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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re: Pacific Capital Funding Group Inc., Debtor.	Case No. 26-30538 Chapter 11
In re: Pacific Capital Funding Group Inc. Pacific Private Money Group LLC Private Money Management Group LLC Pacific Mortgage Capital, LLC Pacific Note Fund Management Group LLC Pacific Private Money, Inc. Pacific Private Money Partners LLC Arrival Home Loans LLC Pacific Private Money Fund 1 LLC Pacific Southwest Note Fund LLC Pacific Freedom Fund LLC Pacific Opportunity Fund LLC Arrival Fund I, LLC	Jointly Administered with: Case No. 26-30538 (WJL) Case No. 26-30535 (WJL) Case No. 26-30544 (WJL) Case No. 26-30539 (WJL) Case No. 26-30540 (WJL) Case No. 26-30533 (WJL) Case No. 26-30536 (WJL) Case No. 26-30543 (WJL) Case No. 26-30534 (WJL) Case No. 26-30541 (WJL) Case No. 26-30532 (WJL) Case No. 26-30537 (WJL) Case No. 26-30542 (WJL)
Affects: ☐ Pacific Capital Funding Group Inc. ☐ Pacific Private Money Group LLC ☐ Private Money Management Group LLC ☐ Pacific Mortgage Capital, LLC ☐ Pacific Note Fund Management Group LLC ☐ Pacific Private Money, Inc.	**MOTION OF DEBTORS FOR ORDER (I) AUTHORIZING POST-PETITION INTERDEBTOR LENDING PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE; (II) GRANTING ADMINISTRATIVE EXPENSE CLAIMS; AND (III) GRANTING RELATED RELIEF** Date: Time: Location: Courtroom 220 Judge: Hon. William J. Lafferty

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☐ Pacific Private Money Partners LLC ☐ Arrival Home Loans LLC ☐ Pacific Private Money Fund 1 LLC ☐ Pacific Southwest Note Fund LLC ☐ Pacific Freedom Fund LLC ☐ Pacific Opportunity Fund LLC ☐ Arrival Fund I, LLC ☒ All Debtors	

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Pacific Capital Funding Group, Inc., Pacific Private Money, Inc., Private Money Management Group LLC, Pacific Mortgage Capital LLC, Pacific Southwest Note Fund LLC, Pacific Private Money Partners LLC, Pacific Private Money Group LLC, Pacific Private Money Fund LLC, Pacific Opportunity Fund LLC, Pacific Note Fund Management Group LLC, Pacific Freedom Fund LLC, Arrival Home Loans, LLC, and Arrival Fund I, LLC, the debtors and debtors-in-possession (each a "Debtor", and collectively the "**Debtors**"), hereby move (the "**Motion**") this Court pursuant to sections 105, 363, 364, 503, and 507 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), Rules 2002-1 and 4001-1 of the Bankruptcy Local Rules for the Northern District of California (the "**Bankruptcy Local Rules**"), and this Court's *Guidelines for Cash Collateral and Financing Motions and Stipulations* (the "**Guidelines**"), for entry of an order authorizing the Debtors to obtain post-petition financing from the Debtor's affiliates and/or subsidiaries, including approximately $200,000 immediately to avoid irreparable harm to the Debtors' estates.(the "**Interdebtor Lending**"). A proposed order granting the relief requested is attached hereto as **Exhibit A** (the "**Proposed Order**").

In support of the relief requested herein, the Debtors submit the Declaration of William R. Brinkman in Support of Motion of Debtors for Order (I) Authorizing Post-Petition Interdebtor Lending Pursuant to Section 364 of the Bankruptcy Code; (II) Granting Administrative Expense Claims; and (III) Granting Related Relief (the "**Brinkman Declaration**"), filed contemporaneously herewith.

CONCISE STATEMENT OF RELIEF REQUESTED

By this Motion, the Debtors request entry of an order granting the Debtors authority to enter into post-petition interdebtor lending for working capital and general corporate purposes during the Chapter 11 Cases.

The proposed order seeks, among other things, the following relief:

(1) **Authorizing New Interdebtor Lending** – The Debtors seeks authority for the Debtors to obtain new post-petition financing (the "**Interdebtor Lending**") pursuant to new borrowing from Debtors (the Debtors advancing funds shall be referred to as the "**Lending Debtors**") in an initial amount of $200,000, and a maximum aggregate amount of up to $4,000,000, subject to funds being reborrowed, on the following terms and conditions:

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(a) Interest Rates: _5% per annum on amounts drawn, payable in kind (PIK). All accrued interest shall be due and payable at maturity or upon early repayment.

(b) Fees and Expenses: None.

(c) Liens and Superpriority Claims: None. The amounts due under the Interdebtor Lending shall be administrative expense claims.

(d) Term: Twelve months, subject to extension by agreement of Pacific Capital Funding Group, Inc. ("**PCFG**") and the respective Lending Debtor.

(e) Events of Default: Failure to repay principal and interest when due. Default interest at an additional 2% per annum.

(2) **Waiver of Stay** – Waiving any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of the Proposed Order and providing for the immediate effectiveness of the Proposed Order.

REQUIRED DISCLOSURES

As required by Section C of the Guidelines, the Debtors provide the following statement regarding the proposed financing.

Disclosure Item	Detail	Reference
1. Granting of lien or priority	Administrative expense claim under section 364(b).	Proposed Order
2. Adequate protection	No adequate protection is being provided on account of any pre-petition collateral.	N/A
3. A determination with respect to the validity, perfection, priority or amount of a pre-petition claim, or any lien securing such claim	No pre-petition claims or liens will be affected by the Interdebtor Lending.	N/A
4. Waiver or modification of the automatic stay	N/A	N/A
5. Waiver of plan and credit rights	N/A	N/A
6. Waiver of applicable nonbankruptcy law on perfection of or enforcement of lien	N/A	N/A
7. Release, waiver, or limitation of any claim or cause of action belonging to the estate	N/A	N/A
8. Indemnification of any entity	N/A	N/A

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Disclosure Item	Detail	Reference
9. Release, waiver, or limitation of any right under section 506(c)	N/A	N/A
10. Granting of a liens on avoidance and related claims and causes of action	N/A	N/A
11. "Carve-outs" for professional fees and expenses	N/A	N/A

CERTIFICATION

The undersigned counsel for the Debtors has read the Motion; to the best of my knowledge, information, and belief, formed after reasonable inquiry, the terms of the relief sought in the Motion are in conformity with the Court's *Guidelines for Cash Collateral and Financing Motions and Stipulations*, except as set forth herein. I understand and have advised the Debtors that the Court may grant appropriate relief under Bankruptcy Rule 9024 if the Court determines that a material element of the Motion was not adequately disclosed in the Introductory Statement.

DATED: August 19, 2026

JEFFER MANGELS & MITCHELL LLP
BENNETT G. YOUNG
CHRISTOPHER K. WHANG
MELODY MOHAMMADI

By: */s/ Bennett G. Young*
BENNETT G. YOUNG
Attorneys for Debtors and Debtors-in-Possession

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

A critical issue in these Chapter 11 cases is funding the ongoing administrative expenses. A chapter 11 case must be funded. The Debtors have expenses that must be paid. These include the CRO's fees for overseeing the administration of the Debtors' estates, the costs of the staff assisting the CRO, taxes, insurance premiums, US Trustee fees, and the other ordinary and usual expenses of administering a chapter 11 estate. The expenses include the fees of the accountants preparing K-1's so that investors can prepare their tax returns timely; the Committee has made clear to the Debtors that timely K-1's are crucial. The Debtors and the Committee also have professional fees for their counsel and financial advisors.

However, the Debtors' assets are scattered among the estates. The assets are primarily held by the "fundcos". Some of the Debtors have cash, while others do not. Some of the Debtors have assets, which are largely illiquid, while others do not. The creditor and investor pools also vary across the Debtors.

