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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re: Pacific Capital Funding Group Inc., Debtor.	Case No.: 126-30538 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	**MOTION OF DEBTORS AND DEBTORS IN POSSESSION PURSUANT TO 11 U.S.C. 1121(d) TO EXTEND EXCLUSIVE PERIODS; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT** Date: November 18, 2026 Time: 10:30 a.m. (Pacific Time) Place: 1300 Clay Street, Room 220 Oakland, CA Judge: Hon. William J. Lafferty

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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

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TABLE OF CONTENTS

Page

MEMORANDUM OF POINTS AND AUTHORITIES 1

I. JURISDICTION 1

II. SUMMARY OF RELIEF REQUESTED 1

III. FACTS 2

A. The Background of the Chapter 11 Case 2

B. The Debtor's Affairs Are Complex 3

C. The Debtor Has Made Substantial Progress Since the Petition Date 4

IV. RELIEF REQUESTED 6

V. BASIS FOR RELIEF REQUESTED 7

A. The Debtors' Chapter 11 Cases Are Large and Complex 10

B. The Necessity For Sufficient Time To Permit The Debtor To Negotiate A Chapter 11 Plan And Prepare Adequate Information and The Existence Of Good Faith Progress Towards Reorganization 10

C. The Fact That The Debtor Is Paying Its Bills As They Become Due 11

D. Whether The Debtor Has Demonstrated Reasonable Prospects For Filing A Viable Plan 11

E. The Amount Of Time Which Has Elapsed In The Case And Whether The Debtor Is Seeking to Use Exclusivity to Pressure Creditors to Submit to the Debtor's Demands 11

VI. NOTICE 12

VII. CONCLUSION 12

JMM | Jeffer Mangels & Mitchell LLP

Case: 26-30538 Doc# 162 Filed: 10/12/26 Entered: 10/12/26 09:40:58 Page 3 of 19

TABLE OF AUTHORITIES

Page

CASES

In re Adelphia Commc'ns Corp.,
352 B.R. 578 (Bankr. S.D.N.Y. 2006) 8, 9, 11

In re Borders Grp., Inc.,
460 B.R. 818 (Bankr. S.D.N.Y. 2011) 8

In re Catholic Bishop of N. Alaska,
No. F08-00110-DMD, 2009 WL 8412171 (Bankr. D. Alaska Sept. 11, 2009) 9

In re Dow Corning Corp.,
208 B.R. 661 (Bankr. E.D. Mich. 1997) 8, 12

In re Express One Int'l, Inc.,
194 B.R. 98 (Bankr. E.D. Tex. 1996) 8, 9

In re Henry Mayo Newhall Mem'l Hosp.,
282 B.R. 444 (B.A.P. 9th Cir. 2002) 8, 12

In re McLean Indus., Inc.,
87 B.R. 830 (Bankr. S.D.N.Y. 1987) 9

In re New Meatco Provisions, LLC,
No. 2:13-BK-22155-PC, 2014 WL 917335 (Bankr. C.D. Cal. Mar. 10, 2014) 9

In re Texaco Inc.,
76 B.R. 322 (Bankr. S.D.N.Y. 1987) 10, 11

In re United Press Int'l, Inc.,
60 B.R. 265 (Bankr. D.C. 1986) 9

Securities and Exchange Commission v. Hanf, et al.,
Case No. 26-09298-TSH (August 31, 2026) 4

United States v. Hanf, et al.,
United States District Court for the Northern District of California, Case No. 26-00434-JSC (Aug. 31, 2026) 4

TABLE OF AUTHORITIES
(CONTINUED)

Page

STATUTES

11 U.S.C.
§ 105 5
§ 362 5
§ 363 5
§ 364 5
§ 503 5
§ 507 5
§ 1121(d) 7

28 U.S.C.
§ 157 1
§ 157(b) 1
§ 1334 1
§ 1408 1
§ 1409 1

United States Code Title 11
§ 1121(d) 1, 6, 7, 8

Bankruptcy Code
§ 364 6
§ 1107(a) 2
§ 1108 2
§ 1121 ..... 8, 12
§ 1121(b) 6
§ 1121(c)(3) 6

Corporate Securities Law of 1968
§ 25532 4

OTHER AUTHORITIES

Federal Rules of Bankruptcy Procedure
Rule 2002 5
Rule 4001 5
Rule 6003 5
Rule 6004 5
Rule 9014 5

