalking Horse Procedures: Debtor KSMP may, in consultation with the Committee:

24 i. designate a bidder per Subject Property as a stalking horse bidder (the
25 "Stalking Horse Bidder"), whose bid shall serve as the stalking horse bid
26 (the "Stalking Horse Bid"), and

27 ii. execute, subject to higher or otherwise better offers, a purchase agreement
28 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 3.0% 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 5.0% of the total cash
consideration offered in such Stalking Horse Bid.

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

8 To the extent Debtor KSMP, in consultation with the Committee, determines to offer Bid
9 Protections to any Stalking Horse Bidder, Debtor KSMP shall disclose such Bid
10 Protections in a corresponding notice designating such Stalking Horse Bidder (the
11 "Stalking Horse Notice") to be filed seven (7) calendar days *prior* to the filing of the
12 corresponding Sale Notice. A Stalking Horse Notice, if filed, shall also include:

- 13 i. a copy of the Stalking Horse Agreement;
- 14 ii. an appropriate declaration in support of the proposed Bid Protections (the
15 "Bid Protections Declaration"); and
- 16 iii. a proposed form of order approving the Bid Protections (the "Stalking Horse
17 Order").

18 Any objection to (i) the Bid Protections set forth in the Stalking Horse Notice, or (ii)
19 the form of Stalking Horse Order (a "Stalking Horse Objection"), shall be filed no later
20 than ten (10) calendar days after the filing of the Stalking Horse Notice; *provided*,
21 *however*, any such Stalking Horse Objection shall be limited to whether the Stalking
22 Horse Notice and Stalking Horse Order are consistent with the Bid Protections
23 provided for herein. If a timely Stalking Horse Objection is filed, Debtor KSMP is
24 authorized to file a notice seeking an expedited hearing with respect to the Stalking
25 Horse Objection on not less than three (3) calendar days' notice. Absent any timely
26 Stalking Horse Objection, the Court may enter the Stalking Horse Order without further
27 hearing.

- 28 f. Auction: If a qualified overbid is received prior to the Objection Deadline, Debtor
KSMP shall file and serve notice of the Auction to the Stalking Horse Bidder, all
overbidders, any parties filing objections by the Objection Deadline.
- 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, Debtor KSMP shall
file a Certificate of No Objection and Debtor KSMP shall submit a proposed order
substantially in the form attached to the Sale Notice as Exhibit 1 (the "Commercial
Sale Order"). Debtor KSMP may proceed with closing the Sale of the Subject
Property immediately upon entry of the Commercial Sale Order.
- h. Sale Hearing: If an Objection is filed or an overbid is submitted prior to the
Objection Deadline and not withdrawn, Debtor KSMP 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.

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i. Free and Clear: Sales pursuant to these 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 Sale as against the Subject Property.

8. The forms of Sale Notices attached hereto as Exhibits B and C are approved.

9. The forms of Residential Sale Order and Commercial 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 as Exhibit D hereto 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. Debtor KSMP is authorized to pay directly from escrow the Closing Costs, and any outstanding property taxes and any secured claims for which there are no objections pending at the time of closing.

14. These Sale Procedures shall not apply to sales of Property to “insiders” of Debtor KSMP as that term is defined in section 101(31) of the Bankruptcy Code.

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

16. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or Bankruptcy

1 Rules is expressly lifted. Debtor KSMP is not subject to any stay in the implementation,
2 enforcement or realization of the relief granted in this Order, and may, in its discretion and without
3 further delay, take any action and perform any act authorized under this Order.

4
5 17. Nothing contained in the Motion, the Sale Notice, or this Order is intended to be or
6 shall be construed as (i) an admission as to the validity of any claim against Debtor KSMP; (ii) a
7 waiver of Debtor KSMP's or any appropriate party in interest's rights to dispute the amount of, basis
8 for, or validity of any claim against Debtor KSMP; (iii) a waiver of any claims or causes of action
9 that may exist against any creditor or interest holder; or (iv) an approval, assumption, adoption, or
10 rejection of any agreement, contract, lease, program, or policy, other than those identified in the Sale
11 Notice, between Debtor KSMP and any third party under section 365 of the Bankruptcy Code.