The Debtors' proposal for funding their chapter 11 cases was to obtain a debtor in possession loan. *See* Dkt. No. 46. The proposed DIP loan is expensive, with an interest rate of 14% and upfront points of 5% plus additional costs and fees. The proposed DIP loan was designed to enable the Debtors to move quickly towards plan confirmation with funding secure and not subject to potential skirmishes among creditor groups. Several parties objected to the proposed DIP loan on the ground, among others, of the potential substantive consolidation of the Debtors. *See* Dkt. Nos. 58, 59.

The Debtors have engaged in extensive discussions with the Committee and its professionals regarding the funding of the Chapter 11 Cases. Importantly, the Committee includes representatives from all of the fundcos, which are the Debtors that hold the assets. Through these discussions, the Debtor and the Committee have agreed upon an alternative approach for funding the ongoing administrative expenses of the Chapter 11 Cases.

The proposal is to engage in interdebtor lending. The Debtors with cash will advance the administrative expenses on behalf of all Debtors and will be repaid on an administrative basis with a moderate interest return as assets are sold. The advances will be made pro rata by the Debtors

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based on each Debtor's cash on hand as of the Petition Date, and will be repaid from asset sales on the same pro rata basis. This enables the funding of the administrative expenses of the Chapter 11 Cases and saves the high costs of the proposed DIP loan. Importantly, funding the Chapter 11 Cases in this way postpones any decision regarding substantive consolidation until later in the case when more facts are likely to be known.

There is a grave risk that the Chapter 11 cases will collapse without a source of cash to fund the administration of the chapter 11 estates. The alternatives to chapter 11 are in the Debtors' view not attractive. The obvious alternative is conversion to chapter 7. Due to the intercompany claims among the Debtors, conversion likely will result in the appointment of multiple chapter 7 trustees, possibly as many as 13 separate trustees. This will lead to a multiplicity of actions, vastly increased administrative expenses, and potential litigation between the Debtors, all of which the Debtors believe will materially impact recoveries to creditors. The ability to conduct a global forensic investigation will almost certainly be impaired.

II. JURISDICTION AND VENUE

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

III. BACKGROUND

A. General Background

The Debtors were engaged in the business of originating and servicing "hard money" mortgage loans. The Debtors raised capital from private investors and lent those funds to developers and other parties with those loans secured by liens against real estate.

The Debtors operated through an "opco/fundco" structure, with Pacific Private Money, Inc. ("**PPMI**") serving as the licensed operating entity that originated and serviced mortgage loans. The Debtors raised capital through a series of open-ended investment funds, with approximately 400 individual investors holding roughly 475 accounts, and total invested capital of approximately $140 million. PPMI originated mortgage loans using capital from the fundcos, private individual "Trustee

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Investors," and debt facilities.

A significant portion of the fundcos' loan portfolios became non-performing due to defaults by several major borrowers, including approximately $10 million in loans to a borrower who died leaving undeveloped land or partially completed construction as collateral, over $20 million in non-performing loans and accrued interest from another borrower, and approximately $12 million from a third borrower. The portfolio of available loans to foreclose on dwindled over time, and a number of remaining loans became under-secured or unsecured because the underlying property was lost to senior lienholders. Compounding these issues, a sharp rise in market interest rates caused the secondary market for the Debtors' mortgage loans to contract, eliminating a key source of liquidity.

By 2023, redemption requests across the Funds exceeded available cash, and in 2025, the Debtors' cash position became extremely stressed, leading to staff reductions, salary cuts, and elimination of discretionary expenses. In late 2025, the Debtors ceased making distributions and redemptions, and engaged Chief Restructuring Officer William Brinkman to evaluate strategic alternatives, which ultimately led to Chapter 11.

The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 Cases. Additional background information on the Chapter 11 Cases is presented in the *Declaration of William R. Brinkman in Support of Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"). Dkt. No. 9.

The United States Trustee appointed an official committee of unsecured creditors (the "**Committee**") in the Chapter 11 Cases on July 8, 2026. Dkt. No. 39. The Committee's membership consists of a cross section of investors in the Funds. Importantly, each of the proposed Lending Debtors is represented on the Committee. The Committee has retained counsel and a financial advisor.

B. The Debtors' Need for Funding

The Debtors believe that liquidation of their assets through a chapter 11 process is in the best interests of creditors and investors. The Debtors submit that greater value will be realized by an orderly monetization of their assets in chapter 11 rather than through the available alternatives.

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Chapter 11 is designed for this purpose and contains robust mechanisms to maximize value. Furthermore, the liquidation of the Debtors' assets can be managed globally across all of the estates, with the possibility of realizing greater value for the whole rather than individual parts.

Chapter 11 also provides creditors an important role. This is vital in these Chapter 11 Cases in light of the widespread allegations of questionable behavior by prior management of the Debtors. In chapter 11, the investors have the ability to participate meaningfully and provide input into the process. This important consideration would be lost outside of chapter 11. The Committee, with funding by the estate, gives investors a stake and a voice that they otherwise would not have and affords a mechanism for addressing issues that affect individual Debtors differently. Additionally, the Committee, in cooperation with the Debtors, can conduct a forensic investigation of the Debtors' affairs and identify potential claims that might increase creditor recoveries.

The alternative is conversion of these cases to chapter 7. The Debtors believe that conversion is not in investors' best interests for several reasons. The intercompany claims among the Debtors would result in the appointment of multiple chapter 7 trustees, possibly as many as 13. This would multiply administrative expenses and potentially lead to litigation among the different estates. Investors would likely have a much diminished role in a chapter 7 case. Finally, the Debtor submits that liquidation of the Debtors' assets through multiple chapter 7 case likely would not maximize value. The assets are scattered among the Debtors, which would lead to a piecemeal sales by the various estates rather than an orderly, global process.

The Debtors require funding to defray the administrative expenses of these Chapter 11 Cases. Attached to the Brinkman Declaration as Exhibit 1 is the Debtors' 13 week budget related to these Chapter 11 Cases (Exhibit 1 and any subsequent 13 week budget, the "**Budget**"). The Budget includes professional fees for the Debtors' professionals, including the tax accountants preparing the investors' K-1's (which is critical to the Committee), the CRO, and the Committee's professionals, including counsel and the Committee's financial advisors. The Budget also includes amounts for other administrative expenses, such as compensation for the staff assisting the CRO, tax payments, insurance, US Trustee fees, and other ordinary course expenses. These expenses must be paid in order for these Chapter 11 cases to proceed and without ongoing funding, these cases are at the risk

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of collapse.

C. The Proposed DIP Financing

On July 10, 2026 the Debtors filed their Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 362, 363, 364, 503 and 507, and Fed. R. Bankr. P. 2002, 4001, 6003, 6004 and 9014 for Order (i) Authorizing the Debtor to Obtain Senior Secured, Superpriority, Postpetition Financing, (ii) Granting Liens and Superpriority Claims, (iii) Modifying Automatic Stay, and (iv) Granting Related Relief (the "**DIP Motion**"). Dkt. No. 46. The DIP Motion is currently set for hearing on August 26, 2026. Multiple parties have either objected to the DIP Motion or advised Debtors' counsel that they intend to object. (*See* Dkt. Nos. 58, 59).

The DIP Motion seeks Court authorization for the Debtors to obtain a $3 million secured, superpriority postpetition loan (the "**DIP Loan**"). The DIP Loan would be secured by substantially all of the assets of the Debtors, except for cash held by Arrival, and would be entitled to superpriority administrative treatment. The loan would be subject to a five percent (5%) facility fee, as well as certain other fees, and would accrue interest at the rate of 14% per year. The purpose of the DIP Loan is to fund the administrative expenses of these chapter 11 cases. *See generally* DIP Motion.

