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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SANTA ROSA DIVISION

In re

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

Debtors.

Case No. 24-10545 CN (Lead Case)

(Jointly Administered)

Chapter 11

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 In re
2 KS MATTSON PARTNERS, LP,
3 Debtor.

**PLAN PROPONENTS' OMNIBUS REPLY TO
OBJECTIONS TO AMENDED JOINT MOTION
OF DEBTORS AND OFFICIAL COMMITTEE OF
UNSECURED CREDITORS FOR AN ORDER
(I) APPROVING THE PLAN SUMMARY AND
AMENDED DISCLOSURE STATEMENT;
(II) SCHEDULING HEARING ON
CONFIRMATION OF PLAN AND APPROVING
THE FORM AND MANNER OF SERVICE OF
THE HEARING NOTICE; (III) ESTABLISHING
PROCEDURES FOR THE SOLICITATION AND
TABULATION OF VOTES ON PLAN;
(IV) ESTABLISHING PROCEDURES FOR THE
ESTIMATION OF INVESTOR CLAIMS SOLELY
FOR VOTING PURPOSES; AND
(V) APPROVING RELATED MATTERS**

Hearing Date:

Date: December 3, 2025
Time: 11:00 a.m. (Pacific Time)
Place: United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612
Judge: Honorable Charles Novack

16 LeFever Mattson, a California corporation, ("LFM"), its affiliated debtors and debtors in
17 possession (collectively with LFM, the "LFM Debtors"), KS Mattson Partners, LP ("KSMP" and
18 together with the LFM Debtors, the "Debtors"), and the Official Committee of Unsecured Creditors
19 (the "Committee" and together with the Debtors, the "Plan Proponents") hereby submit this omnibus
20 reply (i) in support of the *Amended Joint Motion of Debtors and Official Committee of Unsecured*
21 *Creditors for an Order (I) Approving the Plan Summary and Amended Disclosure Statement; (II)*
22 *Scheduling Hearing on Confirmation of Plan and Approving the Form and Manner of Service of*
23 *the Hearing Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on*
24 *Plan; (IV) Establishing Procedures for the Estimation of Investor Claims Solely for Voting*
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1 *Purposes; and (V) Approving Related Matters* [Docket No. 2569] (the “Motion”)² and (ii) in
2 response to the following objections (collectively, the “Objections”):

- 3 a. *Opposition of Chase 1992 Family Trust to Amended Joint Motion of Debtors and*
4 *Official Committee of Unsecured Creditors for an Order (I) Approving the Plan*
5 *Summary and Amended Disclosure Statement; (II) Scheduling Hearing on*
6 *Confirmation of Plan and Approving the Form and Manner of Service of the Hearing*
7 *Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on*
8 *Plan; (IV) Establishing Procedures for the Estimation of Investor Claims Solely for*
9 *Voting Purposes; and (V) Approving Related Matters* [Docket No. 2795] filed by the
10 Chase 1992 Family Trust (“Chase”);
- 11 b. *Monley Hamlin, Inc.’s Conditional Non-Opposition to Amended Joint Motion of*
12 *Debtors and Official Committee of Unsecured Creditors for an Order (I) Approving*
13 *the Plan Summary and Amended Disclosure Statement; (II) Scheduling Hearing on*
14 *Confirmation of Plan and Approving the Form and Manner of Service of the Hearing*
15 *Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on*
16 *Plan; (IV) Establishing Procedures for the Estimation of Investor Claims Solely for*
17 *Voting Purposes; and (V) Approving Related Matters* [Docket No. 2813] filed by
18 Monley Hamlin, Inc. (“Monley Hamlin”);
- 19 c. *Creditors’ Objection to Debtor’s First Amended Disclosure Statement* [Docket No.
20 2814] filed by Nationstar Mortgage LLC, in its capacity as secured creditor and/or
21 servicer of certain secured creditors (“Nationstar”);
- 22 d. *Creditors’ Objection to Debtor’s First Amended Disclosure Statement* [Docket No.
23 2815] filed JPMorgan Chase Bank, N.A. (“JPMorgan”);
- 24 e. *Joinder to Opposition of Chase 1992 Family Trust to Amended Joint Motion of*
25 *Debtors and Official Committee of Unsecured Creditors for an Order (I) Approving*
26 *the Plan Summary and Amended Disclosure Statement; (II) Scheduling Hearing on*
27 *Confirmation of Plan and Approving the Form and Manner of Service of the Hearing*
28 *Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on*
Plan; (IV) Establishing Procedures for the Estimation of Investor Claims Solely for
Voting Purposes; and (V) Approving Related Matters [Docket No. 2817] filed by the
Tillman Opposing Investors;
- f. *Objection of Timothy J. LeFever to Amended Joint Motion of Debtors and Official*
Committee of Unsecured Creditors for an Order Scheduling Hearing on
Confirmation of Plan and Approving the Form and Manner of Service of the Hearing
Notice [Docket No. 2818] filed by Timothy J. LeFever (“LeFever”);
- g. *Objection of KeyBank National Association to Amended Joint Motion of Debtors and*
Official Committee of Unsecured Creditors for an Order (I) Approving the Plan
Summary and Amended Disclosure Statement; (II) Scheduling Hearing on

² A capitalized term used but not defined herein shall have the meaning ascribed to it in the Motion, the Disclosure Statement, or the Plan, as applicable.

Confirmation of Plan and Approving the Form and Manner of Service of the Hearing Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on Plan; (IV) Establishing Procedures for the Estimation of Investor Claims Solely for Voting Purposes; and (V) Approving Related Matters [Docket No. 2819] filed by KeyBank National Association (“**KeyBank**”);

- h. *Fannie Mae’s Objection to Amended Disclosure Statement in Support of Second Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2821] filed by Fannie Mae; and
- i. *Federal Home Loan Mortgage Corporation’s Objection to Amended Disclosure Statement in Support of Second Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2823] filed by The Federal Home Loan Mortgage Corporation (“Freddie Mac” and together with Chase, Monley Hamlin, Nationstar, JPMorgan, Tillman Opposing Investors, LeFever, KeyBank, and Fannie Mae, the “Objectors”).