12
13 18. Debtor KSMP is hereby authorized to take such actions and to execute such
14 documents as may be necessary to implement the relief granted by this Order.

15
16 19. Debtor KSMP is authorized to make non-substantive changes to the documents
17 referenced herein without further order of the Court, including, without limitation, changes to
18 correct typographical and grammatical errors and to make conforming changes among the
19 aforementioned documents prior to their distribution.

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

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END OF ORDER

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EXHIBIT B
(Form of Residential Sale Notice)

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9 *Attorneys for Debtor and Debtor in Possession*

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

14 In re
15 LEFEVER MATTSON, a California
corporation, et al.
16 Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

17
18 In re
19 KS MATTSON PARTNERS, LP,
Debtor.

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

(RESIDENTIAL SALE)

**LIEN HOLDER: [Name of Secured
Party(ies); Recording Date(s); Instrument
Number(s)]**

24
25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMMP") are 5060. KSMMP's address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson
28 and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621 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>.

1
2 **PLEASE TAKE NOTICE THAT** pursuant to the *Order Establishing Procedures for Real*
3 *Property Sales* [Dkt. No. ___] (the “Sale Procedures Order”)² entered on [DATE], KS Mattson
4 Partners, a California limited partnership (“Debtor KSMP” or “KSMP”) in the above-captioned
chapter 11 cases, propose to sell certain of its real property in accordance with the approved Sale
Procedures. The proposed sale has the following terms:

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

6 [STREET]
7 [CITY, STATE, ZIP CODE]

8 The sale price is \$_____.

9 Title holder of the Subject Property: [NAME]

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

15 The Subject Property was marketed as follows: [DESCRIPTION OF MARKETING].
16 [DESCRIPTION OF BASIS FOR CONCLUSION THAT THE PRICE AND TERMS ARE
17 REASONABLE AND IN THE BEST INTERESTS OF THE DEBTOR’S BANKRUPTCY ESTATES
18 ACCORDING TO ITS BUSINESS JUDGMENT.]

19 Proposed Buyer: [NAME]

20 Known connections to Debtor KSMP: [DESCRIPTION, IF ANY]

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

24 Broker: [NAME]

25 Known connections to Debtor KSMP: [DESCRIPTION, IF ANY]

26 Compensation: ___% of Sale Price (\$ ___)

27 Date and Docket Number of Employment Order: [INSERT]

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

| Counter Party | Title | Treatment | Cure Amount (if any) |
|---------------|-------|-----------|-------------------------|
| | | | |

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

3 Title and escrow company: [*NAME*]

4 Escrow number: [*NUMBER*]

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

7 Estimated Net Proceeds of Sale: [*AMOUNT*]

8 **[ONLY IN CASE OF A TIC PROPERTY WHERE ALL CO-OWNERS CONSENT**
9 **TO USE OF THE SALES PROCEDURES:**

10 Co-owners and percentage ownership:

11 Debtor Representation: [*The Debtor represents that each co-owner has consented to the*
12 *sale.*]

12 **PLEASE TAKE FURTHER NOTICE THAT** this Sale Notice shall be served by email
13 where available and by mail for those who have not consented to email service upon (i) the United
14 States Trustee (the "U.S. Trustee"); (ii) counsel to the Committee; (iii) any known holders of
15 interests in the Subject Property, including any known tenants in common; (iv) counterparties to
16 the Leases; (v) counsel to the LeFever Mattson Debtors; and (vi) those persons who have formally
17 appeared in this chapter 11 case and requested service pursuant to Bankruptcy Rule 2002
18 (collectively, the "Notice Parties").

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

19 **PLEASE TAKE FURTHER NOTICE THAT** there shall be no overbids.

20 **PLEASE TAKE FURTHER NOTICE THAT** there shall be no stalking horse procedures;
21 however, Debtor KSMP reserves the right to request such procedures should it, in its sole discretion
22 determine that a stalking horse procedure would benefit the estate.

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

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

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

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

10 Dated: [•], 2025

[/s/ *EXHIBIT*]

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EXHIBIT 1
(Proposed Sale Order)

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Attorneys for Debtor and Debtor in Possession

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

In re
LEFEVER MATTSON, a California corporation,
et al.

Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

In re
KS MATTSON PARTNERS, LP,

Debtor.

**[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. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621 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>.

1 Upon submission of the Certificate of No Objection regarding the proposed sale (the
2 “Sale”) of the property located at _____ (the “Subject Property”) as contemplated by the
3 Sales Procedures approved by the *Order Establishing Omnibus Procedures for Real Property*
4 *Sales* [Dkt. No. ___] (the “Sale Procedures Order”),² filed by the above-captioned debtor and debtor
5 in possession (“Debtor KSMP” or “KSMP”); the Court having reviewed the *Notice of Sale of Subject*
6 *Property Located at [INSERT SUBJECT PROPERTY ADDRESS]* dated ____, 2025 [Dkt. No. ___]
7 (the “Sale Notice”); and the Court having found that (i) the Court has jurisdiction to consider the
8 proposed sale pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases*
9 *and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy
10 Local Rules for the United States District Court for the Northern District of California (the
11 “Bankruptcy Local Rules”); (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and
12 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) the Sale Notice was
13 sufficient under the circumstances; and after due deliberation the Court having determined that the
14 relief requested in the Sale Notice is in the best interests of Debtor KSMP , its estates, and its creditors;
15 and good and sufficient cause having been shown;

16
17
18 **IT IS HEREBY ORDERED THAT:**

- 19
- 20 1. The proposed Sale of the Subject Property located at _____ is approved.
 - 21 2. The Sale shall be free and clear of liens and encumbrances to the extent provided
22 under the Bankruptcy Code, with any such liens or encumbrances of any kind or nature to attach to
23 the net proceeds of the sale in the order of their priority, with the same validity, force and effect which
24 they had immediately prior to Sale as against the Subject Property. [SOLELY IN THE CASE OF A
25 TIC PROPERTY WHERE ALL CO-OWNERS CONSENT TO THE SALE: Each co-owner of
26 the Subject Property having consented to the Sale, the sale of such co-owners’ interests in the
27

1 Subject Property is hereby approved, and each such co-owner shall be entitled to receive its share
2 of the net proceeds of sale pro rata to its ownership percentage in the Subject Property.]

3 3. Debtor KSMP is authorized to fully assume, perform under, consummate and
4 implement the sale agreement and all additional instruments and documents that may be
5 reasonably necessary or desirable to implement the Sale, including the purchase and sale
6 agreement and escrow instructions.

7
8 4. Pursuant to Bankruptcy Code section 365(a), Debtor KSMP is authorized to assume
9 the Lease(s) identified in the Sale Notice.

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

14 6. Debtor KSMP, and any escrow agent upon Debtor KSMP's written instruction, are
15 authorized to pay directly from escrow (i) all Closing Costs, including but not limited to, the real
16 estate commission of the Broker(s) in the indicated amount(s), costs of sale, and escrow costs and
17 (ii) any outstanding property taxes.

18
19 7. This Order shall be effective immediately upon entry, and any stay of orders provided
20 for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or Bankruptcy
21 Rules is expressly lifted. Debtor KSMP is not subject to any stay in the implementation,
22 enforcement or realization of the relief granted in this Order, and may, in its discretion and without
23 further delay, take any action and perform any act authorized under this Order.

24
25 8. 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 Debtor KSMP; (ii) a waiver of
27 Debtor KSMP's or any appropriate party in interest's rights to dispute the amount of, basis for, or
28

1 validity of any claim against Debtor KSMP; (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 of
3 any agreement, contract, lease, program, or policy, other than those identified in the Sale Notice,
4 between Debtor KSMP and any third party under section 365 of the Bankruptcy Code.

5
6 9. Debtor KSMP is hereby authorized to take such actions and to execute such
7 documents as may be necessary to implement the relief granted by this Order.

8 10. Debtor KSMP is authorized to make non-substantive changes to the documents
9 referenced herein without further order of the Court, including, without limitation, changes to
10 correct typographical and grammatical errors and to make conforming changes among the
11 aforementioned documents prior to its distribution.

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

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16 ** END OF ORDER **
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EXHIBIT C
(Form of Commercial Sale Notice)

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9 *Attorneys for Debtor and Debtor in Possession*

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

14 In re
15 LEFEVER MATTSON, a California
corporation, et al.
16 Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

17
18 In re
KS MATTSON PARTNERS, LP,
19 Debtor.