D. The Debtors Cash on Hand

As of the Petition Date, the Debtors had the following cash on hand:

	Cash
Entity Name	**Balance 6/16/26**
Pacific Capital Funding Group, Inc.	$13
Pacific Private Money Group LLC	$19
Private Money Management Group LLC	$312
Pacific Private Money Fund I LLC	$599,724
Pacific Note Fund Management Group LLC	$4,302
Pacific Southwest Note Fund LLC	$484,929

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Pacific Mortgage Capital LLC	$18,367
Pacific Private Money Inc	$13,590
Pacific Freedom Fund LLC	$65,141
Pacific Private Money Partners LLC	$17
Pacific Opportunity Fund LLC	$57,601
Arrival Home Loans LLC	$62
Arrival Fund I LLC	$3,129,822
Total	$4,373,898

E. Sale of Assets

The Debtors have begun the process to liquidate their assets. As of the Petition Date, the Debtors' principal assets consist of: (a) a portfolio of approximately 45 mortgage and note assets held by the Funds ("**Notes**"); (b) approximately ten real estate-owned ("**REO**") properties acquired through foreclosure (collectively, with the Notes, the "**Properties**"); (c) cash; (d) intercompany receivables; and (e) certain equity interests in affiliated and non-Debtor entities.

To facilitate the sales of the Properties, the Debtors have filed a motion to establish sales procedures (the "**Sale Procedures**"). *See* Dkt. No. 84. The Debtors believe that implementation of the Sale Procedures will save the estates significant administrative costs and allow for more speed and certainty in closing transactions.

F. The Plan Process

Counsel for the Debtors and the Committee are meeting regularly to negotiate the potential terms of a chapter 11 plan (or multiple plans) for these Chapter 11 Cases. Any plan is expected to provide for the continued sale of Properties, prosecution of estate claims against third parties, and distribution of proceeds to creditors and investors. Recognizing their stakeholders' urgent interest in clarity, the Debtors and Committee are working as quickly as possible to complete their confidential negotiations so that a joint term sheet may be shared broadly. In addition, the Committee has commenced a forensic investigation into the Debtors' prepetition activities and the Debtor are cooperating with and assisting that investigation.

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G. The Lending Debtors

Earlier in these Chapter 11 Cases, the Debtors had considered but ultimately avoided any substantial interdebtor borrowing outside of the ordinary course of business. Although inter-entity loans had been common among the Debtors prior to the commencement of these Chapter 11 Cases, unauthorized inter-entity transactions had been a factor leading to the problems that necessitated the filing of the Chapter 11 Cases. Early in the Chapter 11 Cases, the Debtors therefore elected to pursue DIP financing from an external lender, until more progress could be made on the sale process for the Properties and the Debtors' and Committee's forensic investigations.

The Debtors are now choosing the Interdebtor Lending because the loan terms are far more favorable than the proposed DIP Loan. Based on their negotiations with other potential lenders, the Debtors believe that the terms of such unsecured financing for a case like this would be impossible to find outside of the Interdebtor Lending. Furthermore, the proposed Interdebtor Lending is relatively limited, and the expected proceeds from upcoming sales of the Properties will be sufficient to repay the Interdebtor Lending if the estates are not consolidated. Finally, the Lending Debtors will be protected by the terms of the Proposed Order establishing their rights to administrative expense claims for repayment.

The Interdebtor Loans will be funded pro rata by the Lending Debtors based on their cash balances as of the Petition Date. The funds will be used by all Debtors to pay administrative expenses as provided in the Budget. The Interdebtor Loans will be repaid through sales of assets, with payments applied pro rata based on each Debtors' estimated asset values as of the Petition Date.

IV. BASIS FOR RELIEF REQUESTED

A. The Court Should Approve the Interdebtor Lending and Authorize the Interdebtor Promissory Notes.

The Debtors request authorization under section 364(b) of the Bankruptcy Code to allow the Debtors to engage in the Interdebtor Lending and grant the Lending Debtors administrative claims.

1. The Interdebtor Lending Reflects the Debtors' Sound Business Judgment.

In evaluating proposed DIP financing under Section 364, courts generally defer to the

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business judgment of the debtor. *See In re Republic Airways Holdings Inc.*, No. 16-10429 (SHL), 2016 WL 2616717, at *10-11 (Bankr. S.D.N.Y. May 3, 2016); *In re Ames Dep't Stores*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990). Courts presume that debtors make financing decisions "on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the company." *In re Los Angeles Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011); *see also In re Simasko Prod. Co.*, 47 B.R. 444, 449 (D. Colo. 1985) ("The discretion to act with regard to business planning activities is at the heart of the debtor's power."). Courts will not "second-guess a business decision, so long as corporate management exercised a minimum level of care in arriving of the decision." *In re Los Angeles Dodgers LLC*, 457 B.R. at 313; *see also In re Simasko Prod. Co.*, 47 B.R. at 449 ("business judgments should be left to the board room and not to this Court").

Here, the evidence demonstrates that immediate access to capital is essential to the maintenance of the Debtors' assets, that the terms of the Interdebtor Lending are fair and reasonable, and that the Interdebtor Lending was negotiated in good faith.

2. The Interdebtor Lending Is Necessary and Appropriate for the Continued Operation of the Debtors' Businesses and Preservation of Their Estates and Is in Their Best Interests.

Here, the need for financing is evident. As indicated in the Budget, the Debtors need liquidity to pay professional fees and other administrative expenses, including paying accountants to prepare investor K-1's on a timely basis. As set forth above and in the Brinkman Declaration, without access to capital to meet these expenses, the Debtors' chapter 11 cases and the potential recoveries of investors will be materially impacted.

The only other funding alternative for the Debtors would be to sell Properties on an emergency basis. This "fire sale" approach would not only reduce the value of the assets being sold, but it could potentially taint the sales process for the remaining Properties by signaling to the potential market for the Properties that the Debtors need to liquidate assets quickly and will accept lower prices than they would if they had additional time to market them.

3. The Terms of the Interdebtor Lending Are Fair, Reasonable and Adequate, and Debtors Could Not Obtain Credit Available on More Favorable Terms.

A debtor is not required to seek alternative financing from every possible lender before it

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may grant administrative expense claims or incur secured debt. *See In re Snowshoe Co.*, 789 F.2d 1085, 1088 (4th Cir. 1986) (more favorable credit unavailable where debtor contacted lenders in the "immediate geographic area" and they would not extend unsecured credit); *see also In re Reading Tube Indus.*, 72 B.R. 329, 332 (Bankr. E.D. Pa. 1987). Rather, the debtor need only demonstrate that it made a "reasonable effort" to obtain unsecured credit from other lenders. *In re Ames Dep't Stores*, 115 B.R. at 40 (Bankr. S.D.N.Y. 1990) (citing cases); *In re Capitol Station 65, LLC*, No. 17-23627-B-11, 2018 WL 333863, at *12 (Bankr. E.D. Cal. Jan. 8, 2018).

The Debtors engaged in a competitive and thorough marketing process to obtain the most favorable post-petition financing available. As more fully described above and in the Brinkman Declaration, based on an evaluation of all reasonably available options, the Interdebtor Lending represents by far the best financing available to the Debtors. For the foregoing reasons, the Debtors submit that the terms of the Interdebtor Lending are fair, reasonable, and adequate, and that the Interdebtor Lending represents the best financing available to the Debtors under the circumstances.

4. The Lending Debtors Are Good Faith Lenders Under Section 364(e).

Section 364(e) of the Bankruptcy Code protects a good faith lender's right to collect on loans extended to a debtor and its right in any lien securing those loans, even if the authority of the debtor to obtain such loans or grant such liens is later reversed or modified on appeal. Section 364(e) provides that:

> The reversal or modification on appeal of an authorization under this section [364 of the Bankruptcy Code] to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

11 U.S.C. § 364(e).

As explained in detail herein and in the Brinkman Declaration, the Interdebtor Lending is the result of the Debtors' reasonable and informed determination that the Lending Debtors could offer more favorable terms than any other external lender pursuant to which the Debtors could obtain post-petition financing. The terms and conditions of the Interdebtor Lending are fair and reasonable,

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and the proceeds of the Interdebtor Lending will be used only for purposes that are permissible under the Bankruptcy Code. Further, no consideration is being provided to any party to the Interdebtor Lending other than as described herein. Accordingly, the Court should find that the Lending Debtors are "good faith" lenders within the meaning of section 364(e) of the Bankruptcy Code and are entitled to all of the protections afforded by that section.