In further support of the Motion, the Plan Proponents respectfully represent as follows:

PRELIMINARY STATEMENT

Since the Disclosure Statement was first filed in September, the Plan Proponents have made clear their willingness to consensually address concerns about the adequacy of disclosures therein. Unfortunately, the Objectors generally did not engage in a constructive dialogue with the Plan Proponents in advance of the objection deadline, resulting in further delay. However, over the past few weeks, the Plan Proponents proactively reached out to the Objectors to resolve their objections. This effort resulted in the resolution of many of the objections through the additional disclosures contained in the *Second Amended Disclosure Statement in Support of Second Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2945] (the “Second Amended Disclosure Statement”) – however, some objections remain unresolved.

Attached as Exhibit 2 to the *Notice of Revised Solicitation Materials* [Docket No. 2946] (the “Notice”) is a comparison (changed pages only) of the Second Amended Disclosure Statement to the *Amended Disclosure Statement in Support of First Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2567] (the “First Amended Disclosure Statement”), which reflects the changes made to address the informal and formal objections received from the Objectors and other interested parties. Additionally, in response to informal comments received from interested parties, the Plan Proponents propose a revised Confirmation Schedule, attached hereto as **Exhibit A**.

1 For the reasons set forth below and as summarized in **Exhibit B**, those objections that have
2 not been resolved should be overruled – the Second Amended Disclosure Statement contains
3 extensive disclosures about the Debtors, the Joint Investigation, the Chapter 11 Cases, and the Plan
4 sufficient to enable creditors and interest holders entitled to vote on the Plan to make an informed
5 decision whether to accept or reject the Plan and thereby satisfies section 1125 of the Bankruptcy
6 Code.

7 **RESPONSE TO INVESTOR OBJECTIONS**

8 Out of the *more than 700 investors* impacted by these Chapter 11 Cases, only two
9 Objections (representing approximately twenty investors) were filed by Investors – the Chase
10 Objection and the joinder to the Chase Objection filed by the Tillman Opposing Investors (together,
11 the “Investor Objections”). In response to the Investor Objections, the Plan Proponents made certain
12 modifications to the Disclosure Statement and Liquidation Analysis, as reflected in Exhibits 2 and 3
13 to the Notice, that fully address the issues raised therein.

14 **A. The Second Amended Disclosure Statement and Investor 15 Settlement Procedures Address the Issues in the Investor Objections.**

16 By its Objection, Chase asserts that the Disclosure Statement lacks adequate information
17 regarding (i) the Debtors’ cash balances and value of real estate assets, (ii) the proposed “netted”
18 claim amounts, (iii) a description or estimate of future administrative expenses and incurred
19 professional fees, (iv) the estimated amount of an investor’s netted claim, (v) the individuals who
20 may be sued on avoidance litigation following confirmation, and (vi) the projected value that can
21 be obtained from avoidable transfers. Chase also asserts that the liquidation analysis is incomplete
22 and inaccurate. Chase’s Objection has been fully addressed by the Second Amended Disclosure
23 Statement and the proposed Investor Claim Settlement Procedures.³

24 Specifically, in response to Chase’s Objection, the Second Amended Disclosure Statement
25 now discloses: (i) the current cash balances of the Debtors and the value of the Debtors’ real estate
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27 ³ The Investor Claim Settlement Procedures are set forth in the *Joint Motion for the Entry of an Order Approving*
28 *Settlement Procedures with Respect to Investor Claims* [Docket No. 2365] (the “Investor Settlement Procedures
Motion”).

1 assets as of October 31, 2025 (*see* §§ II.A.1 and II.A.2); (ii) the aggregate amount of money or value
2 of property invested in the Debtors or KSMP Investment Entities and the aggregate amount of
3 distributions Investors have received over the seven years prior to September 12, 2024 (*see* §
4 IV.A.2); (iii) that there will be approximately 15 investors whose Tranche 1 Claim will be equal to
5 or less than \$0.00, and thus, may be subject to avoidance litigation (*see id.*); and (iv) the amount of
6 estate professional fees incurred as of October 31, 2025, and the projected future administrative
7 expenses through the Effective Date (*see* § V.B).

8 Similarly, the Liquidation Analysis has been revised to address the issues raised by Chase's
9 Objection. The format of the Liquidation Analysis has been revised in an effort to lessen confusion
10 and misinterpretation. The Liquidation Analysis clarifies that the value of assets is derived from
11 actual appraised values and broker opinions of value of the properties, not book values, and explains
12 the basis of the estimation that establishing a Ponzi finding in a chapter 7 will cost approximately
13 \$10 million to \$15 million more than in a chapter 11 case. The Plan Proponents have also added a
14 note regarding the wind down budget to explain that this line item captures post-confirmation
15 chapter 11 administrative expenses. Moreover, the Liquidation Analysis now differentiates between
16 the projected value of potential avoidable transfers from secured lenders and from other third parties.
17 Collectively, these revisions address all but one of the issues that Chase raised.

18 Chase's remaining objection focuses on the disclosure of Tranche 1 Claims. The Plan
19 Proponents agree that it is important to provide full transparency to Investors as they vote on the
20 Plan – including all relevant information regarding the proposed amount of an Investor's Tranche 1
21 Claim (*i.e.*, the amount invested in the Debtors over time *less* any distributions the Investor received
22 over the seven years prior to September 12, 2024) and Tranche 2 Claim (*i.e.*, the amount deducted
23 in calculating the Tranche 1 Claim). To that end, the Plan Proponents are concurrently seeking
24 approval of the Investor Claim Settlement Procedures, which seek to provide each Investor with a
25 Settlement Offer Letter detailing the proposed allowed amount of their Tranche 1 Claim and
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1 Tranche 2 Claim.⁴ Recognizing the importance of this information, the Plan Proponents, as set forth
2 in the Revised Proposed Order,⁵ propose to include each Investor's Settlement Offer Letter in such
3 Investor's Solicitation Package so that Investors may review the proposed allowed amount of their
4 Tranche 1 Claim and Tranche 2 Claim as they vote on the Plan. The Plan Proponent believe that this
5 approach adequately addresses Chase's final concern.