Federal Rules of Bankruptcy Procedure
Rule 9006(a)(1)(C) 6

H.R. Rep. No. 95-595 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963 8

JMM | Jeffer Mangels & Mitchell LLP
81000931v1
Case: 26-30538 Doc# 162 Filed: 10/12/26 Entered: 10/12/26 09:40:58 Page 5 of 19

TABLE OF AUTHORITIES
(CONTINUED)

Page

H.R. Rep. No. 95-595 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963 10

Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges, General Order 24 1

Rule 5011-1(a) 1

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Case: 26-30538 Doc# 162 Filed: 10/12/26 Entered: 10/12/26 09:40:58 Page 6 of 19

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**"), hereby move (the "**Motion**") this Court pursuant to section 1121(d) of Title 11 of the United States Code (the "Bankruptcy Code"), for an extension of the exclusive period during which only the Debtors may file a plan of reorganization (the "**Exclusive Filing Period**") to and including February 11, 2027, and the exclusive period during which only the Debtors may solicit acceptances of a plan of reorganization (the "**Exclusive Solicitation Period,**" together, the "**Exclusive Periods**") to and including April 12, 2027, without prejudice to the Debtors' right to seek additional extensions of such periods. A proposed form of order granting the relief requested herein is annexed hereto as Exhibit A (the "**Order**").

The facts and circumstances supporting this Motion are set forth in the *Declaration Of William R. Brinkman In Support Of Chapter 11 Petitions And First Day Motions* previously filed herein as docket no. 9 and the concurrently filed *Declaration of William R. Brinkman in Support of Debtors' Motion to Extend Exclusive Periods* (the "**Brinkman Declaration**").

MEMORANDUM OF POINTS AND AUTHORITIES

I. JURISDICTION

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 for the United States District Court for the Northern District of California (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.

II. SUMMARY OF RELIEF REQUESTED

The Debtors seek an order pursuant to section 1121(d) of Title 11 the Bankruptcy Code extending the Exclusive Filing Period to and including February 11, 2027 and extending the

Exclusive Solicitation Period to and including April 12, 2027, without prejudice to the Debtors' right to seek additional extensions of such periods.

III. FACTS

A. The Background of the Chapter 11 Case

On June 16, 2026 (the "**Petition Date**"), the Debtors commenced thirteen (13) voluntary cases under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**"). By order entered on July 6, 2026, the Court ordered the Chapter 11 Cases to be jointly administered under Case No. 26-30538-WJL. The Debtors continues to 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. On July 8, 2026 the United States Trustee appointed an Official Committee of Unsecured Creditors (the "**Committee**"). The Committee is active and has retained counsel and a financial advisor.

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 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.

B. The Debtor's Affairs Are Complex

1. <u>The Debtors' Assets</u>

As of the Petition Date, the Debtors' principal assets consisted 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. A significant portion of the Funds' loan portfolios is non-performing. The impairment of the Funds' assets is attributable in part to defaults and non-payment by numerous borrowers.

The REO properties are mostly located in cities scattered across Northern California, including South San Francisco, Oakland, San Rafael, Castro Valley, Novato, Mendocino, Sebastopol, and Cotati, while others are located in different states, including Waianae, Hawaii; Brownfield, Texas; and Philadelphia, Pennsylvania. While the Properties have not been appraised or valued, the Debtors believe that there is substantial equity in the Properties.

The Debtors' books and records reflect millions of dollars of intercompany balances among the Debtors as well as non-Debtor affiliates owned by Mark Hanf ("**Hanf**"), the Debtors' former principal and former CEO. These intercompany obligations are distinct from the mortgage or construction loans that the Debtors originated and provided to individual borrowers.

