Tobias S. Keller (CA Bar No. 151445)
David A. Taylor (CA Bar No. 247433)
Thomas B. Rupp (CA Bar No. 278041)
KELLER BENVENUTTI KIM LLP
101 Montgomery Street, Suite 1950
San Francisco, CA 94104
Telephone: (415) 496-6723
E-mail: tkeller@kbkllp.com
dtaylor@kbkllp.com
trupp@kbkllp.com

Counsel to LeFever Mattson and Its Affiliated Debtors and Debtors in Possession

Debra I. Grassgreen (CA Bar No. 169978)
John D. Fiero (CA Bar No. 136557)
Jason H. Rosell (CA Bar No. 269126)
PACHULSKI STANG ZIEHL & JONES LLP
One Sansome Street, Suite 3430
San Francisco, CA 94104
Telephone: (415) 263-7000
E-mail: dgrassgreen@pszjlaw.com
jfiero@pszjlaw.com
jrosell@pszjlaw.com

Counsel to the Official Committee of Unsecured Creditors

Richard L. Wynne (CA Bar No. 120349)
Erin N. Brady (CA Bar No. 215038)
Edward J. McNeilly (CA Bar No. 314588)
HOGAN LOVELLS US LLP
1999 Avenue of the Stars, Suite 1400
Los Angeles, California 90067
Telephone: (310) 785-4600
Email: richard.wynne@hoganlovells.com
erin.brady@hoganlovells.com
edward.mcneilly@hoganlovells.com

Counsel to KS Mattson Partners, LP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*, Debtors.	Lead Case No. 24-10545 (CN) (Jointly Administered) Chapter 11 **JOINT MOTION OF LFM DEBTORS, DEBTOR KSMP, AND THE COMMITTEE TO APPROVE ENTRY INTO AND PERFORMANCE UNDER THE SETTLEMENT AGREEMENT WITH TIMOTHY J. LEFEVER AND CERTAIN OF HIS AFFILIATES** **Date:** February 26, 2026 **Time:** 10:00 a.m. (Pacific Time) **Place:** Via Zoom or In Person United States Bankruptcy Court 1300 Clay Street, Courtroom 215 Oakland, CA 94612
In re: KS MATTSON PARTNERS, LP, Debtor.	

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LeFever Mattson, a California corporation ("LeFever Mattson"), and its debtor affiliates (collectively with LeFever Mattson, the "LFM Debtors"), KS Mattson Partners, LP ("KSMP," and, together with the LFM Debtors, the "Debtors"), as debtors and debtors in possession in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), and the Official Committee of Unsecured Creditors (the "Committee" and, together with the Debtors, the "Movants" or "Estate Parties") appointed in the Chapter 11 Cases hereby move (the "Motion") this Court, pursuant to sections 105(a) and 363(b) of Title 11 of the United States Code (the "Bankruptcy Code") and Rules 6004 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for the entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), approving the Settlement Agreement, dated as of January 29, 2026 (the "Settlement Agreement"), by and among the Debtors, the Committee, Timothy J. LeFever ("LeFever"), and certain of his affiliates, including Kathleen L. Hamlin and Laurel Wreath Foundation (collectively with LeFever, the "LeFever Entities" and, together with the Estate Parties, the "Parties" and each, a "Party"). A copy of the Settlement Agreement is attached to the Proposed Order as Exhibit 1.

In support of the Motion, the Movants submit the declarations of Robbin L. Itkin (the "Itkin Declaration"), Bradley D. Sharp (the "Sharp Declaration"), and Kevin Katari (the "Katari Declaration"), each filed concurrently herewith. In support of this Motion, the Movants respectfully state the following:

MEMORANDUM OF POINTS AND AUTHORITIES

I. PRELIMINARY STATEMENT

The Settlement Agreement represents the successful conclusion of substantial arm's length negotiations and a formal mediation by the Parties under the supervision of retired Judge Lee Bogdanoff. In the sound exercise of their business judgment, after substantial diligence efforts led by the Committee, as well as detailed factual and legal research, discovery, and investigations conducted by the Estate Parties, the Movants have concluded that the benefits of the Settlement Agreement far outweigh the costs of litigation and risk of collection. In short, this settlement will enable the Estate Parties to (a) resolve a multitude of significant claims among the Estate Parties and the LeFever Entities, (b) avoid millions of dollars in professional fees that would be incurred

in connection with protracted litigation, (c) secure more than $4.5 million in value for the Debtors' estates which may otherwise not be available, and (d) avoid unnecessary delay in distributions to creditors and investors.

Specifically, the Settlement Agreement resolves the Debtors' asserted claims against the LeFever Entities, including fraudulent transfer and breach of fiduciary duty claims against LeFever, in exchange for (a) ***$5.015 million***, comprised of a ***$4.725 million cash payment*** (the "Settlement Amount") and ***waiver of a $290,000 promissory note***; (b) the ***waiver of all claims and interests*** held by the LeFever Entities against or in the Debtors; and (c) liens on LeFever's real estate holdings. The economics of the Settlement Agreement reflect the economic realities – the Debtors did ***not*** maintain director and officer liability insurance for the period prior to the commencement of the Chapter 11 Cases. As a result, any recovery from LeFever would need to be satisfied by LeFever – not a deep-pocketed insurance company – and every dollar LeFever spent defending himself, or opposing the Plan, would be one less dollar available to be paid to creditors and investors. While the Committee believes that the estates' claims far exceed the Settlement Amount, the settlement was based principally on LeFever's ability to pay. A large judgment would be a hollow victory if there are little or no assets available to satisfy the judgment. For that reason, the settlement includes an attestation to LeFever's assets and remedies available to the estates (or their successor) if a court later determines that he failed to disclose material assets. Notably, the Settlement Amount is a very substantial portion of LeFever's assets and is secured by real estate assets he owns.

The Estate Parties have investigated and informally asserted various claims against the LeFever Entities, including breach of fiduciary duty (solely as to LeFever) and fraudulent transfer. Although the Estate Parties believe these claims are valid and the Estate Parties would prevail if such claims went to trial, the Estate Parties understand that the LeFever Entities deny those claims, believe they would prevail, and are prepared to vigorously defend themselves and oppose the Plan. If these claims are not settled, (a) the estates will incur substantial professional fees litigating plan confirmation and claims against the LeFever Entities, (b) confirmation of the Plan will be delayed

(and potentially put at risk), and (c) the LeFever Entities' resources available to satisfy any judgment will be materially diminished.

The Settlement Agreement avoids these unnecessary risks. In addition, the Plan contemplates equitably subordinating the claims and interests of LeFever to all creditors and investors. The Settlement Agreement goes a step further – the LeFever Entities (not just LeFever) are waiving all claims against and interests in the Debtors. In other words, ***the LeFever Entities will not receive any distribution under the Plan and will not share in investor recoveries***.

Accordingly, after two full days of mediation with retired Judge Lee Bogdanoff and consideration of the complexity of the claims, projected costs, uncertainties, and risks for both sides, the Parties have arrived at a comprehensive global settlement that is in the best interests of creditors and investors and the estates.

For the reasons set forth herein, the Movants respectfully request that the Court grant the relief requested in this Motion and approve the Settlement Agreement.

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 this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

III. BACKGROUND

A. The Chapter 11 Cases

As described in the *Declaration of Bradley D. Sharp in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 5], the Chapter 11 Cases of the LFM Debtors were necessitated by, among other things, Mr. Kenneth Mattson's purported sales of equity interests in many of the LFM Debtors to hundreds of investors through transactions that were not recorded in the books and records of LeFever Mattson or the appropriate LFM Debtor. LFM Debtor Windscape Apartments, LLC, filed its chapter 11 petition on August 6, 2024. Fifty-eight LFM Debtors, including LeFever Mattson, filed their chapter 11 petitions on September 12, 2024. LFM Debtors

Pinewood Condominiums, LP, and Ponderosa Pines, LP, filed their chapter 11 petitions on October 2, 2024.

On November 22, 2024, LFM Debtors LeFever Mattson and Windtree, LP filed an involuntary chapter 11 petition against KSMP. Six months later, after an agreement between KSMP and LeFever Mattson, the Court entered the *Stipulated Order for Relief in an Involuntary Case* on June 9, 2025 [Case No. 24-10715, Docket No. 131]. KSMP is now a chapter 11 debtor in possession, and its case is jointly administered, for procedural purposes only, with those of the LFM Debtors. Effective as of June 16, 2025, Ms. Robbin L. Itkin is the responsible individual of KSMP and Mr. Mattson is no longer directing or operating KSMP.