6 Accordingly, Chase's Objection should be overruled to the extent that it raises disclosure
7 objections in light of the Second Amended Disclosure Statement and the Investor Claim Settlement
8 Procedures.⁶

9 **B. The Joinder Filed by the Tillman Opposing Investors Should Be Similarly Overruled.**

10 Before the deadline to file objections to the Motion, the Plan Proponents reached out to the
11 Tillman Opposing Investors to address any concerns the Tillman Opposing Investors may have had
12 about the disclosures contained in the Disclosure Statement. The Tillman Opposing Investors
13 requested that the Plan Proponents include a disclosure regarding their opposition to the requested
14 finding that the Debtors were operated as a Ponzi scheme (the "Ponzi Finding"). The Plan
15 Proponents – *misled to believe that this additional disclosure resolved the informal objections of*
16 *the Tillman Opposing Investors* – agreed to add the requested disclosure. *See* Second Amended
17 Disclosure Statement, § IV.A.3. Notwithstanding the agreement to add the requested additional
18 disclosure, the Tillman Opposing Investors filed a joinder to Chase's Objection. For the same
19 reasons as stated above with respect to Chase's Objection, any remaining objections by the Tillman
20 Opposing Investors should be overruled.

24 ⁴ The proposed allowed amount of a Tranche 1 Claim will inform an Investor if such Investor could be subject to
25 avoidance litigation (*i.e.*, if the Tranche 1 Claim is less than or equal to \$0.00). The Plan Proponents also note that
Insiders and Excluded Parties (each as defined the Plan) will not receive a Settlement Offer Letter.

26 ⁵ A comparison showing all changes made to the Proposed Order and accompanying exhibits to the Motion is
27 attached to the Notice as Exhibit 5.

28 ⁶ As set forth in the Plan Proponents' *Joint Motion for the Entry of an Order Approving Settlement Procedures with
Respect to Investor Claims* [Docket No. 2365].

1 **RESPONSE TO NATIONSTAR AND JPMORGAN OBJECTIONS**

2 Secured lenders Nationstar and JPMorgan raise three primary objections: (i) the disclosure
3 statement fails to adequately disclose the class or subclass in which a secured creditor's claim falls,
4 (ii) the disclosure statement does not state the Allowed Amount of the Secured Claims, and
5 (iii) section 5.6 of the Plan is overbroad. Each of these objections has either been addressed by the
6 Second Amended Disclosure Statement or should be overruled at this stage and addressed as part of
7 plan confirmation or claim allowance.

8 **A. The Second Amended Disclosure Statement**
9 **Renders Nationstar's and JPMorgan's Objections**
10 **Regarding Classification and Treatment of Secured Lenders' Claims Moot.**

11 Nationstar's and JPMorgan's concern that the Disclosure Statement fails to adequately
12 disclose the class or subclass in which a secured creditor's claim falls has been remedied through
13 the collapse of former Class 3 (Sold Property Secured Lender Claims), Class 4 (Retained Property
14 Secured Lender Claims), and Class 5 (Settled Secured Lender Claims) into one class of secured
15 lender claims. Under the *Second Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 2944]
16 (the "Second Amended Plan"), all Secured Lender Claims now fall within Class 3 (Secured Lender
17 Claims), and each Allowed Secured Lender Claim shall be deemed to be in its own subclass as
18 identified on Exhibit E to the Second Amended Disclosure Statement. Exhibit E also specifies the
19 voting amount for each subclass. As a result of collapsing these voting classes into a single class
20 there is no longer any confusion regarding which class a Secured Lender is in and what ballot a
21 Secured Lender will receive.

22 Under the Second Amended Plan, each Holder of an Allowed Class 3 Claim shall receive
23 one of three treatments depending on (i) whether the Holder of a Class 3 Claim enters into a Secured
24 Lender Settlement Agreement before the Effective Date and (ii) whether the Real Property securing
25 the applicable Class 3 Claim is sold before the Effective Date:

- 26 • *Treatment 1 - Escrowed Sale Proceeds*: If the Real Property securing the applicable Class
27 3 Claim has been sold pursuant to an order of the Bankruptcy Court prior to the Effective
28 Date, the Holder of a Class 3 Claim shall receive Cash in an amount equal to such
 remaining Allowed Class 3 Claim on the Effective Date or as soon as reasonably
 practicable thereafter.

- 1 • *Treatment 2 - Retained Real Properties*: If the Real Property securing the applicable
2 Class 3 Claim is Retained Real Property, the Holder of the Class 3 Claim shall receive
3 Cash in an amount equal to such Allowed Secured Lender Claim from the proceeds of
4 the sale of the applicable Retained Real Property as soon as reasonably practicable, but
5 no later than thirty (30) days after the later to occur of (A) the closing of the sale of the
6 Retained Real Property and (B) the date such Claim becomes an Allowed Secured
7 Lender Claim; *provided that* pending and prior to such sale, the Holder will retain its
8 lien in the applicable Retained Real Property after the Effective Date, but after the sale,
9 the Holder will have a lien in only the net sale proceeds with the same validity and
10 priority as it had in the Retained Real Property as of the Petition Date.
11 • *Treatment 3 - Settling Secured Lenders*: If the Holder of a Class 3 Claim has entered into
12 a Secured Lender Settlement Agreement prior to the Effective Date, the Holder of the
13 Class 3 Claim shall receive, subject to the terms of this Plan and the applicable Secured
14 Lender Settlement Agreement, the treatment expressly provided for in the Secured
15 Lender Settlement Agreement. To the extent of any inconsistency or conflict between
16 the terms of this Plan and the applicable Secured Lender Settlement Agreement, the
17 Secured Lender Settlement Agreement shall control.