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

(COMMERCIAL SALE)

**LIEN HOLDER: [Name of Secured
Party(ies); Recording Date(s); Instrument
Number(s)]**

24
25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson
28 and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621 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>.

1 **PLEASE TAKE NOTICE THAT** pursuant to the *Order Establishing Procedures for Real*
2 *Property Sales* [Dkt. No. ___] (the "Sale Procedures Order")² entered on [DATE], KS Mattson
3 Partners, a California limited partnership ("KSMP") in the above-captioned chapter 11 cases,
4 propose to sell certain of its real property in accordance with the approved Sale Procedures. The
5 proposed sale has the following terms:

6 1. The address of the property proposed to be sold (the "Subject Property"): 7

8 [STREET]
9 [CITY, STATE, ZIP CODE]

10 The sale price is \$_____.

11 Title holder of the Subject Property: [NAME]

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

17 The Subject Property was marketed as follows: [DESCRIPTION OF MARKETING].
18 [DESCRIPTION OF BASIS FOR CONCLUSION THAT THE PRICE AND TERMS ARE
19 REASONABLE AND IN THE BEST INTERESTS OF THE DEBTOR'S BANKRUPTCY ESTATES
20 ACCORDING TO ITS BUSINESS JUDGMENT.]

21 Proposed Buyer: [NAME]

22 Known connections to Debtor KSMP: [DESCRIPTION, IF ANY]

23 Pursuant to section 363(f)___ of the Bankruptcy Code, Debtor KSMP may sell the Subject Property
24 free and clear of all liens for the following reason(s): [SUMMARY OF THE DEBTOR'S EVIDENCE
25 SUPPORTING A SALE FREE AND CLEAR OF LIENS.]

26 Broker: [NAME]

27 Known connections to Debtor KSMP: [DESCRIPTION, IF ANY]

28 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) |
|---------------|-------|-----------|-------------------------|
| | | | |

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

1 Title and escrow company: [NAME]

2 Escrow number: [NUMBER]

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

5 Estimated Net Proceeds of Sale: [AMOUNT]

6 **[ONLY IN CASE OF A TIC PROPERTY WHERE ALL CO-OWNERS CONSENT
7 TO USE OF THE SALES PROCEDURES:**

8 Co-owners and percentage ownership:

9 Debtor Representation: [The Debtor represents that each co-owner has consented to the
sale.]]

10 **PLEASE TAKE FURTHER NOTICE THAT** this Sale Notice shall be served by email
11 where available and by mail for those who have not consented to email service upon (i) the United
12 States Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any known holders of
13 interests in the Subject Property, including any known tenants in common; (iv) counterparties to
the Leases; (v) counsel to the LeFever Mattson Debtors; and (vi) those persons who have formally
appeared in this chapter 11 case and requested service pursuant to Bankruptcy Rule 2002
(collectively, the “Notice Parties”).

14 **PLEASE TAKE FURTHER NOTICE THAT** any objection to the proposed sale or the
15 assumption and assignment of the Leases or request for hearing (the “Objection”) must be served
16 upon counsel for Debtor KSMP 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”).

17 **PLEASE TAKE FURTHER NOTICE THAT** parties wishing to submit to an overbid for
18 the Subject Property must do so in writing on or before the Objection Deadline by emailing it to
David Kieffer at David.Kieffer@jsheld.com. Overbids must be accompanied by a good faith
19 deposit of 10% of the proposed sale price. Overbids must exceed the proposed sale price by at least
20 2% on sales up to and including \$10,000,000 and by 1% for sales over \$10,000,000 plus Bid
Protections (if any).

21 **PLEASE TAKE FURTHER NOTICE THAT** if an overbid is received prior to the
22 Objection Deadline, Debtor KSMP shall conduct a final auction for the Subject Property within
seven (7) days, or as soon as practicable given the nature and complexity of the transaction.

23 **PLEASE TAKE FURTHER NOTICE THAT** if an overbid is received prior to the
24 Objection Deadline, Debtor KSMP shall conduct a final auction for the Subject Property no less
than seven (7) days after filing the Sale Notice.