The LFM Debtors and KSMP continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

The United States Trustee appointed the Committee in the Chapter 11 Cases of the LFM Debtors on October 9, 2024. The United States Trustee amended the appointment on August 26, 2025 [Docket No. 2104] to expand the appointment of the Committee to include the Chapter 11 Case of KSMP.

On October 31, 2025, the Court entered its *Order Approving the Second Stipulation Granting the Official Committee of Unsecured Creditors Standing to Pursue Certain Estate Causes of Action* [Docket No. 2750], which granted the Committee standing to prosecute, mediate, and/or settle all claims and estate causes of action against LeFever.

On December 10, 2025, the Court entered its *Order (I) Approving the Plan Summary and Approving Disclosure Statement; (II) Scheduling Status Conference on Confirmation of Plan and Approving the Form and Manner of Service of the Confirmation Notice; (III) Establishing Procedures for the Solicitation and Tabulation of Votes on Plan; (IV) Estimating Investor Claims and Interests Solely for Voting Purposes; and (V) Approving Related Matters* [Docket No. 3105] (the "Solicitation Procedures Order").

Pursuant to the Solicitation Procedures Order, the Court approved the *Third Amended Disclosure Statement in Support of Third Amended Joint Chapter 11 Plan of Liquidation* [Docket

No. 3109] and authorized the Plan Proponents to solicit votes on the *Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 3108] (the "Plan").

B. Claims and Interests of the LeFever Entities

The LeFever Entities are comprised of the following individuals and entities: (a) Timothy J. LeFever; (b) Amy LeFever (wife); (c) Clara Elizabeth Crane, Lucy Kathleen LeFever, and Grace Helen Garrett (children of Tim and Amy LeFever); (d) Kathleen L. Hamlin (LeFever's mother-in-law); (e) the Kathleen Hamlin Living Trust dated July 2, 2008 (the "Hamlin Living Trust"); and (f) Laurel Wreath Foundation (the "Foundation") (a charitable foundation founded by LeFever and his wife).[1]

As set forth on the *Omnibus List of Equity Security Holders* [Docket No. 353], Timothy J. LeFever and Amy LeFever and the Kathleen Hamlin Living Trust, dated July 2, 2008, own various equity interests in the LFM Debtors (collectively, the "LFM Interests"). Specifically, LeFever owns 50% of the equity interest in LeFever Mattson, which directly or indirectly controls the remaining LFM Debtors.

The LFM Debtors scheduled certain advances of LeFever as claims against the LFM Debtors in the aggregate amount of $732,166.50 (collectively, the "Timothy LeFever Scheduled Claims").

The LFM Debtors also scheduled a certain claim of Kathleen Hamlin as a claim against the LFM Debtors in the aggregate amount of $500,000 (the "Hamlin Scheduled Claim" and together with the Timothy LeFever Scheduled Claims, the "Scheduled Claims").

On February 12 and 13, 2025, LeFever filed claims for indemnification, which are denoted in the LFM Debtors' claims register as Proof of Claim Nos. 928-29, 931-35, 937-43, 945-47, 949, 951, 953-55, 956, 958-59, 961, 962, 964-67, 970-75, 977, 980, 981, 987, 989, 991, 992, 994, 997-1000, 1005, 1007, 1009, 1010, 1012-14, 1017, 1018, 1024, 1026, and 1028 (collectively, the "LFM Indemnification Claims").

[1] LeFever transferred certain pieces of real estate to Laurel Wreath Foundation within the past four years.

On February 13, 2025, the Hamlin Living Trust filed a proof of interest asserting fractional ownership interests in four LFM Debtors, which is denoted in the LFM Debtors' claims register as Proof of Claim No. 1401 (the "Hamlin Living Trust Proof of Interest").

On February 13, 2025, Kathleen Hamlin filed a claim in the amount of $510,416.65 against LeFever Mattson, which is denoted in the LFM Debtors' claims register as Proof of Claim No. 1745 (the "Hamlin Claim").

On February 13, 2025, the Foundation filed a claim in the amount of $290,000 plus interest against LFM Debtor Red Spruce Tree, LP, which is denoted on the LFM Debtors' claims register as Proof of Claim No. 1241 (the "Foundation Claim").

On October 3, 2025, LeFever filed a claim for unliquidated amounts arising from KSMP's purported indemnity obligations under applicable law and principles of equity as well as other contingent, unliquidated, and/or currently unknown claims against KSMP, which is denoted in KSMP's claims register as Proof of Claim No. 709 (the "KSMP Claim" and collectively with the LFM Interests, Scheduled Claims, and LFM Indemnification Claims, Hamlin Living Trust Proof of Interest, the Hamlin Claim, and the Foundation Claim, the "LeFever Claims").

C. Causes of Action Against the LeFever Entities

As discussed above, the Committee spearheaded an investigation to determine whether the estates hold claims against the LeFever Entities (the "Committee Investigation"). In connection with its investigation, parties have produced 1,295,099 documents (5,392,638 pages) to the Committee – including 149,772 documents (698,349 pages) produced by LeFever and certain of his affiliates. In addition, the Committee deposed LeFever for approximately seven (7) hours on December 10, 2025.

Although these Chapter 11 Cases are complex and involve a tangled web of more than 60 debtors, 200 pieces of real estate, and the former Chief Executive Officer and Chief Financial Officer, Kenneth W. Mattson, who has been indicted for operating the Debtors as a Ponzi scheme for more than two decades – resulting in losses of more than $100 million to investors, the Committee Investigation revealed that the primary causes of action against LeFever are breach of fiduciary duty claims and fraudulent transfer claims.

Specifically, the Committee asserts that, as an officer and director, LeFever failed to stop Mattson's perpetration of the Ponzi scheme and, as a result of LeFever's failure to timely implement corrective measures, investors were further defrauded. In 2023, the Committee contends that LeFever should have known that LeFever Mattson was being operated as a fraud – yet LeFever permitted Mattson to retain control over the company and its finances, during which time investors were defrauded out of an additional $20 million. Moreover, between 2023 and the commencement of the Chapter 11 Cases, LeFever drew nearly $2 million in distributions.

LeFever denies such allegations and asserts that there is no evidence that he knew or should have known of Mattson's fraudulent scheme. Instead, LeFever asserts that he acted diligently and appropriately at all relevant times and that once Mattson's scheme was revealed, LeFever retained and relied upon professionals, including attorneys and forensic accountants, and took appropriate action, including removing Mattson from his positions as Chief Executive Officer and Chief Financial Officer and reporting Mattson to the relevant federal authorities. LeFever also denies that he received any fraudulent transfers.

Perhaps most important to the Estate Parties' decision to settle the estates' claims against the LeFever Entities is that LFM did not maintain prepetition director and officer liability insurance. As a result, any judgment against LeFever would necessarily need to be satisfied from his or his affiliates' assets; *however*, LeFever could exhaust the entirety of his net worth defending these causes of action or contesting confirmation of the Plan, at which point any judgment the Estate Parties obtained would be uncollectible.

The LFM Debtors and KSMP understand that, before the successful mediation, (1) the Committee had intended to file a complaint against LeFever and certain other LeFever Entities alleging claims for, among other things, breach of fiduciary duty, fraudulent conveyance, recovery of fraudulent conveyances, equitable subordination of claims, disallowance of claims, and equitable relief, and (2) LeFever intended to vigorously defend those claims while simultaneously contesting confirmation of the Plan.