2. <u>The Allegations of Fraud</u>

Prior to the Petition Date multiple investors commenced litigation against the Debtors alleging fraudulent activity by prior management of the Debtors. The California Department of

Financial Protection and Innovation initiated an investigation of PPMI and its affiliates in late 2025. On March 16, 2026, the DFPI suspended PPMI's California Financial Lending license. On May 4, 2026, the DFPI issued a Desist and Refrain Order pursuant to Section 25532 of the Corporate Securities Law of 1968, ordering PPMI and its prior management to desist and refrain from offering or selling or buying or offering to buy any security in the State of California by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

Also as of the Petition Date there were ongoing investigations by the U.S. Securities and Exchange Commission, the U.S. Department of Justice and Federal Bureau of Investigation, the Internal Revenue Service, and the California Department of Financial Protection and Innovation into the Debtors' practices. On August 31, 2026, Hanf and Nam Phan ("**Phan**"), the Debtors' former CFO, were indicted for wire fraud. *See* Information, Dkt. No. 2, *United States v. Hanf, et al.*, United States District Court for the Northern District of California, Case No. 26-00434-JSC (Aug. 31, 2026). On the same day, the SEC filed a complaint alleging securities fraud against Hanf and Phan. *See* Complaint, Dkt. No. 1, *Securities and Exchange Commission v. Hanf, et al.*, Case No. 26-09298-TSH (August 31, 2026). Both the criminal information and the SEC's complaint allege that Hanf and Phan operated the Debtors in the manner of a Ponzi scheme. *See* Information, ¶ 15b; Complaint, ¶¶ 6, 7, 33 – 41.

C. The Debtor Has Made Substantial Progress Since the Petition Date

The Debtors' objectives in these Chapter 11 cases are to monetize the Properties, to facilitate a forensic investigation into the Debtors' affairs, and to provide a structure for the identification and prosecution of any claims the forensic investigation might disclose. The Debtors have made substantial progress towards achieving these goals.

To facilitate the sales of the Properties, the Debtors 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. The Court granted the motion and entered an order approving

the Sales Procedures. *See* Dkt. No. 134.

The forensic investigation into the Debtors' prepetition activities is proceeding. The forensic investigation will also examine whether the substantive consolidation of some or all of the Debtors is in the best interests of the estates. The Debtor determined that a joint effort lead by the Committee was in the best interests of the estate. The Committee retained financial advisors and those advisors are proceeding with the forensic investigation. The Debtors are cooperating with and assisting that investigation.

Counsel for the Debtors and the Committee and the Committee's financial advisors are meeting weekly to address the ongoing prosecution of the Chapter 11 Cases and to discuss 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, pursuit 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. The Debtors intend to continue to work closely with the Committee to develop a Chapter 11 plan acceptable to both the Debtor and the Committee.

Additionally, since the Petition Date the Debtors have taken steps to insure that the Debtors have adequate funding to achieve the debtors' objectives. Prior to the Petition Date the Debtors negotiated a debtor in possession loan agreement (the "**DIP Loan**"). 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 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. Multiple parties either objected to the DIP Motion or advised Debtors' counsel that they intended to object. (*See* Dkt. Nos. 58, 59).

After extensive consultations with the Committee, the Debtors proposed to engage in

interdebtor lending instead of the DIP Loan. The Debtors made this election because the loan terms are far more favorable than the proposed DIP Loan. Thus, on August 19, 2026 the Debtors filed their 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, Dkt No. 112. The Court granted this motion on an interim basis and, on September 25, on a final basis. *See* Dkt. Nos. 155, 159. The approval of the proposed interdebtor lending will enable the Debtors to fund the administrative expenses required to conduct the forensic investigation and proceed to proposing and confirming a plan of reorganization.

IV. RELIEF REQUESTED

Section 1121(b) of the Bankruptcy Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to file a chapter 11 plan. Section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan within the 120-day Exclusive Filing Period, it has an exclusive period of 180 days after the commencement of the chapter 11 case to obtain acceptances of its plan. The Debtors' initial Exclusive Filing Period and Exclusive Solicitation Period are currently set to expire on October 14, 2026 and December 14, 2026[1], respectively.

The Debtors request, pursuant to section 1121(d) of the Bankruptcy Code, an extension of the Exclusive Filing Period to and including February 11, 2027, and the Exclusive Solicitation Period to and including April 12, 2027, without prejudice to the Debtor's right to seek additional extensions of such periods.