18 Furthermore, the Second Amended Disclosure Statement and Liquidation and Recovery
19 Analysis disclose the fair market value of the Debtors' remaining assets. *See* Second Amended
20 Disclosure Statement, §§ II.A.1-2; *id.*, Ex. C. The value of assets is derived from actual appraised
21 values and broker opinions of value of the properties. Thus, the changes made to the Second
22 Amended Disclosure Statement and the Amended Plan adequately disclose the classification and
23 treatment of Secured Lenders' claims and fully address Nationstar's and JPMorgan's objections
24 regarding classification.

25 **B. Nationstar and JPMorgan's Remaining Issues Should Not Be Addressed at this Stage.**

26 Nationstar and JPMorgan express concern that the Disclosure Statement does not provide an
27 Allowed Amount of any Secured Claim. Nationstar and JPMorgan also assert that section 5.6 of the
28 Plan is overbroad. Neither of these issues are related to the adequacy of the disclosures contained
29 within the Disclosure Statement. Instead, these are issues that will be addressed as part of the Plan
30 confirmation process and claims-related proceedings to be filed shortly by the Plan Proponents. *See*,
31 *e.g., In re Foxwood Hills Prop. Owners Ass'n*, 2021 Bankr. LEXIS 1626, at *17 (Bankr. D.S.C.
32 June 1, 2021) (“At disclosure statement hearings, courts should refuse to hear issues that are
33 confirmation rather than disclosure issues, such as classification of claims, feasibility, whether the
34 plan has been proposed in good faith, or whether a plan is fair and equitable.”) (quoting *In re*

1 *American Capital Equip., LLC*, 688 F.3d 145, 153–54 (3d Cir. 2012) (“Ordinarily, confirmation
2 issues are reserved for the confirmation hearing, and not addressed at the disclosure statement
3 stage.”)).

4 As discussed above, the Second Amended Disclosure Statement and Second Amended Plan
5 now identify the subclass and applicable voting amount of each Secured Lender Claim as well as
6 the treatment of Secured Lender Claims. Claim allowance, however, is separate from claim
7 treatment and classification and will be determined in accordance with the Bankruptcy Code and
8 Federal Rules of Bankruptcy Procedure – not in a Disclosure Statement. Further, Nationstar’s and
9 JPMorgan’s final objection focuses on the content of a plan provision and is unrelated to the
10 adequacy of disclosures. Accordingly, to the extent that the issues raised by Nationstar and
11 JPMorgan have not been resolved by the Second Amended Plan and Second Amended Disclosure
12 Statement, they should be overruled or reserved for the confirmation hearing.

13 **RESPONSE TO FANNIE MAE’S AND FREDDIE MAC’S OBJECTIONS**

14 The Plan Proponents and counsel for secured lenders Fannie Mae and Freddie Mac are
15 engaged in discussions to consensually resolve Fannie Mae’s and Freddie Mac’s objections to the
16 Disclosure Statement as well as their claims against the Debtors and their objections to confirmation
17 of the Plan. The Plan Proponents intend to provide the Court with an update at the hearing on
18 December 3, 2025. In the meantime, the Plan Proponents have agreed, in response to Fannie Mae’s
19 and Freddie Mac’s objection, to include a provision that substantive consolidation will not impair
20 or otherwise affect any third party’s defenses, counterclaims, or other rights that may be asserted by
21 such third party in connection with any related litigation commenced by the Debtors or the Plan
22 Recovery Trustee. *See* Second Amended Plan, § 5.7; *see also* Second Amended Disclosure
23 Statement, § IV.A.1.

24 **RESPONSE TO KEYBANK’S OBJECTION**

25 In its Objection, secured lender KeyBank raises six points: (i) whether claw-back actions are
26 Contributed Claims, (ii) Plan treatment of possible section 502(h) claims, (iii) Plan treatment of
27 possible fee claims, (iv) whether the Plan is disallowing certain fees and claims by virtue of the
28 definition of “Allowed Claim,” (v) how the Plan intends to deal with section 510(b) of the

1 Bankruptcy Code if there is a section 502(h) claim, and (vi) substantive consolidation's impact on
2 the "triggering creditor" for purposes of fraudulent conveyance claims.

3 KeyBank's first objection is adequately addressed in the Plan and should be overruled.
4 Contributed Claims are defined as "all Causes of Action . . . that an Investor has against any Person
5 that is not a Debtor" See Second Amended Plan, Ex. 1 § 31. Avoidance Actions are defined as
6 "any and all causes of action . . . that may be brought by or on behalf of the Debtors or the Estates
7 under sections 506(c), 510, 542, 544, 545, 547, 548, 549, 550, 551, 552(b) or 553 of the Bankruptcy
8 Code" Thus, claw-back actions (as described in KeyBank's Objection) plainly fall within the
9 definition of Avoidance Actions.

10 KeyBank's other objections should similarly be overruled as they do not go to the heart of
11 the issue before the Court – whether the Disclosure Statement provides information that is
12 reasonably practicable to allow creditors and interest holders to make an informed judgment about
13 whether to accept or reject the Plan. See 11 U.S.C. § 1125; *see also Abel v. Shugrue (In re Ionosphere*
14 *Clubs, Inc.)*, 179 B.R. 24, 29 (S.D.N.Y. 1995). KeyBank seeks to derail approval of the Disclosure
15 Statement based on concerns about a hypothetical section 502(h) claim that could theoretically
16 present absolute priority rule problems should a secured lender prevail on a claw-back action. At
17 this time, no secured creditors have been sued, and the estates have not recovered any property that
18 would give rise to a section 502(h) claim. If there is litigation that results in a section 502(h) claim
19 or an award of attorney's fees, then the priority of these claims can be addressed at that time, and
20 the Court can determine whether such claim is a secured lender claim (*see* Class 3), a non-investor
21 general unsecured claim (*see* Class 4), an investor claim (*see* Class 5), or an equitably subordinated
22 claim (*see* Class 7).