25 **PLEASE TAKE FURTHER NOTICE THAT** if the Objection Deadline passes without
26 the filing of an Objection or submission of an overbid or any such response is withdrawn, Debtor
KSMP shall file a Certificate of No Objection and Debtor KSMP shall submit a proposed order
27 substantially in the form attached to the Sale Notice as Exhibit 1 (the “Commercial Sale Order”).
The Debtor may proceed with closing the Sale of the Subject Property upon entry of the
28 Commercial Sale Order.

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

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

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

14 Dated: [•], 2025

[/s/ *EXHIBIT*]

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EXHIBIT 1
(Proposed Sale Order)

1 Richard L. Wynne (Bar No. 120349)
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11 *Attorneys for Debtor and Debtor in Possession*

12
13 **UNITED STATES BANKRUPTCY COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**
15 **SANTA ROSA DIVISION**

17 In re
18 LEFEVER MATTSON, a California corporation,
et al.
19 Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

20 In re
21 KS MATTSON PARTNERS, LP,
22 Debtor.

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

23
24
25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson
28 and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621 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>.

1 Subject Property is hereby approved, and each such co-owner shall be entitled to receive its share
2 of the net proceeds of sale pro rata to its ownership percentage in the Subject Property.]

3 3. Debtor KSMP is authorized to fully assume, perform under, consummate and
4 implement the sale agreement and all additional instruments and documents that may be
5 reasonably necessary or desirable to implement the Sale, including the purchase and sale
6 agreement and escrow instructions.

7
8 4. Pursuant to Bankruptcy Code section 365(a), Debtor KSMP is authorized to assume
9 the Lease(s) identified in the Sale Notice.

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

14 6. Debtor KSMP, and any escrow agent upon Debtor KSMP's written instruction, are
15 authorized to pay directly from escrow (i) all Closing Costs, including but not limited to, the real
16 estate commission of the Broker(s) fee in the indicated amount(s), costs of sale, and escrow costs
17 and (ii) any outstanding property taxes.

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

23 8. Nothing contained in the Sale Notice or this Order is intended to be or shall be
24 construed as (i) an admission as to the validity of any claim against Debtor KSMP; (ii) a waiver of
25 Debtor KSMP's or any appropriate party in interest's rights to dispute the amount of, basis for, or
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1 validity of any claim against Debtor KSMP; (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 of
3 any agreement, contract, lease, program, or policy, other than those identified in the Sale Notice,
4 between Debtor KSMP and any third party under section 365 of the Bankruptcy Code.

5
6 9. Debtor KSMP is hereby authorized to take such actions and to execute such
7 documents as may be necessary to implement the relief granted by this Order.

8 10. Debtor KSMP is authorized to make non-substantive changes to the documents
9 referenced herein without further order of the Court, including, without limitation, changes to
10 correct typographical and grammatical errors and to make conforming changes among the
11 aforementioned documents prior to their distribution.

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

15 ** END OF ORDER **
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EXHIBIT D
(Form of Stalking Horse Notice)

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9 *Attorneys for Debtor and Debtor in Possession*

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

13
14 In re
15 LEFEVER MATTSON, a California
corporation, et al.
16 Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

17
18 In re
19 KS MATTSON PARTNERS, LP,
Debtor.

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

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25 ¹ The last four digits of LeFever Mattson's tax identification number are 7537. The last four digits of the tax
26 identification number for KS Mattson Partners, LP ("KSMP") are 5060. KSMP's address for service is c/o
27 Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson
28 and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621 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>.

1 **PLEASE TAKE NOTICE THAT** pursuant to the *Order Establishing Procedures for Real*
2 *Property Sales* [Dkt. No. ___] (the “Sale Procedures Order”)² entered on [DATE], KS Mattson Partners,
3 a California limited partnership, and certain of its affiliates that are debtor and debtor in possession
4 (“KSMP”) in the above-captioned chapter 11 cases, propose to sell certain of its real property in
5 accordance with the approved Sale Procedures and have designated the following:

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

7 [STREET]
8 [CITY, STATE, ZIP CODE]

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

11 Stalking Horse Bid: [AMOUNT OF BID]

12 Break-Up Fee: [PERCENTAGE OF SALE PRICE]

13 [Expense Reimbursement Cap: \$100,000]

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

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

19 **PLEASE TAKE FURTHER NOTICE THAT** the declaration of [DECLARANT’S
20 NAME] supporting Debtor KSMP’s decision to approve the Stalking Horse Bidder and enter the
21 Stalking Horse Agreement is attached hereto as **Exhibit 3**.