V. RESERVATION OF RIGHTS

Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

VI. REQUEST FOR IMMEDIATE RELIEF AND WAIVER OF STAY

The Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the relief requested herein pursuant to Bankruptcy Rule 6004(h). Because the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors, cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and stay apply.

Notice of this Motion will be provided to (i) the United States Trustee; (ii) the Committee; (iii) the SEC, (iv) the California Department of Financial Protection and Innovation, and (v) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. No previous request for the relief sought herein has been made by the Debtors to this or any other court. Based on the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially

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in the form attached hereto as **Exhibit A**, and such other and further relief as the Court may deem just and appropriate.

DATED: August 19, 2026

JEFFER MANGELS & MITCHELL LLP
BENNETT G. YOUNG
CHRISTOPHER K. WHANG
MELODY MOHAMMADI

By: */s/ Bennett G. Young*
BENNETT G. YOUNG
Attorneys for Debtors and Debtors-in-Possession

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EXHIBIT A

JEFFER MANGELS & MITCHELL LLP
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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

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☐ Arrival Fund I, LLC
☒ All Debtors

INTERIM ORDER (I) AUTHORIZING POST-PETITION INTERDEBTOR LENDING PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE; (II) GRANTING ADMINISTRATIVE EXPENSE CLAIMS; AND (III) GRANTING RELATED RELIEF

Date: TBD
Time: TBD
Location: Courtroom 220
Judge: Hon. William J. Lafferty

Upon the Motion, dated August 19, 2026 (the "**Motion**"), of Pacific Capital Funding Group, Inc., Pacific Private Money, Inc., Private Money Management Group LLC, Pacific Mortgage Capital LLC, Pacific Southwest Note Fund LLC, Pacific Private Money Partners LLC, Pacific Private Money Group LLC, Pacific Private Money Fund LLC, Pacific Opportunity Fund LLC, Pacific Note Fund Management Group LLC, Pacific Freedom Fund LLC, Arrival Home Loans, LLC, and Arrival Fund I, LLC, the debtors and debtors-in-possession (collectively the "**Debtors**"), pursuant to sections 105, 363, 364, 503, and 507 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), Rules 2002-1 and 4001-1 of the Bankruptcy Local Rules for the Northern District of California (the "**Bankruptcy Local Rules**"), and this Court's *Guidelines for Cash Collateral and Financing Motions and Stipulations* (the "**Guidelines**"), seeking entry of an interim order (this "**Interim Order**") granting the relief requested in and the transactions contemplated by the Motion on an interim basis, including:

(A) Authorizing the Debtors to engage in post-petition interdebtor lending and other financial accommodations in an aggregate principal amount of up to $200,000 (the "**Aggregate Amount**") during the Interim Period, through and including the date of the Final Hearing, subject to this Interim Order and any final order entered after the Final Hearing (the "**Final Order**");

(B) Granting Lending Debtors allowed administrative claims pursuant to Bankruptcy

Code section 364(b) in respect of all Obligations;

(C) Authorizing the Debtors to use proceeds of the Interdebtor Loans solely in accordance with this Interim Order;

(D) Scheduling a final hearing on the Motion (the "**Final Hearing**") and establishing related objection and response deadlines; and

(E) Waiving any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of this Interim Order and providing for the immediate effectiveness of this Interim Order.

The Court, having considered the Motion, the terms of the Loan, the DIP Agreement, and the Brinkman Declaration filed in support of the Motion, and the evidence submitted at the initial hearing held before this Court on _____, 2026 to consider entry of this Interim Order (the "**Interim Hearing**"); and due and proper notice of the Motion and the Interim Hearing having been given; and it appearing that granting the relief requested in the Motion on an interim basis is necessary to avoid immediate and irreparable harm to the Debtors and is fair and reasonable and in the best interests of the Debtors, their creditors and estates, and essential for the Debtors' working capital needs and continued management and preservation of their assets pending the Final Hearing; and all objections, if any, to the entry of this Interim Order having been withdrawn, resolved or overruled by the Court; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW[1]

A. Petition Date

On June 16, 2026 (the "**Petition Date**"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern

[1] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted as such.

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District of California, Santa Rosa Division, commencing these chapter 11 cases (the "**Chapter 11 Case**").

B. Debtors-in-Possession

The Debtors are no longer operating their business, but continue to manage properties and assets, as a debtor-in-possession, pursuant to Bankruptcy Code sections 1107 and 1108. No trustee or examiner has been appointed in the Chapter 11 Case.

C. Jurisdiction and Venue

This Court has jurisdiction over these proceedings, pursuant to 28 U.S.C. §§ 157 and 1334 and the Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges, General Order 24 (N.D. Cal.) and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). Venue for the Chapter 11 Case and the proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The bases for the relief sought in the Motion and granted in this Interim Order are sections 105, 362, 363, 364, 503 and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, 6004 and 9014, and the Local Bankruptcy Rules.

D. Notice

Notice of the Interim Hearing and the relief requested in the Motion has been provided by first class mail to: (a) the Office of the U.S. Trustee (the "**U.S. Trustee**"); (b) the Official Committee of Unsecured Creditors; (c) the Securities and Exchange Commission; (d) the California Department of Financial Protection and Innovation; and (e) those persons who have formally appeared in the Chapter 11 Case and requested service pursuant to Bankruptcy Rule 2002 (collectively, the "**Notice Parties**").

Such notice of the Interim Hearing and the relief requested in the Motion constitutes due, sufficient and appropriate notice and complies with the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and the Local Bankruptcy Rules.

E. Committee Formation

On July 8, 2026 The United States Trustee appointed the Official Committee of Unsecured

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Creditors..

F. Permitted Liens and Senior Liens

Nothing herein shall constitute a finding or ruling by the Court that any alleged liens are valid, senior, enforceable, prior, perfected, or non-avoidable. Moreover, nothing herein shall prejudice the rights of any party-in-interest to challenge the validity, priority, enforceability, seniority, avoidability, perfection, or extent of any alleged lines.

G. Immediate Need for Postpetition Financing

The ability of Debtors to finance their operations, preserve and maintain the value of their assets, and to maximize the return for all creditors requires the availability of the Interdebtor Loans. In the absence of the availability of such funds and liquidity in accordance with the terms hereof, the Debtors would be forced to liquidate and would thereby lose the prospect of maximizing the value of their assets for possible sale, which would result in serious and irreparable harm to the Debtors and their estates, creditors, and other stakeholders.

H. No Credit Available on More Favorable Terms

The Debtors have been unable to obtain: (a) adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense, or (b) credit for money borrowed with priority over any or all administrative expenses of the kind specified in sections 503(b) or 507(b) of the Bankruptcy Code. Moreover, the Debtors were unable to obtain financing from other sources on more favorable terms and conditions.

I. Business Judgment and Good Faith Pursuant to Section 364(e)

(a) The Interdebtor Loans are the result of a competitive process conducted by the Debtors. The Debtors concluded that the Interdebtor Loans represent the best available financing under the circumstances. The terms and conditions of the Interdebtor Loans are fair, reasonable, and the best available under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with its fiduciary duties, and constitute reasonably equivalent value and consideration.

(b) All obligations incurred, payments made, and transfers or grants of security set forth in this Interim Order, by the Debtors are granted for fair consideration and reasonably

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equivalent value, and are granted contemporaneously with the making of the Interdebtor Loans and any other financial accommodations secured thereby.

(c) The credit to be extended under Interdebtor Loans are hereby found to have been extended in good faith and for valid business purposes and uses, and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and the Lender Debtors (and their successors and assigns) are entitled to the full protection and benefits of section 364(e) of the Bankruptcy Code regardless of whether this Interim Order, or any provision hereof, is vacated, reversed or modified, on appeal, or otherwise.