D. The Settlement Agreement

On December 18 and 19, 2025, the Plan Proponents and LeFever conducted a two-day mediation before Hon. Lee R. Bogdanoff (Ret.), which culminated in the Settlement Agreement. A detailed explanation of the key terms and conditions of the Settlement Agreement are set forth in the table below:[2]

Parties to the Settlement	The parties to the settlement are: (1) the LFM Debtors, (2) KSMP, (3) the Committee, and (4) the LeFever Entities.
Effective Date	The Settlement Agreement shall become effective (the "Effective Date") on the third business day following the Bankruptcy Court's entry of an order approving the Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure.
Settlement Consideration	Initial Payment. On the Effective Date of the Settlement Agreement, Timothy J. LeFever shall pay to the LFM Debtors or Plan Recovery Trust (as defined in the Plan), as applicable, an amount not less than $472,500. Waiver of Red Spruce Note. On the Effective Date of the Settlement Agreement, the Red Spruce Note ($290,000) will be waived and the Foundation Claim deemed disallowed and expunged. Promissory Note. On the Effective Date of the Settlement Agreement, Tim and Amy LeFever shall deliver an executed promissory note in a face amount equal to $4,725,000 less the Initial Payment (that shall begin to bear interest on the 90th day after the Effective Date at 6% per annum until paid in full no later than the 180th day following the Effective Date). Security Interest and Deed(s) of Trust. As security for the obligations owing under the Note, on the Effective Date of the Settlement Agreement, Timothy J. LeFever and Amy LeFever shall execute appropriate standard secured loan documentation, including but not limited to one or more deeds of trust securing the obligations owing under the Note and encumbering real property and real property interests they own (whether in their own names or the name(s) of any family trust) with collective equity values totaling the amount of the Promissory Note in favor of the Debtors

[2] The below summary of the Settlement Agreement is not intended to be exhaustive, and is qualified entirely by the terms of the Settlement Agreement. A capitalized term used but not defined in this summary shall have the meaning ascribed to it in the Settlement Agreement.

	or the Plan Recovery Trustee, as applicable.
Asset Attestation	No later than the Effective Date, Timothy J. LeFever shall execute an attestation under penalty of perjury setting forth all material assets and liabilities and attesting to the veracity of the included schedule of transfers. In the event that a Court or an agreed-upon neutral later determines that Timothy J. LeFever failed to disclose either (a) any single asset that has a value, as of December 19, 2025, in excess of $100,000 or (b) multiple assets having an aggregate value, as of December 19, 2025, of $200,000, then the Estate Parties shall have the right to seek to compel surrender of any omitted asset or assets upon judgment therefor, or, at the Estate Parties' option, to seek to obtain a judgment against Timothy J. LeFever personally for the value of the omitted asset or assets as of the date of the attestation.
Limited Waiver of Claims Against Transferees	With respect to each prior transfer disclosed by Timothy J. LeFever in the schedule attached to a mediation privileged e-mail from Timothy J. LeFever's counsel to the Committee's counsel on January 23, 2026, the Estate Parties covenant and agree to waive any and all liability that such disclosed transferees may have under chapter 5 of Title 11 of the United States Code for such disclosed transfers. This provision shall be binding on any successor to the Estate Parties, including but not limited to any chapter 7 trustee or the Plan Recovery Trustee.
Disallowance and Waiver of Claims	Upon the Effective Date, all of the claims and interests of the LeFever Entities against the Debtors' estates shall be deemed disallowed in their entirety as set forth in the Settlement Agreement, and no LeFever Entity shall file any other claims or actions against the Debtors in the Chapter 11 Cases. Upon the Effective Date, the Foundation shall be deemed to have waived and forgiven all liability under the Red Spruce Note.
Ponzi Findings	The Estate Parties shall, in any plan confirmation order or other order that includes a Ponzi Finding, include language that the Ponzi Finding is not collateral estoppel as to the LeFever Entities in connection with any third party litigation.
Plan Approval	Each of the LeFever Entities covenants and agrees to (a) not oppose any plan supported by the Plan Proponents, and (b) neither encourage nor voluntarily cooperate with any party opposing such a plan, specifically including any effort to frustrate the Estate Parties' efforts to obtain a substantive consolidation order or a

	Ponzi Finding.
Mutual Releases	Mutual releases of liability between the Debtors and the LeFever Entities will be exchanged on entry of a bankruptcy court order approving the Settlement Agreement.

IV. RELIEF REQUESTED

The Debtors request, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rules 6004 and 9019, that the Court enter the Proposed Order: (1) approving the Settlement Agreement; (2) authorizing the Estate Parties to take any and all actions necessary to effectuate the Settlement Agreement; and (3) granting such other and further relief as the Court deems just and proper under the circumstances.

V. AUTHORITY FOR RELIEF REQUESTED

A. The Settlement Agreement is in the Best Interests of the Estates

Pursuant to Bankruptcy Rule 9019(a), "[o]n motion by the [debtor in possession] and after notice and a hearing, the court may approve a compromise or settlement" Fed. R. Bankr. P. 9019(a). The statutory basis for Rule 9019 is section 363(b)(1) of the Bankruptcy Code, which allows debtors, *inter alia*, to use property of their estates outside the ordinary course of business, following notice and a hearing. 11 U.S.C. § 363(b)(1); *See In re Claar Cellars LLC*, Nos. 20-00044-WLH11, 20-00045-WLH11, 2020 Bankr. LEXIS 682, at *11 n.24 (Bankr. E.D. Wash. Mar. 13, 2020) ("The statutory basis to settle lies in section 363(b)(1) - a debtor either "uses" a chose of action by releasing it in a settlement or "sells" that property to the settlement counterparty.") (citing *Adeli v. Barclay (In re Berkeley Del. Court, LLC),* 834 F.3d 1036, 1039-40 (9th Cir. 2016)); *see also In re Artesian Future Technology, LLC*, Case No. 22-40396 (CN) (Bankr. N.D. Cal. Dec. 5, 2022), Docket No. 213 at 10-11 ("a bankruptcy court is obliged to consider . . . whether any property of the estate that would be disposed of in connection with the settlement might draw a higher price through a competitive process and be the proper subject of a section 363 sale.") (citing *In re Mickey Thompson Entm't Grp., Inc.*, 292 B.R. 415, 421-22 (BAP 9th Cir. 2003)).

As "[t]he law favors compromise and not litigation for its own sake," it is unsurprising that the settlement process "has preserved or created value for hundreds of thousands of bankruptcy

estates." *Martin v. Kane (In re A & C Props.)*, 784 F.2d 1377, 1380–81 (9th Cir. 1986), *cert. denied sub nom.*, *Martin v. Robinson*, 479 U.S. 854 (1986); *Foster v. First Interstate Bank (In re Shoot the Moon, LLC)*, 635 B.R. 568, 575 (Bankr. D. Mont. 2022). In the settlement process, the bankruptcy court possesses "great latitude" in approving agreements under Rule 9019 so long as they are fair and equitable. *See Woodson v. Fireman's Fund Ins. Co. (In re Woodson)*, 839 F.2d 610, 620 (9th Cir. 1988); *In re A & C Props.*, 784 F.2d at 1380–81. Still, a court should not substitute its own judgment for the judgment of the debtor in possession. *See Matter of Carla Leather, Inc.*, 44 B.R. 457, 465 (Bankr. S.D.N.Y. 1984). The court need not conduct an exhaustive investigation of the claims sought to be compromised. *See e.g.*, *In re Walsh Constr., Inc.*, 669 F.2d 1325, 1328 (9th Cir. 1982). And, a "mini-trial" on the merits of the underlying cause of action is also not required. *Burton v. Ulrich (In re Schmitt)*, 215 B.R. 417, 423 (B.A.P. 9th Cir. 1997). Instead, it is sufficient that a court "only canvass[es] the issues" (*In re Schmitt*, 215 B.R. at 423) and determines that a settlement was negotiated in good faith and is reasonable, fair, and equitable. *In re A & C Props.*, 784 F.2d at 1380–81.

The Ninth Circuit has identified four factors that should be considered in determining whether a proposed settlement agreement is reasonable, fair, and equitable: (i) the probability of success in litigation; (ii) the difficulties, if any, to be encountered in the matter of collection; (iii) the complexity of litigation involved, and the expense, inconvenience, and delay in necessarily attending to it; and (iv) the paramount interests of creditors. *See In re A & C Props.*, 784 F.2d at 1381 (citing *In re Flight Transp. Corp. Sec. Litig.*, 730 F.2d 1128, 1135 (8th Cir. 1984), *cert. denied*, 469 U.S. 1207 (1985)). "Each factor need not be treated in a vacuum; rather, the factors should be considered as a whole to determine whether the settlement compares favorably with the expected rewards of litigation." *Grief & Co. v. Shapiro (In re W. Funding Inc.),* 550 B.R. 841, 851 (9th Cir. BAP 2016), *aff'd* 705 F. App'x 600 (9th Cir. 2017).

As set forth below, after applying the *A&C Properties* factors, the Court should determine that the Settlement Agreement is reasonable, fair, and equitable, and is in the best interests of the estate and creditors.