22 **PLEASE TAKE FURTHER NOTICE THAT** this Sale Notice shall be served by email
23 where available and by mail for those who have not consented to email service upon (i) the United
24 States Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any known holders of
25 interests in the Subject Property, including any known tenants in common; (iv) counterparties to
26 the Leases; (v) counsel to the LeFever Mattson Debtors; and (vi) those persons who have formally
27 appeared in this chapter 11 case and requested service pursuant to Bankruptcy Rule 2002
28 (collectively, the “Notice Parties”).

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

35 **PLEASE TAKE FURTHER NOTICE THAT** if the Objection Deadline passes without
36 the filing of a Stalking Horse Objection or any such response is withdrawn, Debtor KSMP shall
37 file a declaration attesting that no Stalking Horse Objection was filed or served on Debtor KSMP
38 and Debtor KSMP shall submit a proposed order substantially in the form attached hereto as **Exhibit**
39 **1** (the “Stalking Horse Order”).

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

3 Dated: [•], 2025

[/s/ *EXHIBIT*]

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EXHIBIT 1
(Proposed Stalking Horse Order)

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Attorneys for Debtor and Debtor in Possession

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

In re
LEFEVER MATTSON, a California
corporation, et al.
Debtors.¹

Case No. 24-10545 CN (Lead Case)
(Jointly Administered)
Chapter 11

In re
KS MATTSON PARTNERS, LP,

**[PROPOSED] ORDER APPROVING
DESIGNATION OF STALKING HORSE**

¹ The last four digits of LeFever Mattson’s tax identification number are 7537. The last four digits of the tax identification number for KS Mattson Partners, LP (“KSMP”) are 5060. KSMP’s address for service is c/o Stapleton Group, 514 Via de la Valle, Solana Beach, CA 92075. The address for service on LeFever Mattson and all other Debtors is 6359 Auburn Blvd., Suite B, Citrus Heights, CA 95621 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>.

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Debtor.

**FOR THE SALE OF THE PROPERTY
LOCATED AT [INSERT SUBJECT
PROPERTY ADDRESS]**

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

16
17
18 **IT IS HEREBY ORDERED THAT:**

- 19
- 20 1. [*NAME OF STALKING HORSE BIDDER*] is approved as the Stalking Horse
21 Bidder.
 - 22 2. The Stalking Horse Bid shall be [*AMOUNT*].
 - 23 3. [The Break-Up Fee shall be [*AMOUNT*] plus expense reimbursement for the
24 Stalking Horse Bidder’s actual out-of-pocket costs of up to \$100,000 (the “Expense
25 Reimbursement” and, together with the Break-Up Fee, the “Bid Protections”)
26 *provided, however, that the aggregate Bid Protections with respect to the Stalking*
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1 Horse Bid shall not exceed 5.0% of the total cash consideration offered in such
2 Stalking Horse Bid].

3 4. Debtor KSMP is authorized to fully assume, perform under, consummate and
4 implement the Stalking Horse Agreement.

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

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

19 7. Debtor KSMP is hereby authorized to take such actions and to execute such
20 documents as may be necessary to implement the relief granted by this Order.

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

23 ** END OF ORDER **

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EXHIBIT E

Redline of Residential Sale Procedures versus LFM Small Asset Sale Procedures

The Residential Sales Procedures are as follows:

1. ~~a.~~ a. ~~Contents of Sale Notice:~~ Prior to any sale of a Property for which ~~the Debtors~~ Debtor KSMP, in consultation with the Committee, ~~elect~~elects to seek approval through these Residential Sale Procedures, ~~the Debtors~~ Debtor KSMP shall file with the Court a notice (the “Sale Notice”) that sets forth:
 - a. ~~i.~~ i. The address and tax identification number of the Property proposed to be sold (the “Subject Property”);
 - b. ~~ii.~~ ii. The sale price;
 - c. ~~iii.~~ iii. The name(s) of the title holder(s) of the Subject Property;
 - d. ~~iv.~~ 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);
 - e. ~~v.~~ 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;
 - f. ~~vi.~~ vi. A brief summary of the marketing of the Subject Property that would support ~~the Debtors’~~ Debtor KSMP’s representation that it was done in a fully commercially reasonable manner and ~~the Debtors’~~ Debtor KSMP’s conclusion that the price and terms are reasonable and in the best interests of ~~the Debtors’~~ Debtor KSMP’s bankruptcy ~~estates~~estate according to ~~their~~its business judgment;
 - g. ~~vii.~~ vii. The name(s) of the proposed buyer(s) (the “Buyer”) and any known relationship to ~~the Debtors;~~ Debtor KSMP¹;
 - h. ~~viii.~~ viii. The provision(s) of section 363(f) that ~~the Debtors submit~~ Debtor KSMP submits authorize the sale free and clear of liens, a summary of ~~the Debtors’~~ Debtor KSMP’s 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. ~~ix.~~ 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~~ Debtor KSMP, and their proposed compensation;

¹ These Sale Procedures shall not apply if the proposed purchaser is an insider of ~~the Debtors~~ Debtor KSMP.

- j. ~~x.~~—A schedule of any known 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. ~~xi.~~—A summary of the Buyer’s evidence that it can provide adequate assurance of future performance and assumption of the Leases, if any;
 - l. ~~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”);
 - m. ~~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~~
 - n. ~~xiv.~~—The Objection Procedures (as described below); ~~and~~
 - o. An identification of any known tenants in common and a representation that all tenants in common have consented to the proposed sale.
2. ~~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~~States Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any ~~and all~~known holders of interests in the Subject Property, including ~~interest holders in the applicable Debtor; (iv) counter parties~~any known tenants in common; (iv) counterparties to the Leases; ~~and~~ (v) counsel to LeFever Mattson; and (vi) those persons who have formally appeared in these Chapterthis chapter 11 ~~Cases~~case and requested service pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).
 3. ~~e.~~ 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~~Debtor KSMP 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. ~~d.~~ Overbids: There shall be no overbids. The commercially reasonable practice for residential 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. ~~e.~~ No Stalking Horse Procedures: There shall be no stalking horse procedures; however, ~~the Debtors reserve~~Debtor KSMP reserves the right to request such procedures should ~~they~~it, in ~~their~~its sole discretion determine that a stalking horse would benefit the ~~estate~~estate.
 6. ~~f.~~ If No Objection: If the Objection Deadline passes without the filing of an Objection or any such response is withdrawn, ~~the Debtors~~Debtor KSMP shall file a declaration

attesting that no Objection was filed or served on ~~the Debtors~~ Debtor KSMP (the “Certificate of No Objection”) and ~~the Debtors~~ Debtor KSMP shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the “~~Small Asset Residential~~ Sale Order”).

~~g. Debtor KSMP The Debtors~~ may proceed with closing the Sale of the Subject Property immediately upon entry of the ~~Small Asset Residential~~ Sale Order. ~~g~~

7. ~~—Sale Hearing:~~ If an Objection is filed prior to the Objection Deadline and not withdrawn, ~~the Debtors~~ Debtor KSMP 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 Residential 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 Sale as against the Subject Property.

| Summary report: | |
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| Changes: | |
| <u>Add</u> | 70 |
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| Embedded Graphics (Visio, ChemDraw, Images etc.) | 0 |
| Embedded Excel | 0 |
| Format changes | 0 |
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EXHIBIT F