K. Relief Essential; Best Interest

The relief requested in the Motion and provided in this Interim Order is necessary, essential, and appropriate for the management and preservation of the Debtors' assets and property. It is in the best interest of the Debtors' estate that the Debtors be allowed to enter into the Interdebtor Loans.

IT IS HEREBY ORDERED that:

1. **Motion Granted.** The Motion (dkt. no. __) is granted on an interim basis in accordance with Bankruptcy Rule 4001(c)(2), to the extent provided in this Interim Order. Any objections to the Motion with respect to entry of this Interim Order, to the extent not withdrawn or otherwise resolved, and all reservations of rights included therein, are hereby denied and overruled, without prejudice to consideration of any timely objection to the relief sought at the Final Hearing.

2. **Authorization of the Loan.**

(a) The Interdebtor Loans are approved on an interim basis. The Debtors are authorized, during the Interim Period and subject to the Budget (defined below), to enter into the Interdebtor Loans without further order of the Court. The Debtors are authorized to borrow money and obtain Advances pursuant to the Interdebtor Loans, up to the Aggregate Amount, in each case, in accordance with and subject to the terms of this Interim Order.

(b) In furtherance of the foregoing and without further approval of this Court, the Debtors are authorized to perform all acts, to make, execute, and deliver all instruments and

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documents (including, without limitation, the execution, filing, and recordation of any Loan Documents), and to pay all fees, that may be required or necessary for Debtors' performance of their obligations.

(c) The Interdebtor Loans are valid and binding obligations of the Debtors, enforceable against the Debtors, their estates, and any successors thereto, including without limitation, any trustee appointed in the Chapter 11 Case, or any case under chapter 7 of the Bankruptcy Code upon conversion of any of the Chapter 11 case (collectively, the "**Successor Cases**") in accordance with the terms thereof and this Interim Order. All obligations incurred, payments made, and transfers or grants of security set forth in this Interim Order are approved by this Interim Order, shall not be stayed, restrained, voided, voidable or recoverable under the Bankruptcy Code or under any applicable non-bankruptcy law, or subject to any defense, reduction, subordination, setoff, recoupment, counterclaim, or any other challenge under the Bankruptcy Code or any applicable non-bankruptcy law, rule or regulation.

3. **Administrative Claim.**

(a) Upon the entry of this Interim Order, effective as of the Petition Date, the Lending Debtors are hereby granted pursuant to Bankruptcy Code section 364(b), an allowed administrative expense claim (the "**Administrative Claim**") for all Obligations. The Administrative Claim shall, for purposes of Bankruptcy Code section 1129(a)(9)(A), be considered an administrative expense claim against the Debtors allowed under Bankruptcy Code section 503(b) and shall be payable from and have recourse to all pre- and post-petition property and assets of Debtors. The Administrative Claim shall be entitled to the full protection of Bankruptcy Code section 364(e) in the event that this Interim Order, or any provision hereof, is vacated, reversed, or stayed in any respect or modified or amended in any manner, on appeal, or otherwise.

(b) Except as expressly permitted in this Interim Order the Administrative Claim, as applicable, (i) shall be valid and enforceable against the Debtors, their estate, any trustee or any other estate representative appointed or elected in the Chapter 11 Case or any Successor Cases and/or upon the dismissal of the Chapter 11 Case or any Successor Cases, and (ii) shall not be

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subject to Bankruptcy Code sections 510, 549, 550, or 551.

4. **Use of the Loan Proceeds.** Subject to the terms and conditions of this Interim Order, the Debtors are authorized to use the Loan Proceeds up to the amount of the Aggregate Amount, only for payment of the fees, costs and expenses authorized by this Interim Order, and the Debtors' working capital needs as subject to and itemized in the Budget, provided, however, that variances of ten percent (10%) in the aggregate shall be permitted.

5. **Disposition of Properties.** The Debtors shall pay to the Lending Debtors one hundred percent (100%) of the net cash proceeds from any sale or disposition of any of the Properties.

6. **Proofs of Claim.** The Lending Debtors shall not be required to file a proof of claim in the Chapter 11 Case or any Successor Cases for any claim allowed in this Interim Order. Notwithstanding any order entered by the Court in relation to the establishment of a bar date in the Chapter 11 Case or any Successor Cases to the contrary, Lender is hereby authorized and entitled, at its sole and absolute discretion, but not required, to file (and amend and/or supplement, as it sees fit) a proof of claim in the Chapter 11 Case or any Successor Cases for any claim allowed in this Interim Order. Any proof of claim filed by Lender shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by Lender. Any order entered by the Court in relation to the establishment of a bar date for any claim (including without limitation administrative claims) in the Chapter 11 Case or any Successor Cases shall not apply to Lender.

7. **Good Faith Under Bankruptcy Code Section 364(e); No Modification or Stay of this Interim Order.** The Lending Debtors have acted in good faith and its reliance upon this Interim Order is in good faith. Based on the findings set forth in this Interim Order and the record made at the Interim Hearing, and in accordance with Bankruptcy Code section 364(e), in the event any or all of the provisions of this Interim Order are hereafter modified, amended, vacated or stayed by a subsequent order of this Court or any other court, The Lending Debtors are entitled to all the protections and benefits provided by section 364(e) of the Bankruptcy Code.

8. **Binding Effect.** The provisions of this Interim Order shall be binding upon and inure to the benefit of the Debtors, the Lending Debtors, and their respective successors and

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assigns (including any trustee or other fiduciary hereinafter appointed as a legal representative of the Debtors or with respect to the property of the estate of Debtors), any and all creditors of the Debtors, any Committee, and any other parties in interests and each of their respective successors and assigns, whether in the Chapter 11 Case, in any Successor Cases, or upon dismissal of any such chapter 11 or chapter 7 case.

9. **No Waiver by Failure to Seek Relief.** The failure at any time of the Lending Debtors to require strict performance by the Debtors of any provision of this Interim Order, or to seek relief or otherwise exercise its rights or remedies under this Interim Order, or otherwise, shall not prejudice or constitute a waiver of any of the Lending Debtors' rights under this Interim Order, thereunder, or otherwise. None of the rights or remedies of any party under this Interim Order shall be deemed to have been amended, modified, suspended, or waived unless such amendment, modification, suspension, or waiver is in writing and signed by the party against whom enforcement is sought.

10. **Rights Reserved.** Notwithstanding anything to the contrary in this Interim Order, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair any of the rights, claims, privileges, objections, defenses or remedies of the Lending Debtors under the Bankruptcy Code, or under applicable non-bankruptcy law against any other Person in any court.

11. **No Third Party Rights**. Except and to the extent as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, third party or incidental beneficiary.

12. **Priority of Terms.** To the extent of any conflict between or among (a) the express terms or provisions of any of the Motion, any other order of this Court, or any other agreements, on the one hand, and (b) the terms and provisions of this Interim Order, on the other hand, unless such term or provision in this Interim Order is phrased in terms of "as defined in" or "as set forth in" any of the Loan Documents, the terms and provisions of this Interim Order shall govern.

13. **Survival of Order**. The provisions of this Interim Order and any actions taken pursuant to this Interim Order shall survive and shall not be modified, impaired, or discharged by

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entry of any order that may be entered (a) confirming any chapter 11 plan in the Chapter 11 Case, (b) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, (c) dismissing the Chapter 11 Case, (d) withdrawing of the reference of the Chapter 11 Case from this Court, or (e) providing for abstention from handling or retaining of jurisdiction of the Chapter 11 Case in this Court. The terms and provisions of this Interim Order and other rights, privileges, benefits and protections afforded herein shall continue in full force and effect notwithstanding the entry of such order, and shall maintain their respective priorities as provided by this Interim Order, until the indefeasible payment in full of the Obligations in cash, and this Court shall retain jurisdiction, notwithstanding dismissal of the Chapter 11 Case, for the purposes of enforcing the foregoing to the extent permitted by applicable law.