An extension of the Exclusive Periods in these Chapter 11 Cases as requested is appropriate, is in the best interest of the Debtors' economic stakeholders, and is consistent with the intent and purpose of chapter 11 of the Bankruptcy Code. Ample cause exists to grant the Debtors the extensions of the Exclusive Periods, including (i) the Chapter 11 Cases are large and the

[1] The 180th day following the Petition Date is December 13, 2026. As that date is a Sunday, pursuant to Rule 9006(a)(1)(C) of the Federal Rules of Bankruptcy Procedure, the initial Exclusive Solicitation Period is set to expire on the next business day, which is December 14, 2026.

Debtors' affairs are complex, due to the nature of the Debtors' capital structure and business and the allegations that the Debtors' prior management was engaged in Ponzi-like activity, which makes the Chapter 11 Cases complex; (ii) the Debtors have made considerable good faith progress in the administration of the Chapter 11 Cases including the approval of sales procedures for the sale of the Debtors' assets and the approval of interdebtor financing to give the Debtors the runway effectively to market and sell their assets and to conduct the necessary forensic investigation; (iii) the Committee's financial advisors are proceeding with the forensic investigation into the Debtors' prepetition affairs; and (iv) the Debtors have recently begun the process of marketing the Properties.

The relief requested will allow the Debtors to continue to focus on the sales process. The requested extensions of the Exclusive Periods at this early stage of this Chapter 11 Case simply recognizes the reality of this case and the time needed to investigate the Debtors' affairs, market the Properties, and propose a confirmable plan. The relief requested will afford the Debtors the full and fair opportunity contemplated by Congress for the Debtors to develop, negotiate, and propose a viable, fair, and comprehensive plan of reorganization and also solicit acceptances of that plan in a manner that will maximize value for all of its economic stakeholders.

V. BASIS FOR RELIEF REQUESTED

Pursuant to section 1121(d) of the Bankruptcy Code, the Court may extend the Exclusive Periods for cause. *See* 11 U.S.C. § 1121(d) ("on request of a party in interest made within the respective periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court may for cause reduce or increase the 120-day period or the 180-day period referred to in this section"). However, the 120-day period "may not be extended beyond a date that is 18 months after the [commencement] date" and the 180-day period "may not be extended beyond a date that is 20 months after the [commencement] date." *Id.* § 1121(d)(2).

The Exclusive Periods established by Congress were incorporated in the Bankruptcy Code to afford a debtor a full and fair opportunity to propose a chapter 11 plan and enable solicitation of acceptances of the plan without the deterioration and disruption of a debtor's business that might be caused by the filing of multiple competing plans. Indeed, the primary objective of a chapter 11

case is the formulation, confirmation, and consummation of a consensual chapter 11 plan. To terminate the Exclusive Periods in these Chapter 11 Cases before the Debtors' sale process has even had a chance to begin would be to defeat the very purpose of section 1121 of the Bankruptcy Code, *i.e.*, affording a debtor the full and fair opportunity to formulate and prosecute its proposed chapter 11 plan. The initial 120- and 180-day Exclusive Periods provided in the Bankruptcy Code simply provide an unrealistic time frame for Chapter 11 cases of the complexity of this Chapter 11 Case.

As stated, section 1121(d) of the Bankruptcy Code empowers a Bankruptcy Court to extend the Exclusive Periods "for cause." The Bankruptcy Code neither defines the term "cause" for purposes of section 1121(d) nor establishes formal criteria for an extension. The legislative history of section 1121 indicates, however, that it is intended to be a flexible standard to balance the competing interests of a debtor and its creditors. *See* H.R. Rep. No. 95-595, at 231-32 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963 (noting that Congress intended to give Bankruptcy Courts great flexibility to protect a debtor's interests by allowing a debtor unimpeded opportunity to negotiate settlement of debts without interference from other parties in interest).

In exercising its broad discretion, the Bankruptcy Court may consider a variety of factors to assess the totality of circumstances in each case. *See In re Henry Mayo Newhall Mem'l Hosp.*, 282 B.R. 444, 452 (B.A.P. 9th Cir. 2002) ("The question [of § 1121(d) cause] is inherently fact-specific and calls for a delicate exercise of judgment about which seasoned judges could differ."); *In re Borders Grp., Inc.*, 460 B.R. 818, 821−22 (Bankr. S.D.N.Y. 2011) ("The determination of cause under section 1121(d) is a fact-specific inquiry and the court has broad discretion in extending or terminating exclusivity."); *In re Adelphia Commc'ns Corp.*, 352 B.R. 578, 587 (Bankr. S.D.N.Y. 2006) (identifying objective factors courts historically have considered in determining whether cause exists to extend or terminate exclusivity); *In re Dow Corning Corp.*, 208 B.R. 661, 664 (Bankr. E.D. Mich. 1997); *In re Express One Int'l, Inc.*, 194 B.R. 98 (Bankr. E.D. Tex. 1996). Those factors include, without limitation:

(i) the size and complexity of the debtor's case;

(ii) the necessity for sufficient time to permit the debtor to negotiate a chapter

11 plan and prepare adequate information;

(iii) the existence of good faith progress towards reorganization;

(iv) the fact that the debtor is paying its bills as they become due;

(v) whether the debtor has demonstrated reasonable prospects for filing a viable plan;

(vi) whether the debtor has made progress in negotiations with its creditors;

(vii) the amount of time which has elapsed in the case;

(viii) whether the debtor is seeking an extension of exclusivity in order to pressure creditors to submit to the debtor's reorganization demands; and

(ix) whether an unresolved contingency exists.

In re New Meatco Provisions, LLC, No. 2:13-BK-22155-PC, 2014 WL 917335, at *3 (Bankr. C.D. Cal. Mar. 10, 2014); *In re Catholic Bishop of N. Alaska*, No. F08-00110-DMD, 2009 WL 8412171, at *1 (Bankr. D. Alaska Sept. 11, 2009); *Adelphia Commc'ns*, 352 B.R. at 587 (noting that the nine factors listed above are "objective factors which courts historically have considered in making determinations of this character"); *In re McLean Indus., Inc.*, 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987); *accord In re Express One*, 194 B.R. at 100 (identifying all of the nine factors as relevant in determining whether cause exists to extend exclusivity); *In re United Press Int'l, Inc.*, 60 B.R. 265, 269 (Bankr. D.C. 1986) (holding that debtor showed cause to extend exclusive period based upon certain of the nine factors). The exercise of the Court's discretion is not simply a check-off process, but is based upon the totality of the circumstances. The above factors are not the exclusive bases for the exercise of the Court's discretion to extend the exclusive periods, nor must they all be satisfied.

Application of the identified standards to the indisputable facts of these Chapter 11 Cases demonstrates that more than ample cause exists to grant the Debtors' requested extensions of the Exclusive Periods. The extensions are necessary and appropriate in order for the Debtors to have the opportunity contemplated by the Bankruptcy Code to propose a chapter 11 plan and solicit acceptances of such plan.

/ / /

A. The Debtors' Chapter 11 Cases Are Large and Complex

It is well-established that the size and complexity of a debtor's case alone may constitute cause to extend the Exclusive Periods. The legislative history provides that "if an unusually large company were to seek reorganization under chapter 11, the court would probably need to extend the time in order to allow the debtor to reach an agreement." H.R. Rep. No. 95-595, at 232 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963. Similarly, courts have recognized that "[t]he large size of a debtor and the consequent difficulty in formulating a plan . . . for a huge debtor with a complex financial structure are important factors which generally constitute cause for extending the exclusivity periods." *In re Texaco Inc.*, 76 B.R. 322, 326 (Bankr. S.D.N.Y. 1987).

The Chapter 11 Cases are both large and complex. There are 13 separate Debtors and approximately 400 individual investors holding roughly 475 investment accounts. The total invested capital is approximately $140 million. The number and volume of intercompany transactions and the allegations of Ponzi scheme-like behavior raise complex legal and factual issues regarding the applicability of the Ponzi presumption and whether the Debtors' estates should be substantively consolidated. Furthermore, the pending civil and criminal investigations by the SEC and the DOJ and the criminal indictments of the Debtors' former CEO and CFO add to the complexity.

B. The Necessity For Sufficient Time To Permit The Debtor To Negotiate A Chapter 11 Plan And Prepare Adequate Information and The Existence Of Good Faith Progress Towards Reorganization

During the initial stages of these Chapter 11 Cases the Debtors' resources have been devoted to successfully assuring a smooth transition into chapter 11. The Debtors have filed their Schedules and Statements. The Debtors have taken steps to insure that there is adequate financing to pay the administrative costs of the Chapter 11 Cases, establishing sales procedures for the sale of the Properties, and are working with the Committee to get the forensic investigation underway. These efforts have enabled the Debtors to minimize the disruptions often attendant to the commencement of a chapter 11 case and have put the Debtors in the position to run a sales process.