23 KeyBank also takes issue with the definition of "Allowed Claim" and requests that KeyBank
24 have an opportunity to respond to this definition. Despite KeyBank's attempt to label this as a
25 disclosure statement issue, this objection is squarely a plan objection that should be addressed at
26 confirmation, because it is an objection to the substance of a term of the Plan. Creditors will have
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1 an opportunity to respond to this provision of the Plan if and when a Secured Lender files an
2 objection to confirmation of the Plan.⁷

3 KeyBank's last objection requests that the Disclosure Statement divulge whether the Plan
4 Recovery Trustee may use a creditor of one Debtor as the "triggering creditor" of other Debtors for
5 purposes of claw-back litigation. This is not a disclosure issue – it is a legal determination that the
6 Court will make in connection with consideration of substantive consolidation under the plan and
7 in connection with the pending motions. Although KeyBank seeks this information to inform its
8 own litigation strategy, this information carries little weight in enabling a creditor to make an
9 informed judgement about accepting or rejecting the Plan as this goes to the merits of hypothetical
10 avoidance litigation. Adequate disclosure does not require the Plan Proponents to disclose their
11 litigation strategy. Therefore, KeyBank's objections should be overruled.

12 **RESPONSE TO TIMOTHY LEFEVER'S OBJECTION**

13 Before the deadline to object to the Motion, counsel for the Plan Proponents conferred with
14 Timothy LeFever's counsel to address their client's concerns about the adequacy of the Disclosure
15 Statement and Motion. The parties informally resolved all of LeFever's objections except for one –
16 the proposed schedule for confirmation (the "Confirmation Schedule"). LeFever's proposed
17 Confirmation Schedule should be rejected because it unnecessarily delays Confirmation to the
18 detriment of the Investors and creditors. Instead, the Plan Proponents urge the Court to adopt the
19 Plan Proponents' revised Confirmation Schedule attached hereto as **Exhibit A** (the "Modified
20 Confirmation Schedule") – a version of which was shared with LeFever's counsel in advance of the
21 filing of his Objection.

22 The Modified Confirmation Schedule is the product of negotiations with a group of
23 approximately six (6) secured lenders who, like LeFever, expressed concern about the original
24 proposed Confirmation Schedule should there be a contested evidentiary hearing. The Modified
25

26 ⁷ The Plan Proponents further note that the issue before the Ninth Circuit Bankruptcy Appellate Panel in *In re*
27 *Dynamic Brokers, Inc.*, 293 B.R. 489 (B.A.P. 9th Cir. 2003) was not the adequacy of disclosures of a disclosure
28 *Id.* at 493.

1 Confirmation Schedule seeks to balance these concerns with the need to promptly resolve these
2 Chapter 11 Cases. To that end, the Modified Confirmation Schedule contemplates two tracks: (1)
3 Track A that provides for a *contested evidentiary* confirmation hearing on March 5, 2026, and
4 (2) Track B that provides for *an uncontested evidentiary* confirmation hearing on February 5, 2026.

5 Under both tracks, the Modified Confirmation Schedule extends the deadlines for voting,
6 filing objections to the Plan, and filing motions pursuant to Rule 3018 of the Federal Rules of
7 Bankruptcy Procedure to January 21, 2026, and provides parties with more time to serve and respond
8 to written discovery. Following the January 21 deadline, the Modified Confirmation Schedule
9 contemplates a status conference on January 23, 2026, at which time the Plan Proponents, based on
10 objections filed (if any) to confirmation of the Plan, will inform the Court whether the Plan
11 Proponents seek to proceed with Track A (*contested evidentiary hearing*) or Track B (*uncontested*
12 *evidentiary hearing*).

13 By contrast, LeFever's proposed Confirmation Schedule seeks to unjustifiably delay
14 confirmation by *nearly three (3) months* to late April. LeFever's Objection fails to explain why
15 LeFever needs approximately *five (5) months* to prepare for a contested Confirmation Hearing –
16 especially in light of the fact that secured lenders who, unlike LeFever, have not had historical access
17 to the Debtors' books and records, have agreed to the Modified Confirmation Schedule.

18 LeFever's continued attempt to delay the progress of these Chapter 11 Cases to the detriment
19 of Investors should be denied. The Committee served discovery on LeFever on March 28, 2025.
20 LeFever did not complete his document production until late November – *nearly eight (8) months*
21 *later*. After delaying his document production, LeFever asserts he will need discovery from the
22 Debtors in connection with confirmation of the Plan. However, LeFever conveniently fails to
23 disclose that the Committee has repeatedly encouraged LeFever over the *past 3 months* to
24 commence discovery and issue document requests to the Plan Proponents to alleviate any perceived
25 compressed discovery schedule. Instead, LeFever has decided to sit on his hands and manufacture
26 a self-imposed "unreasonably abbreviated proposed schedule."

27 As the Court is aware, these Chapter 11 Cases are expensive and any unnecessary delay will
28 result in additional professional fees and, more importantly, delayed distributions to Investors –

1 many of whom face serious financial hardship. Thus, contrary to LeFever's assertion, a nearly
2 3-month delay will severely prejudice Investors and these estates. Accordingly, the Plan Proponents
3 urge the Court to overrule LeFever's Objection and enter an order approving the Modified
4 Confirmation Schedule.

5 WHEREFORE, the Plan Proponents respectfully request that the Court enter the Revised
6 Proposed Order, grant the Motion, approve the Second Amended Disclosure Statement, overrule
7 the Objections, and grant such other and further relief as may be just and appropriate

8 Dated: December 1, 2025

KELLER BENVENUTTI KIM LLP

9 By: /s/ Thomas B. Rupp

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19 By: /s/ Erin N. Brady

20 Richard L. Wynne
21 Erin N. Brady
22 Edward J. McNeilly

Counsel to KS Mattson Partners, LP

EXHIBIT A

Modified Confirmation Schedule

	Original Proposed Date	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Deadline to File Plan Supplement	December 10, 2025	December 19, 2025	December 19, 2025
Deadline to Serve Written Discovery	December 15, 2025	December 29, 2025	December 29, 2025
Deadline for parties to identify the topics on which they intend to submit expert reports (other than rebuttal expert reports)	December 15, 2025	December 29, 2025	December 29, 2025
Deadline for 3018 Motions of Non-Investor Claims	January 7, 2026	January 21, 2026	January 21, 2026
Voting Deadline	January 7, 2026	January 21, 2026	January 21, 2026
Deadline for Investors to Object to the Proposed Claim Amounts in Investors' Class 5 Ballots	January 7, 2026	January 21, 2026	January 21, 2026
Deadline to File Objections to Plan	January 7, 2026	January 21, 2026	January 21, 2026
Status Conference		January 23, 2026	January 23, 2026
Deadline to Serve Responses & Objections to Written Discovery	December 23, 2025	January 28, 2026	January 28, 2026
Deadline to Identify Expert Witnesses	January 7, 2026	January 28, 2026	--
Document Productions Substantially Completed	January 7, 2026	January 28, 2026	--
Expert Reports Due	January 9, 2026	January 30, 2026	--