Redline of Commercial Sale Procedures versus LFM Large Asset Sale Procedures

1. ~~a.~~ Contents of Sale Notice: Prior to any sale of a Property for which ~~the Debtors elect~~ Debtor KSMP, in consultation with the Committee, elects to seek approval through these Commercial Sale Procedures, ~~the Debtors~~ Debtor KSMP shall file with the Court a notice (the "Sale Notice") that sets forth:
- a. ~~the~~ The address of the Property proposed to be sold (the "Subject Property");
 - b. The sale price;
 - c. The name(s) of the title holder(s) 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'~~ Debtor KSMP's representation that it was done in a commercially reasonable manner and ~~the Debtors'~~ Debtor KSMP's conclusion that the price and terms are reasonable and in the best interests of ~~the Debtors'~~ Debtor KSMP's bankruptcy ~~estates~~ estate according to ~~their~~ its business judgment;
 - g. The name(s) of the proposed buyer(s) (the "Buyer") and any known relationship to ~~the Debtors;~~ Debtor KSMP¹;
 - h. The provision(s) of section 363(f) that ~~the Debtors submit authorize~~ Debtor KSMP submits authorizes the sale free and clear of liens and a summary of ~~the Debtors'~~ Debtor KSMP's 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~~ Debtor KSMP, and their proposed compensation;
 - j. A schedule of any known 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; ~~xii~~

¹ These Sale Procedures shall not apply if the proposed purchaser is an insider of ~~the Debtors~~ Debtor KSMP.

- l. ~~—~~A summary of any other proposed closing payments, including but not limited to payment of the Closing Costs;
 - m. ~~l.~~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. ~~m.~~The Objection Procedures (as described below);
 - o. ~~n.~~The procedures for an auction (the “Auction”) should qualified overbids be received prior to the Objection Deadline; ~~and~~
 - p. An identification of any known tenants in common and a representation that all tenants in common have consented to the proposed sale.
2. ~~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~~States Trustee (the “U.S. Trustee”); (ii) counsel to the Committee; (iii) any known holders of interests in the Subject Property, including any known tenants in common; (iv) ~~counter parties~~counterparties to the Leases; ~~and~~(v) counsel to the LeFever Mattson Debtors; and (vi) those persons who have formally appeared in ~~these Chapter~~this chapter 11 ~~Cases~~case and requested service pursuant to Bankruptcy Rule 2002 (collectively, the “Notice Parties”).
3. ~~e.~~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~~Debtor KSMP 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. ~~d.~~Overbids: The Sale Notice shall include solicitation for overbids which must be submitted in writing to ~~FTD~~Debtor KSMP 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~~exceed the proposed sale price by at least 2% on sales up to and including \$10,000,000 and ~~for~~by 1% for sales over \$10,000,000 plus Bid Protections (if any).
5. ~~e.~~Stalking Horse Procedures: ~~The Debtors~~Debtor KSMP may, in consultation with the Committee:
- a. ~~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
 - b. ~~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:

- i. ~~1.~~ a break-up fee of no more than 33.0% of the total cash consideration payable under such Stalking Horse Agreement (the “Break-Up Fee”) plus
- ii. ~~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 55.0% of the total cash consideration offered in such Stalking Horse Bid.

To the extent ~~the Debtors designate~~ Debtor KSMP designates 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~~ Debtor KSMP 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~~ Debtor KSMP.

To the extent ~~the Debtors~~ Debtor KSMP, in consultation with the Committee, ~~determined~~ determines to offer Bid Protections to any Stalking Horse Bidder, ~~the Debtors~~ Debtor KSMP 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. ~~i.~~ a copy of the Stalking Horse Agreement;
- b. ~~ii.~~ an appropriate declaration in support of the proposed Bid Protections (the “Bid Protections Declaration”); and
- c. ~~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~~ Debtor KSMP is 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.

- 6. ~~f.~~ Auction: ~~If~~ a qualified overbid is received prior to the Objection Deadline, ~~the Debtors~~ Debtor KSMP shall file and serve notice of the Auction to the Stalking Horse

Bidder, all overbidders, any parties filing objections by the Objection Deadline.

7. ~~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~~ Debtor KSMP shall file a Certificate of No Objection and ~~the Debtors~~ Debtor KSMP shall submit a proposed order substantially in the form attached to the Sale Notice as Exhibit 1 (the "~~Large Asset~~ Commercial Sale Order"). ~~The Debtors~~ Debtor KSMP may proceed with closing the Sale of the Subject Property immediately upon entry of the ~~Large Asset~~ Commercial Sale Order.
8. ~~h.~~ Sale Hearing: If an Objection is filed or an overbid is submitted prior to the Objection Deadline and not withdrawn, ~~the Debtors~~ Debtor KSMP 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.
9. Free and Clear: Sales pursuant to these 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 Sale as against the Subject Property.

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