14. **Enforceability**. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be fully enforceable immediately upon entry hereof. Any finding of fact shall constitute a finding of fact even if it is stated as a conclusion of law, and any conclusion of law shall constitute a conclusion of law even if it is stated as a finding of fact.

15. **Waiver of Any Applicable Stay.** This Interim Order shall be effective upon its entry and not subject to any stay (all of which are hereby waived), notwithstanding anything to the contrary contained in Bankruptcy Rule 4001(a)(3), 6004 or any other Bankruptcy Rule.

16. **Discharge**. The Obligations shall not be discharged by the entry of an order confirming any plan in any of the Chapter 11 Case, notwithstanding the provisions of Bankruptcy Code section 1141(d), unless such Obligations have been indefeasibly paid in full in cash, on or before the effective date of such confirmed plan, or Lender has otherwise agreed in writing.

17. **Retention of Jurisdiction.** This Court has and will retain jurisdiction to hear, determine and, if applicable, enforce the terms of, any and all matters arising from or related to this Interim Order and the other Loan Documents.

18. **Final Hearing and Response Dates.** The Final Hearing on the Motion pursuant to Bankruptcy Rule 4001(c)(2) is scheduled for [DATE] at [TIME] before this Court. The Debtors shall promptly serve copies of this Interim Order on the Notice Parties and any other party that has

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filed a request for notices with this Court.

Any party in interest objecting to the relief sought at the Final Hearing shall file and serve written objections so as to be actually received no later than _____ [DATE] at _____ [TIME] by (a) counsel for the Debtors, Jeffer Mangels & Mitchell LLP, 333 Bush Street, 11th Floor, San Francisco, California 94104-2872 (Attn: Bennett G. Young, byoung@jeffer.com; and Christopher K. Whang, cwhang@jeffer.com; (b) counsel to the Committee; and (c) the U.S. Trustee.

** END OF ORDER **

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COURT SERVICE LIST

All parties will be served via e-filing notifications.

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re:	Case No. 26-30538
Pacific Capital Funding Group Inc.,	Chapter 11
Debtor.	
In re:	Jointly Administered with:
Pacific Capital Funding Group Inc.	Case No. 26-30538 (WJL)
Pacific Private Money Group LLC	Case No. 26-30535 (WJL)
Private Money Management Group LLC	Case No. 26-30544 (WJL)
Pacific Mortgage Capital, LLC	Case No. 26-30539 (WJL)
Pacific Note Fund Management Group LLC	Case No. 26-30540 (WJL)
Pacific Private Money, Inc.	Case No. 26-30533 (WJL)
Pacific Private Money Partners LLC	Case No. 26-30536 (WJL)
Arrival Home Loans LLC	Case No. 26-30543 (WJL)
Pacific Private Money Fund 1 LLC	Case No. 26-30534 (WJL)
Pacific Southwest Note Fund LLC	Case No. 26-30541 (WJL)
Pacific Freedom Fund LLC	Case No. 26-30532 (WJL)
Pacific Opportunity Fund LLC	Case No. 26-30537 (WJL)
Arrival Fund I, LLC	Case No. 26-30542 (WJL)
Affects:	
☐ Pacific Capital Funding Group Inc.	
☐ Pacific Private Money Group LLC	
☐ Private Money Management Group LLC	
☐ Pacific Mortgage Capital, LLC	
☐ Pacific Note Fund Management Group LLC	

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DECLARATION OF WILLIAM BRINKMAN IN SUPPORT OF ORDER (A) AUTHORIZING DEBTOR TO OBTAIN SR SECURED FINANCING, ET AL.

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☐ Pacific Private Money, Inc.
☐ Pacific Private Money Partners LLC
☐ Arrival Home Loans LLC
☐ Pacific Private Money Fund 1 LLC
☐ Pacific Southwest Note Fund LLC
☐ Pacific Freedom Fund LLC
☐ Pacific Opportunity Fund LLC
☐ Arrival Fund I, LLC
☒ All Debtors

DECLARATION OF WILLIAM R. BRINKMAN IN SUPPORT OF MOTION FOR ORDER (I) AUTHORIZING THE DEBTOR TO OBTAIN SENIOR SECURED, SUPERPRIORITY, POSTPETITION FINANCING, (II) GRANTING LIENS AND SUPERPRIORITY CLAIMS, (III) MODIFYING AUTOMATIC STAY, AND (IV) GRANTING RELATED RELIEF

Date:
Time: .
Location: Courtroom 220
Judge: Hon. William J. Lafferty

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The undersigned, William R. Brinkman, declares as follows:

1. I am the Chief Restructuring Officer for Pacific Capital Funding Group, Inc., Pacific Private Money, Inc., Private Money Management Group LLC, Pacific Mortgage Capital LLC, Pacific Southwest Note Fund LLC, Pacific Private Money Partners LLC, Pacific Private Money Group LLC, Pacific Private Money Fund LLC, Pacific Opportunity Fund LLC, Pacific Note Fund Management Group LLC, Pacific Freedom Fund LLC, Arrival Home Loans, LLC, and Arrival Fund I, LLC, the debtors and debtors-in-possession (collectively the "**Debtors**"). I make this declaration based upon my personal knowledge, upon documents maintained by the Debtors in the ordinary course of business, and my discussions with the Debtors' officers and employees. If called as a witness, I could and would testify as set forth herein.

2. I am the founder and Managing Director of Jigsaw Advisors LLC ("**Jigsaw**"), a financial advisory and turnaround consulting firm headquartered in the San Francisco Bay Area. Jigsaw provides interim management, crisis management, restructuring, and financial advisory services to companies, lenders, and investors in distressed and special situations. I have more than 25 years of experience in restructuring, turnaround management, distressed mortgage and real estate finance, and financial advisory services. I have served as a Chief Restructuring Officer, Chief Executive Officer, board member, and financial advisor in numerous in-court and out-of-court restructurings, with a particular focus on companies operating in the residential and commercial real

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estate lending and investment management industries.

3. The Debtors were engaged in the business of originating and servicing "hard money" mortgage loans. The Debtors raised capital from private investors and lent those funds to developers and other parties with those loans secured by liens against real estate.

4. The Debtors operated through an "opco/fundco" structure, with Pacific Private Money, Inc. ("**PPMI**") serving as the licensed operating entity that originated and serviced mortgage loans. The Debtors raised capital through a series of open-ended investment funds, with approximately 400 individual investors holding roughly 475 accounts, and total invested capital of approximately $140 million. PPMI originated mortgage loans using capital from the fundcos, private individual "Trustee Investors," and debt facilities.

5. A significant portion of the fundcos' loan portfolios became non-performing due to defaults by several major borrowers, including approximately $10 million in loans to a borrower who dies leaving undeveloped land or partially completed construction as collateral, over $20 million in non-performing loans and accrued interest from another borrower, and approximately $12 million from a third borrower. The portfolio of available loans to foreclose on dwindled over time, and a number of remaining loans became under-secured or unsecured because the underlying property was sold or lost by the borrower through foreclosure by the holder of the senior lien. Compounding these issues, a sharp rise in market interest rates caused the secondary market for the Debtors' mortgage loans to contract, eliminating a key source of liquidity.

6. By 2023, redemption requests across the Funds exceeded available cash, and in 2025, the Debtors' cash position became extremely stressed, leading to staff reductions, salary cuts, and elimination of discretionary expenses. In late 2025, the Debtors ceased making distributions and redemptions, and engaged me as Chief Restructuring Officer to evaluate strategic alternatives, which ultimately led to the filing of these Chapter 11 cases.