The Debtors are administering the Chapter 11 Cases expeditiously and have made progress

in good faith. However, the forensic investigation and the sales process must be allowed to proceed before the Chapter 11 plan negotiation and formulation process can take place in earnest.

C. The Fact That The Debtor Is Paying Its Bills As They Become Due

Courts considering an extension of exclusivity also may assess a debtor's liquidity and ability to pay costs and expenses of administration. *See Adelphia Commc'ns*, 352 B.R. at 587; *Texaco*, 76 B.R. at 322. Here, the Debtors have obtained the interdebtor facility and have sufficient liquidity to pay their undisputed administrative expenses in the ordinary course. As such, the requested extension of the Exclusive Periods will not prejudice the legitimate interests of creditors or other parties in interest, and this factor weighs in favor of granting the relief requested.

D. Whether The Debtor Has Demonstrated Reasonable Prospects For Filing A Viable Plan

The Debtors have demonstrated that they have a reasonable prospect for filing a viable, confirmable plan. The Debtors are working cooperatively with the Committee to complete the groundwork that will enable the Debtors to file a confirmable plan. The Debtors intend to continue to work with the Committee and believe that doing so will lead to the filing of a plan that the Committee supports.

E. The Amount Of Time Which Has Elapsed In The Case And Whether The Debtor Is Seeking to Use Exclusivity to Pressure Creditors to Submit to the Debtor's Demands

This is the Debtors' first request for extensions of the Exclusive Periods. The Debtors are not seeking these extensions to artificially delay the administration of the Chapter 11 Cases or to hold creditors hostage to an unsatisfactory plan proposal. Simply put, there has not been a real opportunity for the Debtors to complete the tasks necessary to propose and file a plan during the short period of time since the Petition Date.

The Debtors' relationship with the Committee, the representative of the Debtors' key economic stakeholders, is constructive. The Chapter 11 Cases are still in the early stage. The request for extending the Exclusive Periods is not a negotiation tactic, but rather a reflection of the fact that the until the process has been allowed to unfold, this case is not ready for the formulation, filing, and prosecution of a feasible chapter 11 plan.

Case: 26-30538 Doc# 162 Filed: 10/12/26 Entered: 10/12/26 09:40:58 Page 17 of 19

Under the circumstances of these Chapter 11 Cases, the requested extensions of the Exclusive Periods are warranted and, in fact, necessary and appropriate to afford the Debtors the opportunity to achieve the objectives of chapter 11 – a full and fair opportunity to negotiate with their various stakeholders and propose a confirmable plan as contemplated by the Bankruptcy Code.

Moreover, the extensions of the Exclusive Periods as requested will not prejudice any party in interest, but rather will afford the Debtors a realistic opportunity to pursue the sale process. Failure to extend the Exclusive Periods as requested herein would defeat the very purpose of section 1121 of the Bankruptcy Code, *i.e.*, to provide the Debtor with a meaningful and reasonable opportunity to negotiate with their economic stakeholders and propose a confirmable chapter 11 plan. Courts have previously held that the facilitation of a fair and equitable resolution to a chapter 11 case is of paramount importance in determination whether to extend exclusivity. *See In re Henry Mayo Newhall Mem'l Hosp.*, 282 B.R. at 453 ("We also agree with the *Dow Corning* court that a transcendent consideration is whether adjustment of exclusivity will facilitate moving the case forward toward a fair and equitable resolution."). Those circumstances plainly exist here.

VI. NOTICE

Notice of this Motion is being provided to: (i) the U.S. Trustee; (ii) the Securities and Exchange Commission; (iii) the California Department of Financial Protection and Innovation; and (iv) all parties that have filed and served a request for special notice, and (v) the Committee. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

VII. CONCLUSION

The Debtors have responded to the exigent demands of these Chapter 11 Cases and have worked diligently with their key economic stakeholders to advance the reorganization process. The Debtors should be afforded a full, fair, and reasonable opportunity to negotiate, propose, file, and solicit acceptances of a Chapter 11 plan. This first requested extension of the Exclusive Periods is warranted and necessary to afford the Debtors a meaningful opportunity to pursue the

chapter 11 reorganization process and build a consensus among its economic stakeholders, all as contemplated by chapter 11 of the Bankruptcy Code.