1. The Probability of Success in Litigation

This factor weighs in favor of approval of the Settlement Agreement. At this juncture, the unsecured claims and interests asserted by the LeFever Entities are the largest unsecured claims and interests in the aggregate. The LeFever Entities assert several million dollars in unsecured claims and direct or indirect ownership interests in more than forty (40) Debtors, including a 50% ownership interest in LeFever Mattson. Specifically, Timothy and Amy LeFever directly or indirectly assert ownership interests in the following Debtors:

Debtor Entity	Ownership Percentage
LeFever Mattson, a California corporation	50.00%
Home Tax Service of America, Inc.	33.30%
Divi Divi Tree, L.P.	28.30%
Buck Avenue Apartments, LP	5.10%
Sequoia Investment Properties, LP	18.30%
Douglas Fir Investments, LP	30.40%
Windscape Apartments I, LP	12.80%
Windscape Apartments II, LP	12.50%
Windscape Apartments, LLC	8.90%
River Tree Partners, LP	10.40%
Red Mulberry Tree, LP	0.50%
Red Cedar Tree, LP	0.50%
Country Oaks I, LP	5.10%
Autumn Wood I, LP	19.60%
Beach Pine, LP	19.30%
Bishop Pine, LP	21.90%
Black Walnut, LP	28.40%
Buckeye Tree, LP	8.10%
Bur Oak, LP	18.70%
Cambria Pine, LP	14.40%
Chestnut Oak, LP	1.20%
Firetree I, LP	50.00%
Firetree II, LP	50.00%
Firetree III, LP	50.00%
Foxtail Pine, LP	23.10%
Ginko Tree, LP	9.80%
Hagar Properties, LP	23.00%
Heacock Park Apartments, LP	15.40%
Live Oak Investments, LP	10.80%
Monterey Pine, LP	19.40%
Napa Elm, LP	50.00%
Nut Pine, LP	19.10%

Debtor Entity	Ownership Percentage
Pinewood Condominiums, LP	9.50%
Red Oak Tree, LP	35.00%
Red Oak, LP	6.50%
Red Spruce Tree, LP	20.70%
River Birch, LP	3.40%
Scotch Pine, LP	13.40%
Tradewinds Apartments, LP	15.20%
Vaca Villa Apartments, LP	18.80%
Valley Oak Investments, LP	11.40%
Willow Oak, LP	18.70%
Yellow Poplar, LP	17.40%

The Estate Parties have previewed the potential claims they intend to bring against the LeFever Entities, including breach of fiduciary duty, fraudulent transfer, and equitable subordination. While the Estate Parties believe they would ultimately prevail, there is uncertainty in any litigation and the potential for long and costly appeals.[3]

Each of the above legal theories are fact intensive and some may require the Court to decide novel questions of law, including whether a principal of a general partner owes a fiduciary duty to a limited partnership. By contrast, the Settlement Agreement provides an expedient and final resolution to the issues between the Estate Parties and the LeFever Entities.

2. The Difficulties to be Encountered in the Matter of Collection

This factor also heavily favors approval of the Settlement Agreement. As discussed above, the primary reason the Estate Parties have agreed to enter into the Settlement Agreement is because there is no insurance policy and the LeFever Entities have limited financial resources. If the Estate Parties prosecuted the claims against the LeFever Entities and/or the LeFever Entities opposed confirmation of the Plan, the financial resources of the LeFever Entities would be materially diminished – potentially leaving the Estate Parties with a hollow victory. In contrast, the Settlement Agreement secures a meaningful economic recovery to the estates (representing a material percentage of LeFever's net worth) and waives all claims and interests of the LeFever Entities against or in the estates.

[3] The Estate Parties understand that the LeFever Entities are similarly confident that they would prevail if the issues were litigated on the merits, though the LeFever Entities also acknowledge the uncertainty and costs that would accompany such litigation.

3. The Expense, Inconvenience, and Delay of Litigation

The expense, inconvenience, and delay that would ensue should the Court reject the Settlement Agreement is one of the most significant factors supporting approval. While the Estate Parties believe that any claims they may have against the LeFever Entities are meritorious and that the Estate Parties would likely prevail, the time, costs, and resources required to litigate the Estate Parties' claims against the LeFever Entities would be significant – and, as discussed below, erode the financial resources of the LeFever Entities and these estates. Further, the Estate Parties believe that the LeFever Entities would vigorously oppose any claims or causes of action that may be brought against them. It is likely that any litigation of such claims would require expansive discovery, costly appeals, the hiring of experts, and any other number of costs and delays that pop-up in contentious, high-value litigation. Moreover, it is likely that, in the event of litigation between the Estate Parties and the LeFever Entities, the LeFever Entities would vigorously oppose the Plan, including the contemplated Ponzi finding. By considering the likelihood of success on the Estate Parties' claims and the costs related to litigation of such claims (including the likelihood of litigation over the Plan), the Settlement Agreement comes to a fair and beneficial resolution for the estates and all creditors and investors.

4. The Paramount Interest of Creditors.

Finally, the Settlement Agreement is in the best interest of creditors – securing a material economic recovery for the Debtors' estates and the waiver of millions of dollars of claims and interests by the LeFever Entities against the Debtors' estates.

First, the Settlement Agreement locks in a guaranteed recovery for the Debtors' estates. Under the Settlement Agreement, the estates will receive more than $5 million of consideration, including $4.725 million in cash and a waiver of a $290,000 promissory note.

Second, the Settlement Agreement significantly reduces the Debtors' claims pool. Under the Settlement Agreement, the LeFever Entities are waiving all claims against, and interests in, the Debtors – including asserted ownership interests in more than forty (40) Debtors, which would otherwise materially dilute recoveries to investors.

Third, the LeFever Entities have agreed to not object to the Plan. Although other parties in interest may oppose the Plan, the LeFever Entities were well positioned to cause protracted and expensive litigation related to confirmation of the Plan – while depleting their own resources that would otherwise be available to satisfy a monetary judgment. The Settlement Agreement allays these concerns and should accelerate the process of confirming the Plan and ultimately making distributions to investors. Moreover, the Settlement Agreement locks in the resolution of claims and interests of the LeFever Entities as contemplated in the Plan; under the Settlement Agreement, the LeFever Entities are waiving all claims and interests against the Debtors' estates and will not share in any distributions to investors.

B. The Settlement Agreement Is Within the Debtors' Business Judgment

Section 363(b) of the Bankruptcy Code states that "after notice and a hearing," a debtor in possession "may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). *See, e.g.*, *Walter v. Sunwest Bank (In re Walter)*, 83 B.R. 14, 17 (B.A.P. 9th Cir. 1988) ("The bankruptcy court has considerable discretion in deciding whether to approve or disapprove the use of estate property by a debtor in possession, in the light of sound business justification."); *In re 240 North Brand Partners*, 200 B.R. 653, 659 (B.A.P. 9th Cir. 1996) (citing *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983)).

Additionally, section 105(a) of the Bankruptcy Code, which codifies a bankruptcy court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title," provides this Court with the power to grant the relief requested herein. *See also United States v. Energy Resources Co.*, 495 U.S. 545, 549 (1990); *Rosson v. Fitzgerald (In re Rosson)*, 545 F.3d 764 (9th Cir. 2008); *Martin v. United States (In re Martin)*, 150 B.R. 43, 47 (Bankr. S.D. Cal. 1993) (noting the Court's "broad" powers under Section 105).

The Settlement Agreement reflects an exercise of the Debtors' sound business judgment. Most significantly, the settlement creates millions of dollars in value for the Debtors' estates and waives millions of dollars of claims and interests against the estates. In addition, the thoroughness and sophistication of the arm's-length negotiations with the LeFever Entities represents a careful

consideration of the terms of the settlement by the Estate Parties and the claims at stake. Further, the enlisting of several legal and financial professionals to conduct an extensive review of the Debtors' claims epitomizes the desire of the Movants to comprehend their full array of options with respect to the settlement. As explained by other courts within the Ninth Circuit, business judgment "is a deferential standard." *In re Claar Cellars LLC*, 2020 Bankr. LEXIS 682, at *9 (quotations omitted); *see also In re Mickey Thompson Entm't Grp., Inc.*, 292 B.R. at 420 ("a court generally gives deference to a trustee's business judgment in deciding whether to settle a matter…"). Based on the foregoing, the Settlement Agreement passes this deferential standard.

The Movants have carefully considered every aspect of the Settlement Agreement with the assistance of seasoned professionals at each step of the way. In their consideration, it is evident to the Movants that the benefits of the settlement far outweigh any costs. Accordingly, the Movants respectfully request that the court authorize the Movants' entry into, and performance under, the Settlement Agreement.

C. Bankruptcy Rule 6004 Should Be Waived

With respect to any aspect of the relief sought herein that constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors seek a waiver of the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Movants seek is immediately necessary for the Movants to administer the Chapter 11 Cases and maximize the value of their estates. The Movants thus submit that the requested waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h) is appropriate, as the exigent nature of the relief sought herein justifies immediate unstayed relief.

VI. 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 or any collateral, (ii) a waiver of the Movants' or any appropriate party in interest's rights to dispute any claim or any collateral, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code.