7. The Debtors propose to enter into the Interdebtor Loans to fund the administration of the Debtors' Chapter 11 Case and the Debtors' sale process. The Interdebtor Loans will provide the Debtors with sufficient liquidity to fund the administration of these cases. Additionally, the Interdebtor Loans will enable the Debtors to pursue and consummate a successful sale of the

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Debtors' assets. As discussed below, the Interdebtor Loans are the best postpetition financing option available to the Debtors, and should be approved.

8. In accordance with Bankruptcy Rules 4001(c) and (d), the following table summarizes the material terms of the Order and the Interdebtor Loans.

Material Terms	Summary	Citation
Borrower Fed. R. Bankr. P. 4001(c)(1)(B)	All Debtors (the "**Borrowers**").	Proposed Order
Lenders Fed. R. Bankr. P. 4001(c)(1)(B)	All Debtors (the Debtors advancing funds shall be referred to as the "**Lending Debtors**")	Proposed Order
Interdebtor Loans Fed. R. Bankr. P. 4001(c)(1)(B)	The Interdebtor Loans provide an administrative term loan facility in an aggregate principal amount of $__ million.	Proposed Order
Borrowing Limits Fed. R. Bankr. P. 4001(c)(1)(B)	$4.0 million maximum, subject to funds being reborrowed.	Proposed Order
Monthly Forecasts Fed. R. Bankr. P. 4001(c)(1)(B)	NA	Proposed Order
Use of Proceeds Fed. R. Bankr. P. 4001(c)(1)(B)	The Interdebtor Loans proceeds shall be used to pay the fees and costs of administration incurred in connection with the Chapter 11 Cases, including costs to maintain and protect the Debtors' assets.	Proposed Order
Interest Rates Fed. R. Bankr. P. 4001(c)(1)(B)	Interest shall accrue at 5% per annum on the outstanding principal balance.	Proposed Order
Expenses and Fees Fed. R. Bankr. P. 4001(c)(1)(B)	NA	Proposed Order

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Material Terms	Summary	Citation
Maturity Date Fed. R. Bankr. P. 4001(c)(1)(B)	The earliest of (a) the date that is twelve (12) months after entry of the Proposed Order, (b) the substantial consummation of a plan of reorganization or a plan of liquidation for the Borrower that is confirmed pursuant to an order entered by the Bankruptcy Court, and (c) conversion or dismissal of the Chapter 11 Cases.	Proposed Order
Mandatory Prepayments	Mandatory prepayment of the Interdebtor Loans and any outstanding fees and expenses, shall be required with 100% of the net cash proceeds from any sale or disposition of any of the Properties prior to the maturity date.	Proposed Order
Collateral and Priority Fed. R. Bankr. P. 4001(c)(1)(B)(i)	**Collateral** – None Administrative priority.	Proposed Order
Conditions to Closing Fed. R. Bankr. P. 4001(c)(1)(B)	NA	Proposed Order
Events of Default Fed. R. Bankr. P. 4001(c)(1)(B)	Material events of default include: • Default in payment obligations;	Proposed Order
The Indemnification of Any Entity Fed. R. Bankr. P. 4001(c)(1)(B)(ix)	NA.	Proposed Order
Waiver or Modification of the Automatic Stay Fed. R. Bankr. P. 4001(c)(1)(B)(iv)	NA	Proposed Order
Carve-Out Fed. R. Bankr. P. 4001(c)(1)(B)(i)	NA	Proposed Order
Liens on Avoidance Actions Fed. R. Bankr. P. 4001(c)(1)(B)(xi)	NA.	Proposed Order

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9. The Interdebtor Loans will provide the Debtors with the liquidity necessary to administer these Chapter 11 cases, and pursue an orderly wind-down and realization of their remaining assets. Furthermore, the complexity of these cases warrants the additional runway provided by the Interdebtor Loans. The Debtors' asset portfolio is burdened by substantial intercompany balances, many of which were recorded as journal entries without corresponding promissory notes or cash transfers. These will require careful forensic analysis before recoveries can be pursued. The Debtors are also subject to active investigations by the California Department of Financial Protection and Innovation, the U.S. Securities and Exchange Commission, and the U.S. Department of Justice, as well as multiple civil actions filed by investors and counterparties, all of which require ongoing administration and coordination. In the Debtors' business judgment, the Interdebtor Loans are essential to preserving and maximizing the value of the estates' assets, funding the administration of these cases across twelve debtor entities, and ensuring fair and orderly treatment of all stakeholders.

10. The Debtors require funding to defray the administrative expenses of these Chapter 11 Cases. Attached as Exhibit 1 is the Debtors' 13 week budget for the administration of these Chapter 11 Cases (Exhibit 1 and any subsequent 13 week budget, the "**Budget**"). The Budget includes professional fees for the Debtors' professionals, including the tax accountants preparing the investors' K-1's, and the CRO and for the Committee's professionals, including counsel and the Committee's financial advisors. The Budget also includes amounts for other administrative expenses, such as compensation for the staff assisting the CRO, tax payments, insurance, US Trustee fees, and other ordinary course expenses. These expenses must be paid in order for these Chapter 11 cases to proceed and without ongoing funding, these cases are at the risk of collapse.

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11. As of the Petition Date, the Debtors had the following cash on hand:

	Cash
Entity Name	**Balance 6/16/26**
Pacific Capital Funding Group, Inc.	$13
Pacific Private Money Group LLC	$19
Private Money Management Group LLC	$312
Pacific Private Money Fund I LLC	$599,724
Pacific Note Fund Management Group LLC	$4,302
Pacific Southwest Note Fund LLC	$484,929
Pacific Mortgage Capital LLC	$18,367
Pacific Private Money Inc	$13,590
Pacific Freedom Fund LLC	$65,141
Pacific Private Money Partners LLC	$17
Pacific Opportunity Fund LLC	$57,601
Arrival Home Loans LLC	$62
Arrival Fund I LLC	$3,129,822
Total	$4,373,898

12. The Interdebtor Loans will be funded pro rata by the Lending Debtors based on their cash balances as of the Petition Date. The funds will be used by all Debtors to pay administrative expenses as provided in the Budget. The Interdebtor Loans will be repaid through sales of assets, with payments applied pro rata based on each Debtors' estimated asset values as of the Petition Date.

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13. The Debtors have an immediate need for Interim Interdebtor Loans in the amount of approximately $200,000. The Debtors need to fund the following expenses immediately:

Cash Requirements: Interim Interdebtor Loan Cash Requirements (through mid-September)

Labor - Independent Contractors	$43,000
Software, Phone & IT Support	46,000
REO Costs	14,000
Accounting/Fund Accounting	20,000
Tax Return Preparation	76,000
Total Priority Operating Expenses	**$199,000**

Notes:

- Independent contractors ~$43,000;
- Software includes ~$31,000 annual fee for Juniper Square which is where investor data is stored;
- Costs to maintain and protect REO properties includes estimates for insurance, taxes, and utilities; and,
- Accounting costs consist of the former third-party accounting group updating books and records, and the tax preparers have initiated tax work and will need to expedite in order to complete 2025 returns and issue K-1s to investors by the end of September.