	Original Proposed Date	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Deadline to Complete Depositions of Fact Witnesses (All fact and expert witnesses will have the option of being deposed either in person or by Zoom. If a witness chooses to be deposed in person, all parties may attend either in person or by Zoom, at their choosing)	January 14, 2026	January 30, 2026	--
Deadline for parties to identify expert witnesses who will submit rebuttal expert reports	January 14, 2026	January 30, 2026	--
Rebuttal Expert Reports Due	January 17, 2026	February 6, 2026	--
Deadline to Exchange <u>Fact</u> Deposition Designations and File Motions <i>in Limine</i> re <u>Fact</u> Witnesses	January 19, 2026	February 6, 2026	--
Deadline for Plan Proponents to File Objections to 3018 Motions for Non-Investor Claims	January 21, 2026	January 28, 2026	January 28, 2026
Deadline to Depose Expert Witnesses	January 27, 2026	February 9, 2026	--
Deadline for Plan Proponents to file: (1) Responses to Objections to Plan Confirmation (2) Voting Report (3) Confirmation Brief	January 28, 2026	February 11, 2026	January 30, 2026
Deadline for the Plan Proponents to file Responses to Investors' Objections to Proposed Claim Amounts for Solely for Voting Purposes	January 28, 2026	February 11, 2026	February 3, 2026

	Original Proposed Date	Track A Contested Evidentiary Confirmation Hearing	Track B Uncontested Evidentiary Confirmation Hearing
Deadline for Parties to File Responses in support of 3018 Motions for Non-Investor Claims	January 28, 2026	February 3, 2026	February 3, 2026
Deadline to Exchange <u>Expert</u> Deposition Designations and File Motions <i>in Limine</i> re <u>Expert</u> Witnesses	January 30, 2026	February 20, 2026	--
Deadline to Exchange Deposition Counter-Designations (Fact and Expert)	February 2, 2026	February 23, 2026	--
Deadline to Submit: (i) Joint Pretrial Order; (ii) Witness and Exhibit Lists; (iii) Oppositions to Motions in Limine; (iv) Objections to Deposition Counter-Designations	February 2, 2026	February 23, 2026	--
Final Pre-Trial Conference	February 2, 2026	February 26, 2026	--
(1) Confirmation Hearing on Plan (2) Hearing on Unresolved Investors' Objections to Proposed Claims Amounts for voting purposes, and Unresolved 3018 Motions for Non-Investor Claims	February 4, 2026	March 5, 2026 at 9:00 a.m. (Pacific Time)	February 5, 2026 at 9:00 a.m. (Pacific Time)

EXHIBIT B

**In re LeFever Mattson, *et al.*, Case No. 24-10545 (CN)
Summary of Objections and Responses¹**

¹ A capitalized term used but not defined herein shall have the meaning ascribed to it in the Second Amended Disclosure Statement, Second Amended Plan, or the Objections, as applicable.

1. Responses to the Objections of the Chase 1992 Family Trust [Docket No. 2777]

Chase Objection	Additional Disclosure / Response
The Disclosure Statement does not describe either the current cash balances or the value of the real estate assets.	<p>The following disclosures have been added to the Second Amended Disclosure Statement:</p> <p>“As of October 31, 2025, the LFM Debtors had approximately \$29,494,323.00 of cash on hand in the aggregate and the fair market value of their remaining real estate was approximately \$230,684,500.00 in the aggregate.”</p> <p>Second Amended Disclosure Statement, § II.A.1</p> <p>“As of October 31, 2025, KSMP had approximately \$747,638.00 of cash on hand in the aggregate and the fair market value of its remaining real estate was approximately \$76,477,000.00 in the aggregate.”</p> <p>Second Amended Disclosure Statement, § II.A.2.</p>
The Disclosure Statement fails to disclose the “netted” amounts of the claims of the creditor victims.	<p>The following disclosure has been added to Section IV.A.2 of the Second Amended Disclosure Statement:</p> <p>“As of the date hereof, the Plan Proponents estimate that Investors, in the aggregate, have invested \$347,589,811.00 of money or value of property in the Debtors or the KSMP Investment Entities and received \$97,046,952.00 of distributions over the seven years prior to the Petition Date. Accordingly, the Plan Proponents estimate a total of \$234,019,730.00 Investor Tranche 1 Claims and a total of \$97,046,952.00 of Investor Tranche 2 Claims.”</p>
There are several issues with the liquidation analysis: (i) there are blanks in the liquidation analysis, (ii) the liquidation analysis assumes a book value of assets as of August 31, 2025 and does not use the actual appraised values or broker opinions of value, and (iii) the assertion that establishing a Ponzi finding will cost \$10-\$15 million more in a chapter 7 case than a chapter 11 case is unsupported.	<p>The Plan Proponents have reformatted the Liquidation and Recovery Analysis so that the blanks are not misconstrued as missing information.</p> <p>The Plan Proponents have clarified that the values of unsold retained properties in the Liquidation and Recovery Analysis are derived from either the latest available broker opinions of value or actual offers received.</p> <p>In note 7 of the Liquidation and Recovery Analysis, the Plan Proponents have explained the basis of the estimation that establishing a Ponzi finding in chapter 7 will cost approximately \$10 million to \$15 million more than in chapter 11.</p>