VII. NOTICE

Notice of this Motion shall be given to (i) the United States Trustee, (ii) the LeFever Entities, (iii) all creditors and investors of the Debtors, and (iv) those persons who have formally appeared in the Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002. Based on the circumstances surrounding this Motion and the nature of the relief requested herein, the Movants respectfully submit that no further notice is required.

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

Dated: February 2, 2026

KELLER BENVENUTTI KIM LLP

By: */s/ Thomas B. Rupp*
Thomas B. Rupp

Counsel to the LFM Debtors

HOGAN LOVELLS US LLP

By: */s/ Edward J. McNeilly*
Edward J. McNeilly

Counsel to Debtor KS Mattson Partners, LP

PACHULSKI STANG ZIEHL & JONES LLP

By: */s/ Jason H. Rosell*
Jason H. Rosell

Counsel to the Committee

Exhibit A

Proposed Order

Tobias S. Keller (CA Bar No. 151445)
David A. Taylor (CA Bar No. 247433)
Thomas B. Rupp (CA Bar No. 278041)
KELLER BENVENUTTI KIM LLP
101 Montgomery Street, Suite 1950
San Francisco, CA 94104
Telephone: (415) 496-6723
E-mail: tkeller@kbkllp.com
dtaylor@kbkllp.com
trupp@kbkllp.com

Counsel to LeFever Mattson and Its Affiliated Debtors and Debtors in Possession

Debra I. Grassgreen (CA Bar No. 169978)
John D. Fiero (CA Bar No. 136557)
Jason H. Rosell (CA Bar No. 269126)
PACHULSKI STANG ZIEHL & JONES LLP
One Sansome Street, Suite 3430
San Francisco, CA 94104
Telephone: (415) 263-7000
E-mail: dgrassgreen@pszjlaw.com
jfiero@pszjlaw.com
jrosell@pszjlaw.com

Counsel to the Official Committee of Unsecured Creditors

Richard L. Wynne (CA Bar No. 120349)
Erin N. Brady (CA Bar No. 215038)
Edward J. McNeilly (CA Bar No. 314588)
HOGAN LOVELLS US LLP
1999 Avenue of the Stars, Suite 1400
Los Angeles, California 90067
Telephone: (310) 785-4600
Email: richard.wynne@hoganlovells.com
erin.brady@hoganlovells.com
edward.mcneilly@hoganlovells.com

Counsel to KS Mattson Partners, LP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SANTA ROSA DIVISION

In re: LEFEVER MATTSON, a California corporation, *et al.*, Debtors.	Lead Case No. 24-10545 (CN) (Jointly Administered) Chapter 11 **ORDER APPROVING ENTRY INTO AND PERFORMANCE UNDER THE SETTLEMENT AGREEMENT WITH TIMOTHY J. LEFEVER AND CERTAIN OF HIS AFFILIATES**
In re: KS MATTSON PARTNERS, LP, Debtor.	

Upon consideration of the *Joint Motion of LFM Debtors, Debtor KSMP, and the Committee to Approve Entry Into and Performance Under the Settlement Agreement With Timothy J. LeFever*

and Certain of His Affiliates (the "Motion"),[2] filed by the LFM Debtors, Debtor KSMP, and the Committee (the "Movants"); pursuant to sections 105(a) and 363(b) of Title 11 of the United States Code (the "Bankruptcy Code") and Rules 6004 and 9019 and of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for the entry of an order approving the Settlement Agreement, dated as of January 29, 2026 (the "Settlement Agreement"), by and among the Movants and the LeFever Entities and the Court having reviewed the Motion, the Itkin Declaration, the Sharp Declaration, and the Katari Declaration, and having considered the statements of counsel and the evidence adduced with respect to the Motion at a hearing before the Court (the "Hearing"); and the Court having found that (i) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California; (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b); (iv) notice of the Motion and the Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, and their creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. For the reasons stated on the record, the Motion is granted.

2. The Settlement Agreement attached hereto as **Exhibit 1** and the terms therein are hereby approved.

3. The Parties are authorized to enter into and perform under the Settlement Agreement, and may take any steps necessary to enter into and perform under the Settlement Agreement.

4. The Settlement Agreement is approved in its entirety and, once effective, shall be binding and enforceable on the parties thereto in accordance with its terms.

[2] A capitalized term used but not defined herein shall have the meaning ascribed to them in the Motion.

5. Notwithstanding any provisions in the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules to the contrary, this order shall be immediately effective and enforceable upon its entry.

6. Notwithstanding the approval of the Settlement Agreement, and solely as to creditor Monley Hamlin, Inc. ("Monley Hamlin"), this Order shall not affect, impair, diminish, or prejudice the validity, enforceability, or priority of any duly perfected and recorded mechanic's liens held by Monley Hamlin against the real properties and assets to which such mechanic's liens attach (the "Monley Hamlin Properties"), or the validity of Monley Hamlin's secured, unsecured, or possible administrative claim in the Chapter 11 Cases. Monley Hamlin's collateral shall not be diminished, encumbered, or subordinated by virtue of this Order or the Settlement Agreement, and Monley Hamlin shall retain all its rights, remedies, and protections under applicable law with respect to its mechanic's liens, secured claim, and any unsecured claim or possible administrative claim. The Movants reserve their rights with respect to the validity, enforceability, perfection, or priority of any mechanic's or other liens asserted by Monley Hamlin against the Monley Hamlin Properties or the Debtors' estates.

7. The stay imposed pursuant to Bankruptcy Rule 6004(h) is waived.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this order in accordance with the Motion and/or the Settlement Agreement.

9. This Court shall retain jurisdiction and power to hear and determine all matters arising from or related to the implementation of this order.

** END OF ORDER **

Exhibit 1

Settlement Agreement

SETTLEMENT AGREEMENT WITH MUTUAL GENERAL RELEASES

THIS SETTLEMENT WITH MUTUAL GENERAL RELEASES (the "Agreement") is entered into as of the 29th day of January, 2026. The parties hereto are: LeFever Mattson, a California corporation ("LFM"); 60 LFM-affiliated entities that currently are debtors in the below-referenced Bankruptcy Cases (collectively, the "LFM Debtors"); KS Mattson Partners, LP ("KSMP"); the non-debtor affiliates of the LFM Debtors, namely Pineapple Bear dba Sonoma's Best Hospitality Group and Harrow Cellars and the non-debtor affiliates of KSMP, namely Specialty Properties Partners, LP, Treehouse Investments, LP, and Perris Freeway Plaza, LP (collectively the "Non-Debtor Affiliates"); the Official Committee of Unsecured Creditors' appointed in the LFM Debtors' and KSMP's jointly administered chapter 11 cases [Case No. 24-10545-CN] (the "Bankruptcy Case") (the "Committee"); Timothy J. LeFever ("Tim LeFever"); Amy LeFever ("Amy LeFever"); their children, Clara Elizabeth Crane, Lucy Kathleen LeFever, and Grace Helen Garrett (collectively, the "LeFever Children"); Katheleen Hamlin ("Hamlin") and the Kathleen Hamlin Living Trust dated July 2, 2008 (the "Hamlin Living Trust"); and Laurel Wreath Foundation (the "Foundation").

In this Agreement, (a) the LFM Debtors, KSMP, and the Committee are sometimes referred to as the "Estate Parties or the "Plan Proponents"; (b) the Plan Proponents and the Non-Debtor Affiliates are sometimes referred to as "Debtor-Related Parties"; (c) Tim LeFever, Amy LeFever and the LeFever Children are sometimes referred to as the "LeFever Family Members" and each a "LeFever Family Member"; (d) the LeFever Family Members, Hamlin, the Hamlin Living Trust and the Foundation are sometimes referred to collectively as the "LeFever-Related Parties" and each a "LeFever-Related Party"; and (e) all such of the foregoing parties are sometimes collectively referred to as the "Parties."

This Agreement is made in reference to the following facts:

WHEREAS as set forth on the *Omnibus List of Equity Security Holders* [Docket No. 353],[1] Tim LeFever owns equity interests in LFM, which directly or indirectly controls each of the other LFM Debtors, and also owns fractional interests in a variety of LFM Debtors; Amy LeFever owns fractional interests in a variety of LFM Debtors solely or jointly with Tim LeFever; and the Hamlin Living Trust owns fractional interests in a variety of LFM Debtors (collectively, the "LFM Interests").

WHEREAS, the LFM Debtors have scheduled certain claims of Tim LeFever as claims against the LFM Debtors in the aggregate amount of $732,166.50 (the "Tim LeFever Scheduled Claims").

WHEREAS, the LFM Debtors have scheduled a certain claim of Kathleen Hamlin as a claim against the LFM Debtors in the aggregate amount of $500,000 (the "Hamlin Scheduled Claim," and with the Tim LeFever Scheduled Claims, the "Scheduled Claims").