14. If these expenses are not paid, the Debtors' estates will suffer irreparable harm.

15. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

DATED: August 19, 2026

By: DocuSigned by: 765A57D8F88A4E5...
WILLIAM R. BRINKMAN

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Exhibit 1

Pacific Private Money - Debtor-In-Possession Entities

Cash Flow Forecast: 13-Week Rolling Forecast (Non-DIP) [1]

Forecast as of: Aug 17, 2026

Week Ending Friday:	21-Aug	28-Aug	4-Sep	11-Sep	18-Sep	25-Sep	2-Oct	9-Oct	16-Oct	23-Oct	30-Oct	6-Nov	13-Nov	13 Week	
Week #:	**Week 1**	**Week 2**	**Week 3**	**Week 4**	**Week 5**	**Week 6**	**Week 7**	**Week 8**	**Week 9**	**Week 10**	**Week 11**	**Week 12**	**Week 13**	**Total**	
Cash Receipts:															
From Servicers-P/I/Spread	6,753	6,753	4,911	4,911	4,911	4,911	4,911	5,796	5,796	5,796	5,796	5,536	5,536	72,317	[3]
Rents and Related	-	-	3,000	-	-	-	3,000	-	-	-	-	3,000	-	9,000	[3]
Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[4]
DIP Financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[5]
Other Cash Receipts														-	[6]
Total Income	6,753	6,753	7,911	4,911	4,911	4,911	7,911	5,796	5,796	5,796	5,796	8,536	5,536	81,317	
Operating Disbursements:															
Payroll / Benefits / Taxes	1,500	-	-	-	-	-	2,500	-	-	-	-	-	-	4,000	[7]
Labor - Independent Contractors	8,500	9,500	9,740	5,750	9,500	5,750	5,990	5,750	8,500	4,750	4,750	4,750	8,500	91,730	[8]
Office Expense:															
Rent - Document Storage	-	-	1,273	-	-	-	1,273	-	-	-	-	1,273	-	3,819	[9]
Insurance - General/D&O	258	3,690	-	-	-	-	3,500	-	-	-	3,500	-	-	10,948	[10]
Software, Phone & IT Support	-	9,800	34,364	-	2,000	-	6,808	-	-	2,000	-	6,808	-	61,780	[11]
Supplies & Other	250	-	-	-	250	-	-	-	-	250	-	-	-	750	[12]
Total Office	508	13,490	35,637	-	2,250	-	11,581	-	-	2,250	3,500	8,081	-	77,297	
REO Costs	1,200	1,200	10,525	-	11,200	-	10,525	-	1,200	-	-	10,525	1,200	47,576	
Accounting/Fund Accounting	12,500	5,000	2,500	-	-	-	6,000	-	-	-	6,000	-	-	32,000	[13]
Tax Return Preparation	16,449	16,449	16,449	16,450	10,000	-	-	-	-	-	-	-	-	75,798	[14]
Cushion	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	26,000	[16]
Total Operating Disbursements	**41,457**	**46,439**	**66,326**	**24,200**	**23,750**	**7,750**	**28,071**	**7,750**	**10,500**	**9,000**	**16,250**	**14,831**	**10,500**	**306,825**	
Operating Cash Flow	**(34,704)**	**(39,686)**	**(58,415)**	**(19,289)**	**(18,839)**	**(2,839)**	**(20,160)**	**(1,954)**	**(4,704)**	**(3,204)**	**(10,454)**	**(6,295)**	**(4,964)**	**(225,508)**	
Operating Cash Flow	*(34,704)*	*(74,390)*	*(132,806)*	*(152,095)*	*(170,934)*	*(173,773)*	*(193,933)*	*(195,887)*	*(200,590)*	*(203,794)*	*(214,248)*	*(220,544)*	*(225,508)*		
Non-Operating Disbursements: Restructuring															
Legal - Debtors' Counsel	35,000	35,000	35,000	35,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	410,000	[17]
Legal - SEC / Regulatory / Special	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	3,125	40,625	[18]
Legal - Committee's Counsel	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	975,000	[19]
Restructuring - CRO team	35,000	35,000	35,000	30,000	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	25,000	385,000	[20]
Restructuring - Committee Fin'l Advisors	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	1,040,000	[21]
Restructuring - Notice & Claims Agent	14,500	17,500	17,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	174,500	[22]
Restructuring - UST Fees	-	-	-	-	-	-	-	-	-	-	9,045	-	-	9,045	[23]
Restructuring - Tax Advisory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Restructuring Professional Fees	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	39,000	[25]
Data Room Costs	-	8,500	-	-	8,500	-	-	-	8,500	-	-	-	8,500	34,000	[26]
Total Non-Operating Disbursements	**245,625**	**257,125**	**248,625**	**238,625**	**242,125**	**233,625**	**233,625**	**233,625**	**242,125**	**228,625**	**237,670**	**228,625**	**237,125**	**3,107,170**	
Total Net Cash Flow	**(280,329)**	**(296,811)**	**(307,040)**	**(257,914)**	**(260,964)**	**(236,464)**	**(253,785)**	**(235,579)**	**(246,829)**	**(231,829)**	**(248,124)**	**(234,920)**	**(242,089)**	**(3,332,678)**	
Cumulative Total Net Cash Flow	*(280,329)*	*(577,140)*	*(884,181)*	*(1,142,095)*	*(1,403,059)*	*(1,639,523)*	*(1,893,308)*	*(2,128,887)*	*(2,375,715)*	*(2,607,544)*	*(2,855,669)*	*(3,090,589)*	*(3,332,678)*		
Cash Roller:															
Beginning Cash	4,376,105	4,095,776	3,798,965	3,491,925	3,234,011	2,973,047	2,736,583	2,482,798	2,247,219	2,000,390	1,768,561	1,520,437	1,285,516	4,376,105	
Plus: Net Cash Flow	(280,329)	(296,811)	(307,040)	(257,914)	(260,964)	(236,464)	(253,785)	(235,579)	(246,829)	(231,829)	(248,124)	(234,920)	(242,089)	(3,332,678)	
Ending Cash	4,095,776	3,798,965	3,491,925	3,234,011	2,973,047	2,736,583	2,482,798	2,247,219	2,000,390	1,768,561	1,520,437	1,285,516	1,043,427	1,043,427	

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Pacific Private Money - Debtor-In-Possession Entities
Cash Flow Forecast: 13-Week Rolling Forecast (Non-DIP) [1]
Forecast as of: Aug 17, 2026

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Footnotes:

[1] Cash flow forecast assumes that Debtors do not secure and utilized DIP financing. DIP financing costs will be incurred if a DIP facility is authorized.
[2] Intentionally left blank.
[3] Estimated cash receipts from servicers related to principal, interest, and spread-fee income. Also assumes $3K cash receipts from rent of and REO property.
[4] No asset sales assumed during forecast period as the Debtor is unable estimate when sales will occur.
[5] For this scenario, the forecast assumes that there are no DIP related cash receipts.
[6] For this scenario, the forecast assumes that there are no other cash draws.
[7] These payments relate to the dissolution of the 401K plan and access to the outsourced payroll system platform.
[8] Estimates for independent contracts include expected costs related to accounting support, tax support, REO management, and note portfolio management and analysis.
[9] Consists of storage for over 200 banker's boxes of PPM documents at off-site storage.
[10] General liability insurance payments expected dwelling coverage during this period.
[11] Includes costs related to Juniper Square, QuickBooks, and UptimeUSA/415IT. Assumes post-petition amounts incurred are paid to JSQ as soon as practical, and assumes JSQ contract is assumed with remainder of $31,150 annual contract (Jan 1-Dec 31) paid when assumption motion is approved. Estimates ~$4K per month paid to UptimeUSA/415IT and $2.3K paid to QB.
[12] Supplies relates to de minimis office related costs.
[13] Consists of estimated costs to update and finalize all companies' financial records on a go-forward basis by Reil.
[14] Tax preparation estimates include amounts related to prepare FY 2025 tax returns and to issue form K-1s to investors.
[15] Intentionally omitted.
[16] Cushion relates to those cash outflows which cannot be reasonable expected to be forecasted.
[17] Estimate for professional fees related to JMM (Debtor's counsel) related to the Chapter 11 case.
[18] Estimate for legal fees related to inquiries from regulatory agencies and investigative bodies.
[19] Amount for Committee counsel based on Committee counsel's estimated fees.
[20] CRO team fee estimate based on expected hours incurred during forecast period.
[21] Committee financial advisors related to financial advisory services and forensic work provided by PWC.
[22] Estimate for claims agent. Assumes $50K per week in steady-state.
[23] UST fees are estimated for 3Q26 at .4% of estimated disbursements.
[24] Intentionally left blank.
[25] Estimated costs related other restructuring related costs not contemplated elsewhere and may include things such as future independent director fees or special projects.
[26] Assumes that the Debtor will re-open the Datasite data room as part of the asset sale process.