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

WHEREFORE the Debtors respectfully requests entry of an order granting (i) the relief requested herein for cause shown and as being in the best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other and further relief as the Court may deem just and appropriate.

DATED: October 12, 2026

JEFFER MANGELS & MITCHELL LLP
BENNETT G. YOUNG, ESQ.
CHRISTOPHER WHANG

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

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EXHIBIT A

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re: Pacific Capital Funding Group Inc., Debtor. 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 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	Case No. 26-30538 Chapter 11 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) **[PROPOSED] ORDER EXTENDING DEBTORS' EXCLUSIVITY PERIODS** Date: November 18, 2026 Time: 10:30 a.m. (Pacific Time) Place: 1300 Clay Street, Room 220 Oakland, CA Judge: Hon. William J. Lafferty

☐ 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

On consideration of the *Motion Of Debtors And Debtors In Possession Pursuant To 11 U.S.C. 1121(d) To Extend Exclusive Periods* (the "**Motion**") (dkt. no. __), filed by the above-captioned debtors and debtors in possession (the "**Debtors**"); the Court having reviewed the Motion, the Declaration of William R. Brinkman in support of the Motion (the "**Brinkman Declaration**") (dkt. no. _); and the Court having found that (i) the Court has jurisdiction to consider the Motion and the relief requested pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (iv) notice of the Motion and Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted.

2. The exclusive period during which only the Debtors may file a plan of reorganization is extended to and including February 11, 2027, without prejudice to the Debtors' right to seek additional extensions of such period.

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3. The exclusive period during which only the Debtors may solicit acceptances of a plan of reorganization is extended to and including April 12, 2027, without prejudice to the Debtors' right to seek additional extensions of such period.

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

** END OF ORDER **

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COURT SERVICE LIST

All ECF Participants

JMM | Jeffer Mangels & Mitchell LLP

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

In re: Pacific Capital Funding Group Inc., Debtor. 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 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	Case No. 26-30538 Chapter 11 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) **DECLARATION OF WILLIAM R. BRINKMAN IN SUPPORT OF MOTION OF DEBTORS AND DEBTORS-IN-POSSESSION PURSUANT TO 11 U.S.C. 1121(d) TO EXTEND EXCLUSIVE PERIODS** Date: November 18, 2026 Time: 10:30 a.m. Location: Courtroom 220 Judge: Hon. William J. Lafferty

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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

I, William R. Brinkman, hereby declare under penalty of perjury:

1. I am the Chief Restructuring Officer of Pacific Private Money, Inc., a California corporation ("**PPMI**") and each of the affiliated debtor entities identified on the List of Affiliated Debtors filed with each of the voluntary petitions in these cases (collectively with PPMI, the "**Debtors**"). 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 estate lending and investment management industries.

2. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, information obtained from the Debtors' management team and advisors, my review of relevant documents and information concerning the Debtors' operations, financial affairs, and restructuring initiatives, and my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the statements set forth in this

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declaration.

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

4. The Debtors operated through an "opco/fundco" structure, with PPMI serving as the licensed operating entity that originated and serviced mortgage loans. The enterprise raised capital through 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 fund entities, private individual trustee investors, and debt facilities.

5. A significant portion of the fund entities' loan portfolios became non-performing because of defaults by several major borrowers. The portfolio of loans available for foreclosure diminished, and certain remaining loans became unsecured after senior lienholders obtained the underlying property. A sharp rise in market interest rates also contracted the secondary market for the Debtors' mortgage loans, eliminating a key source of liquidity.

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

7. As of the Petition Date, the Debtors' principal assets consisted 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. A significant portion of the Funds' loan portfolios is non-performing. The impairment of the Funds' assets is attributable in part to defaults and non-payment by numerous borrowers.

8. The REO properties are mostly located in cities scattered across Northern California, including South San Francisco, Oakland, San Rafael, Castro Valley, Novato, Mendocino,

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Sebastopol, and Cotati, while others are located in different states, including Waianae, Hawaii; Brownfield, Texas; and Philadelphia, Pennsylvania. While the Properties have not been appraised or valued, the Debtors believe that there is substantial equity in the Properties.