WHEREAS, on February 12 and 13, 2025, Tim LeFever filed his claims for indemnification and for other amounts and things, which are denoted in the LFM Debtors' claims register as Proof of Claim Nos. 928-29, 931-35, 937-43, 945-47, 949, 951, 953-55, 956, 958-59, 961, 962, 964-67, 970-75, 977, 980, 981, 987, 989, 991, 992, 994, 997-1000, 1005, 1007, 1009, 1010, 1012-14, 1017, 1018, 1024, 1026, and 1028 (collectively, the "LFM Indemnification Claims").

WHEREAS, on February 13, 2025, the Hamlin Living Trust filed a proof of interest asserting fractional ownership interests in four LFM Debtors, which is denoted in the LFM Debtors' claims register as Proof of Claim No. 1401 (the "Hamlin Living Trust Proof of Interest").

[1] Refers to the docket maintained in the Bankruptcy Case.

WHEREAS, on February 13, 2025, Kathleen Hamlin filed a claim in the amount of $510,416.65 against LFM, which is denoted in the LFM Debtors' claims register as Proof of Claim No. 1745 (the "Hamlin Claim").

WHEREAS, on February 13, 2025, the Foundation filed a claim against LFM Debtor Red Spruce Tree, LP, which is denoted on the LFM Debtors' claims register as Proof of Claim No. 1241 (the "Foundation Claim").

WHEREAS, on October 3, 2025, LeFever filed a claim for unliquidated amounts arising from KSMP's purported indemnity obligations under applicable law and principles of equity as well as other contingent, unliquidated, and/or currently unknown claims against KSMP, which is denoted in KSMP's claims register as Proof of Claim No. 709 (the "KSMP Claim," and collectively with the LFM Interests, Scheduled Claims, LFM Indemnification Claims, Hamlin Living Trust Proof of Interest, the Hamlin Claim, and the Foundation Claim, the "LeFever Claims").

WHEREAS on December 7, 2025, the Plan Proponents filed the *Third Amended Joint Chapter 11 Plan of Liquidation* [Docket No. 3054], which later was memorialized in a Solicitation Version thereof [Docket No. 3108] (as it may be amended or modified, including all exhibits thereto, the "Plan"). The Plan provides for a negotiated global settlement among the Plan Proponents, which they characterize as the "Global Settlement". The Global Settlement contemplates a "single pot" – or substantive consolidation – such that all assets and liabilities of all the LFM Debtors and KSMP (excluding LFM's non-debtor affiliates Pineapple Bear dba Sonoma's Best Hospitality Group and Harrow Cellars, but including the non-debtor KSMP affiliates including (i) Perris Freeway Plaza, LP, (ii) Specialty Properties Partners, LP, and (iii) Treehouse Investments, LP (collectively, the "KSMP Investment Entities")) would be pooled and consolidated for allowance and distribution purposes ("Substantive Consolidation").

WHEREAS the Global Settlement also provides that, as part of the Plan, the Bankruptcy Court shall find that the LFM Debtors (excluding LFM's non-debtor affiliates Pineapple Bear dba Sonoma's Best Hospitality Group and Harrow Cellars) and KSMP and the KSMP Investment Entities were operated as a Ponzi scheme since 2017 (the "Ponzi Finding"), and WHEREAS Tim LeFever, any or all members of the LeFever Family, and the Foundation deny that any such finding would be correct or appropriate.

WHEREAS in support of the Global Settlement, the Plan Proponents filed their *Joint Investigation Report and Summary of Global Settlement* [Docket No. 2568] (the "Investigation Report") allegedly supporting (i) Substantive Consolidation and (ii) the Ponzi Finding.

WHEREAS on December 1, 2025, the Committee filed the *Amended Motion of the Official Committee of Unsecured Creditors for Substantive Consolidation of the Debtors and the KSMP Investment Entities and for Related Relief* [Docket No. 2943] (the "Substantive Consolidation Motion"), in support of Substantive Consolidation.

WHEREAS the Plan Proponents assert that they may have affirmative claims against the LeFever Family Members (the "Estate Claims") and allege that Tim LeFever has made fraudulent transfers to the Foundation, which assertions and allegations Tim LeFever, the LeFever Family Members, and the Foundation deny.

WHEREAS the Foundation is the payee of a promissory note made by one of the Debtors, Red Spruce Tree, LP in the approximate amount of $290,000 (the "Red Spruce Note").

WHEREAS, after arm's length negotiations and a two-day mediation, the Parties who participated in the mediation (*i.e.*, all Parties except the LeFever Family Members other than Tim

LeFever, the Foundation, and the Hamlin Living Trust) reached an amicable resolution embodied in a Settlement Term Sheet (the "Term Sheet"), and all Parties now desire to further document and thereby completely settle and resolve all claims, disputes, and differences between them which exist as of the date of this Agreement as set forth in this Agreement, which Agreement will supersede the Term Sheet.

NOW, THEREFORE, AND IN CONSIDERATION OF THE MUTUAL PROMISES AND RELEASES CONTAINED HEREIN, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. **Settlement Consideration.** Tim LeFever shall pay $4,725,000 to the LFM Debtors or Plan Recovery Trust (as defined in the Plan) as follows.

a. **Cash Payment.** On the Effective Date of this Agreement, Tim LeFever shall pay to the LFM Debtors or Plan Recovery Trust (as defined in the Plan) if so established by that time, as applicable, not less than $472,500 pursuant to wiring instructions or ACH payment information to be provided by the applicable payee (the "Initial Settlement Payment").

b. **Promissory Note.** If the amount of the Initial Settlement Payment paid by Tim LeFever on the Effective Date is less than $4,725,000, on the Effective Date of this Agreement, Tim and Amy LeFever shall deliver an executed promissory note in the face amount of $4,725,000 *minus* the amount of the Initial Settlement Payment paid by Tim LeFever on the Effective Date (which promissory note shall begin to bear simple (non-compound) interest on the 90th day after the Effective Date on any remaining balance owing as of such 90th day and then as remaining owing thereafter at 6% per annum until paid in full no later than nine (9) months following the Effective Date (the "Note"). Prepayment of any amount due under the Note shall be without penalty.

c. **Security Interest and Deed(s) of Trust.** If the amount of the Initial Settlement Payment paid by Tim LeFever on the Effective Date is less than $4,725,000, as security for the obligations owing under the Note, on the Effective Date of this Agreement, Tim LeFever and Amy LeFever shall execute deeds of trust securing the obligations owing under the Note and encumbering parcels of real property they own (whether in their own names or the name(s) of any family trust) with collective equity values totaling the amount of the Note in favor of the Debtors or the Plan Recovery Trustee, as applicable (collectively, the "Deeds of Trust"). The beneficiary or beneficiaries (as applicable, the "Beneficiary") of any such Deed of Trust shall reconvey such Deed of Trust at such time as the real property encumbered thereby is sold to a bona-fide third-party purchaser (*i.e.*, any purchaser who provides fair value for the real property under the expedited sale circumstances caused by this Agreement) or financed with a bona-fide third-party lender (under the expedited sale circumstances caused by this Agreement), so long as the net proceeds of any such sale or financing remaining after the payment of customary closing costs shall be paid to the Beneficiary, the LFM Debtors, or Plan Recovery Trust or Trustee, as applicable; provided, however, that any net proceeds in excess of the total amount due under the Note shall be retained by the trustor or grantor of such Deed of Trust. Furthermore, at such time as the Note has been paid in full, if any remaining Deeds of Trust have not been reconveyed, the Beneficiary thereof shall immediately reconvey said Deeds of Trust. For avoidance of doubt, neither any Beneficiary, the LFM Debtors, nor Plan Recovery Trust or Trustee shall have the right to approve or

disapprove any such sale or financing so long as the sale or financing is to a bona-fide third-party purchaser for fair value under the expedited sale circumstances caused by this Agreement or with a bona-fide third-party lender.

2. **Delivery of Asset Attestation; Accuracy.** No later than the Effective Date, Tim LeFever shall execute an attestation, substantially in the form of Exhibit "A" hereto, under penalty of perjury setting forth all material assets and liabilities as of the December 19, 2025 date referenced in the attestation, and attesting to the veracity of the schedule of transfers referenced therein (the "Attestation"). In the event that a Court or an agreed-upon neutral later determines that Tim LeFever failed to disclose either (a) any single asset that has a value (as of the December 19, 2025 date referenced in the attestation) in excess of $100,000 or (b) multiple assets having an aggregate value as of the December 19, 2025 date referenced in the attestation of $200,000), then the Estate Parties shall have the right to seek to compel surrender of any omitted asset or assets by way of judgment therefor, or, at the Estate Parties' option, seek to obtain a judgment against Tim LeFever personally for any damages it has incurred, up to the value of the omitted asset or assets as of the date of the attestation, and Tim LeFever and any other party-in-interest shall have the right to contest any such request for relief.