1. <u>Responses to the Objections of the Chase 1992 Family Trust [Docket No. 2777]</u>	
Chase Objection	Additional Disclosure / Response
The Disclosure Statement does not contain a disclosure of the amount of professional fees to be incurred after the date of the disclosure statement.	The following disclosure has been added to Section V.B of the Second Amended Disclosure Statement: “The fees of Professionals incurred through October 31, 2025 total approximately \$28 million, and the projected fees of Professionals from November 1, 2025 through the Effective Date of the Plan are estimated to total \$18,250,000.00.”
The Disclosure Statement does not disclose the amount of professional fees already incurred in this case to date.	The following disclosure has been added to Section V.B of the Second Amended Disclosure Statement: “The fees of Professionals incurred through October 31, 2025 total approximately \$28 million, and the projected fees of Professionals from November 1, 2025 through the Effective Date of the Plan are estimated to total \$18,250,000.00.”
The Disclosure Statement does not identify which investors will be sued on avoidance litigation following confirmation.	The following disclosure has been added to Section IV.A.2 of the Second Amended Disclosure Statement: “The Plan Proponents estimate that there will be approximately fifteen Investors whose Investor Tranche 1 Claim will be equal to or less than \$0 and may be subject to avoidance litigation.” Moreover, the Plan Proponents, through the Investor Claim Settlement Procedures, seek authority to send each Investor a Settlement Offer Letter detailing the proposed allowed amount of their Tranche 1 Claim and Tranche 2 Claim. Through the Revised Proposed Order, the Plan Proponents seek authority to each Investor’s Settlement Offer Letter in such Investor’s Solicitation Package.
The Disclosure Statement does not discuss the projected value that can be obtained from avoidable transfers (particularly from the secured lenders).	The revised Liquidation and Recovery Analysis differentiates between the projected value of potential voidable transfers from secured lenders and from other third parties.

2. <u>Responses to the Joinder of the Tillman Opposing Investors [Docket No. 2817]</u>	
Tillman Opposing Investors Objection	Additional Disclosure / Response
The Tillman Opposing Investors joined the Objection of Chase.	<p>Before the deadline to file a response to the Disclosure Statement, the Plan Proponents agreed to add a disclosure at the request of the Tillman Opposing Investors. <i>See</i> Second Amended Disclosure Statement, § IV.A.3.</p> <p>Regarding the Tillman Opposing Investors' joinder, for the same reasons as stated above with respect to the Chase's Objection, any remaining objections by the Tillman Opposing Investors should be overruled.</p>

3. <u>Responses to the Objections of Nationstar and JPMorgan [Docket Nos. 2814 and 2815]</u>	
Nationstar and JPMorgan Objection	Additional Disclosure / Response
The Disclosure Statement does not adequately disclose in which class or subclass a secured creditor's claim falls.	To remedy this issue, the Plan Proponents have collapsed former Class 3 (Sold Property Secured Lender Claims), Class 4 (Retained Property Secured Lender Claims), and Class 5 (Settled Secured Lender Claims) into one class of secured lender claims. All Secured Lender Claims now fall within Class 3 (Secured Lender Claims), and each Allowed Secured Lender Claim shall be deemed to be in its own subclass as identified on Exhibit E, attached to the Second Amended Disclosure Statement.

3. <u>Responses to the Objections of Nationstar and JPMorgan [Docket Nos. 2814 and 2815]</u>	
Nationstar and JPMorgan Objection	Additional Disclosure / Response
The Disclosure Statement does not provide updated values for the real property assets that are expected to be sold on or before the Effective Date or retained under the Plan.	<p>The following disclosures have been added to the Second Amended Disclosure Statement:</p> <p>“As of October 31, 2025, the LFM Debtors had approximately \$29,494,323.00 of cash on hand in the aggregate and the fair market value of their remaining real estate was approximately \$230,684,500.00 in the aggregate.”</p> <p>Second Amended Disclosure Statement, § II.A.1</p> <p>“As of October 31, 2025, KSMP had approximately \$747,638.00 of cash on hand in the aggregate and the fair market value of its remaining real estate was approximately \$76,477,000.00 in the aggregate.”</p> <p>Second Amended Disclosure Statement, § II.A.2.</p> <p>Additionally, the Liquidation and Recovery Analysis provides the values of unsold retained properties, which are derived from either the latest available broker opinions of value or actual offers received.</p>
The Disclosure Statement does not state the asserted Allowed Amount as to any Secured Claim, or explanation as to how an asserted Allowed Amount is calculated for the Plan purposes.	<u>Exhibit E</u> to the Second Amended Disclosure Statement is a Schedule of Secured Lender Claims, listing the subclasses and applicable voting amounts of the Secured Lenders. The allowance of a claim will be determined in accordance with the Bankruptcy Code and Federal Rules of Bankruptcy Procedure.

3. Responses to the Objections of Nationstar and JPMorgan [Docket Nos. 2814 and 2815]

Nationstar and JPMorgan Objection	Additional Disclosure / Response
<p>The treatment of Class 4 (Retained Claims) is unclear as it does not adequately address whether the claims will be de-escrowed or impounded for property taxes and insurance.</p>	<p>The Second Amended Plan and Second Amended Disclosure Statement now provide for one class of Secured Lender claims (Class 3). Claims that fall within Class 3 will receive one of the following treatments:</p> <p>(i) <i>Escrowed Sale Proceeds</i>: If the Real Property securing the applicable Class 3 Claim has been sold pursuant to an order of the Bankruptcy Court prior to the Effective Date, the Holder of a Class 3 Claim shall receive Cash in an amount equal to such Allowed Class 3 Claim on the Effective Date or as soon as reasonably practicable thereafter. The purpose of this subsection is to address any sale proceeds of sold Real Property that have been escrowed prior to the Effective Date.</p> <p>(ii) <i>Retained Real Properties</i>: If the Real Property securing the applicable Class 3 Claim is Retained Real Property, the Holder of the Class 3 Claim shall receive Cash in an amount equal to such Allowed Secured Lender Claim from the proceeds of the sale of the applicable Retained Real Property as soon as reasonably practicable, but no later than thirty (30) days after the later to occur of (A) the closing of the sale of the Retained Real Property and (B) the date such Claim becomes an Allowed Secured Lender Claim; <i>provided that</i> pending and prior to such sale, the Holder will retain its lien in the applicable Retained Real Property after the Effective Date, but after the sale, the Holder will have a lien in only the net sale proceeds with the same validity and priority as it had in the Retained Real Property as of the Petition Date.</p> <p>(iii) <i>Settling Secured Lenders</i>: If the Holder of a Class 3 Claim has entered into a Secured Lender Settlement Agreement prior to the Effective Date, the Holder of the Class 3 Claim shall receive, subject to the terms of this Plan and the applicable Secured Lender Settlement Agreement, the treatment expressly provided for in the Secured Lender Settlement Agreement. To the extent of any inconsistency or conflict between the terms of this Plan and the applicable Secured Lender Settlement Agreement, the Secured Lender Settlement Agreement shall control.</p>
<p>Section 5.6 of the Plan is overbroad.</p>	<p>This objection does not relate to the adequacy of the Disclosure Statement but instead goes to the substance of a provision of the Plan.</p>