9. The Debtors' books and records reflect millions of dollars of intercompany balances among the Debtors as well as non-Debtor affiliates owned by Mark Hanf ("**Hanf**"), the Debtors' former principal and former CEO. These intercompany obligations are distinct from the mortgage or construction loans that the Debtors originated and provided to individual borrowers.

10. Prior to the Petition Date multiple investors commenced litigation against the Debtors alleging fraudulent activity by prior management of the Debtors. The California Department of Financial Protection and Innovation initiated an investigation of PPMI and its affiliates in late 2025. On March 16, 2026, the DFPI suspended PPMI's California Financial Lending license. On May 4, 2026, the DFPI issued a Desist and Refrain Order pursuant to Section 25532 of the Corporate Securities Law of 1968, ordering PPMI and its prior management to desist and refrain from offering or selling or buying or offering to buy any security in the State of California by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

11. Also as of the Petition Date there were ongoing investigations by the U.S. Securities and Exchange Commission, the U.S. Department of Justice and Federal Bureau of Investigation, the Internal Revenue Service, and the California Department of Financial Protection and Innovation into the Debtors' practices. On August 31, 2026, Hanf and Nam Phan ("**Phan**"), the Debtors' former CFO, were indicted for wire fraud. *See* Information, Dkt. No. 2, *United States v. Hanf, et al.*, United States District Court for the Northern District of California, Case No. 26-00434-JSC (Aug. 31, 2026). On the same day, the SEC filed a complaint alleging securities fraud against Hanf and Phan. *See* Complaint, Dkt. No. 1, *Securities and Exchange Commission v. Hanf, et al.*, Case No. 26-09298-TSH (August 31, 2026). Both the criminal information and the SEC's complaint allege that Hanf and Phan operated the Debtors in the manner of a Ponzi scheme. *See* Information, ¶ 15b; Complaint, ¶¶ 6, 7, 33 – 41.

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12. The Debtors' objectives in these Chapter 11 cases are to monetize the Properties, to facilitate a forensic investigation into the Debtors' affairs, and to provide a structure for the identification and prosecution of any claims the forensic investigation might disclose. The Debtors have made substantial progress towards achieving these goals.

13. To facilitate the sales of the Properties, the Debtors 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. The Court granted the motion and entered an order approving the Sales Procedures. *See* Dkt. No. 134.

14. The forensic investigation into the Debtors' prepetition activities is proceeding. The forensic investigation will also examine whether the substantive consolidation of some or all of the Debtors is in the best interests of the estates. The Debtors determined that a joint effort lead by the Committee was in the best interests of the estates. The Committee retained financial advisors and those advisors are proceeding with the forensic investigation. The Debtors are cooperating with and assisting that investigation.

15. Counsel for the Debtors and the Committee and the Committee's financial advisors are meeting weekly to address the ongoing prosecution of the Chapter 11 Cases and to discuss 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, pursuit 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. The Debtors intend to continue to work closely with the Committee to develop a Chapter 11 plan acceptable to both the Debtor and the Committee.

16. Additionally, since the Petition Date the Debtors have taken steps to insure that the Debtors have adequate funding to achieve the debtors' objectives. Prior to the Petition Date the Debtors negotiated a debtor in possession loan agreement (the "**DIP Loan**"). On July 10, 2026 the Debtors filed their Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 362, 363, 364, 503 and 507,

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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 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. Multiple parties either objected to the DIP Motion or advised Debtors' counsel that they intended to object. (*See* Dkt. Nos. 58, 59).

17. After extensive consultations with the Committee, the Debtors proposed to engage in interdebtor lending instead of the DIP Loan. The Debtors made this election because the loan terms are far more favorable than the proposed DIP Loan. Thus, on August 19, 2026 the Debtors filed their 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, Dkt No. 112. The Court granted this motion on an interim basis and, on September 25, on a final basis. *See* Dkt. Nos. 155, 159. The approval of the proposed interdebtor lending will enable the Debtors to fund the administrative expenses required to conduct the forensic investigation and proceed to proposing and confirming a plan of reorganization.

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

DATED: Ocotober 12, 2026

By: DocuSigned by: 7B5A57DBFB8A4E5...

WILLIAM R. BRINKMAN

JMBM Jeffer Mangels Butler & Mitchell LLP