3. **No Liability of Transferees for Transfer Disclosed in Attestation.** With respect to each prior transfer disclosed by Tim LeFever in the schedule provided at the mediation referenced above, and as subsequently amended as described below, and with respect to any subsequent transfers made consistent with those disclosures or as part of satisfying Tim LeFever's $4,725,000 settlement payment hereunder, the Debtor-Related Parties, on behalf of themselves, their bankruptcy estates, and any other person acting through them or on their behalf, including any successor Plan Recovery Trust (or similar trust or trustee) or Chapter 7 Trustee, covenant and agree to waive any and all liability that such disclosed transferees may have under Chapter 5 of Title 11 of the United States Code (and any similar state laws, including under California's Uniform Voidable Transactions Act) for such disclosed transfers. This provision, and this entire Agreement, shall be binding on any successor(s) to the Debtor-Related Parties, including but not limited to any chapter 7 trustee(s) or the Plan Recovery Trustee and Trust. The Parties agree that the schedule of transfers provided by Tim LeFever to the Plan Proponents at the mediation, as subsequently amended to identify one additional transfer occurring on or about November 9, 2020, and thereafter attached to an email from Tim LeFever's counsel to the Committee's counsel on January 23, 2026, shall remain subject to the mediation privilege except that said schedule shall be subject to discovery, and shall be admissible into evidence, in any action to the extent necessary to prove that Tim LeFever did or did not disclose a particular transfer occurring during the time period September 1, 2020, through and including December 19, 2025.

4. **Mutual General Releases.**

a. Upon the Effective Date, the LeFever-Related Parties, and each of them on behalf of themselves, their agents, beneficiaries, and any other person acting through them or on their behalf (collectively, the "LeFever Releasing Parties"), hereby release and discharge to the fullest extent permitted by applicable law, the Debtor-Related Parties and each of their bankruptcy estates, beneficiaries, successors, assigns, predecessors, employees, insurers, attorneys, agents, officers and directors, and all persons acting by, through, under or in concert with the Debtor-Related Parties or that might be claimed to be jointly or severally liable with the Debtor-Related Parties, including Robbin L. Itkin, the court-appointed Responsible Individual for KSMP (hereinafter collectively referred to as the "Estate Party Releasees") from any and all claims, demands, proceedings, causes of action, orders, judgments, obligations, contracts, agreements, costs, expenses (including attorneys' fees), debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and

in equity, which any of the LeFever Releasing Parties now have, have ever had or may hereafter have against the Estate Party Releasees arising contemporaneously with or prior to the date of this Agreement. This release shall not include claims to enforce the terms of this Agreement.

b. Effective upon the 91st day after the Effective Date and only so long as no insolvency proceeding (voluntary or involuntary) shall have been commenced by or against LeFever-Related Parties, then the Debtor-Related Parties, on behalf of themselves, their bankruptcy estates, and any other person acting through them or on their behalf, including Robbin L. Itkin, the court-appointed Responsible Individual for KSMP, and including any existing or successor Plan Recovery Trust (or similar trust or trustee) or Chapter 7 Trustee (collectively, the "Estate Releasing Parties"), hereby release and discharge to the fullest extent permitted by applicable law, the LeFever-Related Parties, and each of their beneficiaries, successors, assigns, predecessors, employees, insurers, attorneys, agents, officers and directors, and all persons acting by, through, under or in concert with the LeFever-Related Parties, or that might be claimed to be jointly or severally liable with the LeFever-Related Parties (hereinafter collectively referred to as the "LeFever Releasees," and together with the Estate Party Releasees, the "Released Parties") from any and all claims, demands, proceedings, causes of action, orders, judgments, obligations, contracts, agreements, costs, expenses (including attorneys' fees), debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity, which any of the Estate Party Releasees now have, have ever had or may hereafter have against the LeFever Releasees arising contemporaneously with or prior to the date of this Agreement, and any and all claims, demands, proceedings, causes of action, orders, judgments, obligations, contracts, agreements, costs, expenses (including attorneys' fees), debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity, that have been, or on the future may be, assigned or contributed to any of the Estate Party Releasees by an creditors, claimants, investors, contributing claimants or other parties and parties-in-interest in the Bankruptcy Case, by way of the Contributing Claims process under the Plan or otherwise. This release shall not include claims to enforce the terms of this Agreement.

i. In the event that the release of this Paragraph 4.b does not become effective because of a voluntary bankruptcy proceeding commenced by Tim LeFever within 90 days after the Effective Date as described in this Paragraph 4.b, or because of an involuntary bankruptcy proceeding commenced against Tim LeFever within 90 days after the Effective Date as described in this Paragraph 4.b, any remaining performance due by the LeFever-Related Parties under this Agreement shall be terminated except as provided in this Paragraph 4.b.

ii. In the event that the release of this Paragraph 4.b does not become effective because of:

1. a voluntary bankruptcy proceeding commenced by Tim LeFever within 90 days after the Effective Date as described in this Paragraph 4.b, or

2. an involuntary bankruptcy proceeding commenced against Tim LeFever within 90 days after the Effective Date as described in this Paragraph 4.b, and in which:

a. an order for relief is entered despite any contest to entry of an order for relief by any of the Plan Proponents, the Plan Recovery Trust or Trustee, or Tim LeFever, and

b. the Trustee (or debtor in possession) in any such case does not obtain an order of the Bankruptcy Court assuming this Agreement (and thereby necessarily reviving and reinstating the releases in this Paragraph 4.b and reviving and reinstating any remaining performance by the LeFever-Related Parties under this Agreement), or other order or judgment reviving and reinstating the releases in this Paragraph 4.b, within 75 days of the entry of an order for relief in such case,

then the releases given in Paragraph 4.a above shall be of no force and effect, and the LFM Debtors, the Plan Recovery Trust or Trustee, any other Estate Parties, and any Chapter 7 Trustee, as applicable, shall, within ten (10) days following the filing of any such voluntary bankruptcy case by Tim LeFever, or within ten (10) days following such 75 day period in any such involuntary bankruptcy case, remit, return, and release to each of the LeFever Releasing Parties, as applicable, any and all funds, deeds of trusts, and other consideration provided by each of the LeFever Releasing Parties to the LFM Debtors, the Plan Recovery Trust or Trustee, or any Chapter 7 Trustee to the extent they exceed $472,500.

iii. In the event that the release of this Paragraph 4.b does not become effective because of an involuntary bankruptcy proceeding against Tim LeFever commenced within 90 days after the Effective Date as described in this Paragraph 4.b, and any such involuntary bankruptcy proceeding is dismissed without entry of an order for relief, then the releases of Section 4.a and 4.b shall be revived and reinstated, and any remaining performance due by any of the Parties under this Agreement shall be reinstated.

iv. Neither Tim LeFever nor any of the Estate Releasing Parties shall encourage any person or entity to pursue involuntary bankruptcy proceedings against any of the LeFever-Related Parties.

c. Each Party represents and warrants, as of the date of this Agreement, that as to each such Party there has been no assignment or other transfer of any interest in the claims released in Paragraphs 4.a and 4.b, and each such Estate Party and each LeFever Family Member, respectively, agree to indemnify and hold all Estate Party Releasees and LeFever Family Releasees, respectively, harmless from any such claims incurred by any of them, respectively, as a result of any person asserting any claim deriving from any such assignment or transfer.

d. Each of the Parties acknowledge that they have carefully read and fully understand the provisions of Paragraphs 4.a and 4.b, above. Each of the Parties further acknowledge that they agree to this general release knowingly and voluntarily and without duress, coercion or undue influence. Each of the Parties further agree that should they file a lawsuit in court or commence any similar legal proceeding that is found to be barred in whole or part by this general release, such Party or Parties will pay the legal fees incurred by or on behalf of the applicable Estate Party Releasees and/or LeFever Family Releasees, respectively, in defending those claims found to be barred.

e. In connection with the releases contained in Paragraphs 4.a and 4.b above, each of the Estate Parties (on their own behalf and on behalf of each of the Estate Releasing Parties) and each LeFever Family Member (on his or her own behalf and on behalf of each of the LeFever Releasing Parties) waives all rights they have or may have under any applicable state law, statute or ordinance, as well as under any other common law principles of similar effect, which prohibits the waiver of unknown claims, including California Civil Code Section 1542, which provides as follows:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party,**

Each of the Estate Parties (on their own behalf and on behalf of each of the Estate Releasing Parties) and each LeFever Family Member (on his or her own behalf and on behalf of each of the LeFever Releasing Parties) acknowledges that they have had the opportunity to be advised by legal counsel with respect to, and is familiar with, the provisions of California Civil Code Section 1542.

f. For the avoidance of doubt, an entity named Monley Hamlin, Inc. is not a party to this Agreement, or to the foregoing releases.