4. Responses to the Objections of Timothy J. LeFever [Docket No. 2818]

Timothy J. LeFever Objection	Additional Disclosure / Response
Mr. LeFever contests the proposed schedule for confirmation.	<p>The Plan Proponents, after negotiations with a group of approximately six (6) secured lenders, propose a Modified Confirmation Schedule. The Modified Confirmation Schedule contemplates two tracks: (1) Track A that provides for a contested evidentiary confirmation hearing on March 5, 2026, and (2) Track B that provides for an uncontested evidentiary confirmation hearing on February 5, 2026.</p> <p>The Plan Proponents urge the Court to adopt the Modified Confirmation Schedule.</p>

5. Responses to the Objections of KeyBank [Docket No. 2819]

KeyBank Objection	Additional Disclosure / Response
The Disclosure Statement should clarify how claw-back actions are defined and whether they come within the definition of Contributed Claims.	The definitions of Contributed Claims and Avoidance Actions in the Plan address this objection. Clawback actions (as described in KeyBank's Objection) plainly fall within the definition of Avoidance Actions. <i>See</i> Second Amended Plan, Ex. 1 §§ 6 and 31.
The Disclosure Statement and Plan fail to address how the Plan will deal with secured lenders' section 502(h) claims.	At this time, no secured creditors have been sued and the estates have not recovered any property that would give rise to a section 502(h) claim. If there is litigation that results in a section 502(h) claim, then the priority of this claim can be addressed at that time, and the Court can determine whether such claim is a secured lender claim (<i>see</i> Class 3), a non-investor general unsecured claim (<i>see</i> Class 4), an investor claim (<i>see</i> Class 5), or an equitably subordinated claim (<i>see</i> Class 7).
The Disclosure Statement does not address how the Plan will deal with attorneys' fees should the secured lenders successfully defend a claw-back action.	At this time, no secured creditors have been sued. If there is litigation that results in an award of attorney's fees, then the priority of this claim can be addressed at that time, and the Court can determine whether such claim is a secured lender claim (<i>see</i> Class 3), a non-investor general unsecured claim (<i>see</i> Class 4), an investor claim (<i>see</i> Class 5), or an equitably subordinated claim (<i>see</i> Class 7).

5. <u>Responses to the Objections of KeyBank [Docket No. 2819]</u>	
KeyBank Objection	Additional Disclosure / Response
The Plan appears to disallow any claims for fees from and after the Petition Date. The secured lenders should have an opportunity to respond to this disallowance.	This objection is a plan objection that should be addressed at confirmation because it is an objection to the substance of a term of the Plan. Creditors will have an opportunity to respond to this provision of the Plan if and when a Secured Lender files an objection to confirmation of the Plan.
To comply with section 510(b), the Plan must provide that distributions from the Plan Recovery Trust to Investors on account of their claims be subordinated to claims of all other creditors—including the Secured Lenders' section 502(h) claims and/or fee-claims.	At this time, no secured creditors have been sued, and the estates have not recovered any property that would give rise to a section 502(h) claim. If there is litigation that results in a section 502(h) claim, then the priority of this claim can be addressed at that time, and the Court can determine whether such claim is a secured lender claim (<i>see</i> Class 3), a non-investor general unsecured claim (<i>see</i> Class 4), an investor claim (<i>see</i> Class 5), or an equitably subordinated claim (<i>see</i> Class 7).
The Disclosure Statement does not address whether substantively consolidating the Debtors' estates allows the Plan Recovery Trustee to use a creditor of one Debtor as the "triggering creditor" of other Debtors for the purpose of claw-back litigation under section 544(b).	This is not a disclosure issue – it is a legal determination that the Court will make in connection with consideration of substantive consolidation under the plan and in connection with the pending motions.

6. <u>Responses to the Objections of Fannie Mae and Freddie Mac [Docket Nos. 2821 and 2823]</u>	
Fannie Mae and Freddie Mac Objections	Additional Disclosure / Response
N/A	<p>The Plan Proponents and counsel for secured lenders Fannie Mae and Freddie Mac are engaged discussions to consensually resolve Fannie Mae and Freddie Mac's objections to the disclosure statement along with Fannie Mae's and Freddie Mac's claims against the Debtors and their objections to confirmation of the Plan.</p> <p>The Plan Proponents intend to provide the Court an update at the hearing on December 3. In the meantime, the Plan Proponents have agreed to add language to Section 5.7 of the Plan clarifying that substantive consolidation does not affect any third party's defenses, counterclaims, or other rights.</p>

7. <u>Responses to the Conditional Non-Opposition of Monley Hamlin [Docket No. 2813] - Resolved</u>	
Monley Hamlin Conditional Non-Opposition	Additional Disclosure / Response
Monley Hamlin requests confirmation that its secured claims are in “Class 2: Other Secured Claims” and that such Class 2 Claims are unimpaired under the Plan.	The Plan Proponents represent that Monley Hamlin’s secured claims are classified in Class 2 and that such Class 2 Claims are unimpaired. Accordingly, the concerns of Monley Hamlin are resolved.