5. **Bankruptcy Protection and Claw Back Remedies.**

a. **Preference and Fraudulent Conveyance Protection.** The Parties acknowledge and agree that the payments and transfers made pursuant to this Agreement are intended to be final and not subject to avoidance as preferences or fraudulent conveyances under any applicable bankruptcy or insolvency laws. Each of the LeFever-Related Parties represents that he, she, or it is not insolvent and will not be rendered insolvent by the execution of this Agreement or the performance of the obligations required hereunder.

b. **Claw Back Remedies.** In the event that any payment or transfer made pursuant to this Agreement is subsequently determined by a court of competent jurisdiction, to be avoidable and recoverable as a preference, fraudulent conveyance, or otherwise, the LeFever-Related Parties or their successor shall be entitled to an allowed claim against the subject bankruptcy estate in which the avoidance and recovery occurs in the amount or the value of the transfer avoided and actually paid or transferred to a bankruptcy or assignment for the benefit of creditors estate on account of such preference, fraudulent conveyance, or other avoidable transfer.

c. **Survival.** The provisions of this section shall survive the termination or expiration of this Agreement and shall remain in full force and effect notwithstanding the filing of any bankruptcy case by or against any Party.

6. **Satisfaction of all LeFever Claims.** Subject to the terms of Paragraph 4.b of this Agreement, upon the Effective Date of this Agreement, all of the LeFever-Related Parties' claims and interests against the Estate Parties, including Tim LeFever's Claims, shall be deemed satisfied in their entirety, and no LeFever-Related Party shall file any other claims or actions against the Debtors in the Bankruptcy Case.

7. **Waiver of Red Spruce Note Claim.** Subject to the terms of Paragraph 4.b of this Agreement, upon the Effective Date of this Agreement, the Foundation shall be deemed to have waived and forgiven all liability under the Red Spruce Note.

8. **Plan Confirmation Order's Ponzi Findings.** The Plan Proponents shall, in any proposed plan confirmation findings, conclusions, or orders that include a Ponzi Finding or similar finding, or in any other order(s) that include a Ponzi Finding or similar finding, include language that any Ponzi Finding or similar finding shall not be binding on Tim LeFever or any other LeFever-Related Party in connection with any third party litigation or proceedings of any nature, and shall not have any collateral estoppel, issue preclusion, res judicata, or similar effect as to Tim LeFever or any other LeFever-Related Party in connection with any third party litigation or proceedings of any nature, and shall request (and in good faith advocate in support thereof, if needed) that the Bankruptcy Court reach and enter such findings, conclusions, and orders.

9. **Plan Approval and Cooperation from LeFever Family Members.** Each of the LeFever Releasing Parties covenants and agrees to (a) not oppose any plan supported by the Plan Proponents that does not contain terms that are contrary to the terms of this Agreement, and (b) neither materially encourage nor materially voluntarily cooperate with any party opposing such a plan in their efforts to oppose such a plan, specifically including any effort to frustrate the Estate Parties' efforts to obtain a substantive consolidation order or a Ponzi Finding. Notwithstanding the foregoing, each of the LeFever Releasing Parties shall be permitted to comply with any discovery, deposition notices, subpoenas, or other legal process served to it in, or in connection with, the Bankruptcy Case or any other legal or other proceedings, and responses to any such discovery and any deposition, trial, or other testimony, shall not be prohibited or restricted by this Agreement and shall not be considered a breach of this Agreement.

10. **Bankruptcy Court Approval.** Within three (3) business days of the Parties' execution of this Agreement, the Estate Parties shall file a motion with the Bankruptcy Court pursuant to Federal Rule of Bankruptcy Procedure 9019 seeking entry of an Order approving this Agreement, which Order shall be binding on all Parties and all successors and assignees of all Parties, including any Plan Recovery Trust or Trustee or Chapter 7 Trustee of any of these bankruptcy estates. If the Bankruptcy Court does not enter an Order approving this Settlement Agreement: (a) this Settlement Agreement shall be null and void; (b) the Plan Proponents and any successors to them shall immediately remit, return, and release to Tim LeFever, Amy LeFever, the Foundation, and each of the other LeFever Releasing Parties, as applicable, any and all funds, deeds of trust, and other consideration provided by any of the them hereunder; and (c) the Plan Proponents consent to LeFever Releasing Parties filing Objections to the Plan and the Substantive Consolidation Motion within fifteen (15) days after the Court enters an order denying such approval, notwithstanding any earlier date that may have been set by the Court.

11. **Effective Date.** This Agreement shall become effective (the "Effective Date") on the third business day following the Bankruptcy Court's entry of an order approving this Agreement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, provided that no stay pending any appeal of such order is obtained prior to Tim LeFever's making of the Cash Payment pursuant to paragraph 1.a.

12. **Further Assurances.** Each of the Parties to this Agreement, without further consideration, shall execute and deliver such other documents and take such other action as may be reasonably requested by the other party hereto to effect the terms of this Agreement.

13. **Authority.** Any person signing this Agreement for a party represents and warrants that he has express authority to sign this Agreement for that party and agrees to hold the opposing party harmless for any costs or consequences of the absence of actual authority to sign.

14. **Applicable Law.** This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of California, without giving effect to any choice of law or conflicts of law provision. The Parties consent to the exclusive jurisdiction of, and venue in, the United States Bankruptcy Court for the Northern District of California with respect to resolution of any dispute arising out of this Agreement, subject to any rights any Party may have to obtain withdrawal of reference to, or abstention by, the Bankruptcy Court, and subject to any rights of appeal to which any Party may be entitled in connection with any such disputes.

15. **Entire Agreement.** It is the intent of the Parties that this Agreement constitutes the entire agreement between the Parties concerning the subject matter of this Agreement and supersedes all prior negotiations and agreements concerning the subject matter of this Agreement, whether written or oral. This Agreement shall not be altered or amended except by an instrument in writing executed by all of the Parties.

16. **Plan Confirmation.** Confirmation of the Plan or any Chapter 11 Plan in the Bankruptcy Case is not required for, and is not a condition of, the effectiveness of this Agreement or the releases herein. Any proposed Order Confirming the Plan (or any plan) that any of the Plan Proponents may submit to the Bankruptcy Court in the Bankruptcy Cases shall include a provision providing that the Plan Proponents, any Plan Recovery Trust or Trustee, and any Chapter 7 Trustee shall be bound by the terms of any entered Bankruptcy Court Order approving this Agreement.

17. **Successors.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each Party hereto, but no rights or obligations hereunder shall be assignable by any Party hereto without the prior written consent of the other Parties hereto; provided, however, that the Debtors may assign this Agreement to a successor in interest upon a merger, acquisition, reorganization, change of control or sale of all or substantially all of the assets of the Debtors without the prior written consent of LeFever.

18. **Execution of Counterparts.** This Agreement may be executed in any number of identical counterparts, each of which, shall be deemed an original and all of which shall constitute, collectively, one Agreement. Executed signature pages to this Agreement may be delivered via facsimile, DocuSign or similar electronic signing technology, and such delivery shall be fully effective as if the original had been delivered.

19. **Severability.** Should any provision of this Agreement be held by any court of competent jurisdiction to be illegal, invalid or unenforceable for any reason, then the remaining portions of this Agreement will nonetheless remain in full force and effect, unless such portion of the Agreement is so material that its deletion would violate the obvious purpose and intent of the Parties. The Parties

understand and agree that they have had the opportunity to be represented by counsel of their choice, and that they have not relied upon the statements or advice of the other party, its agents, counsel or employees.

20. **Construction.** The language used in this Agreement shall be deemed to be the language chose by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party. The titles, captions or headings in this Agreement are included for convenience of reference only and shall not constitute as a part of this Agreement.

21. **Notices.** Any notice or communication required or permitted to be given hereunder will be in writing and addressed to counsel of record in the Bankruptcy Case, or to such other address as the Party may designate in writing.

22. **Attorneys' Fees.** The Parties will bear their own respective attorneys' fees and costs incurred with respect to this Agreement and any prior legal matters between them. In the event, however, that legal action is filed to enforce the provisions of this Agreement, the prevailing party in such action shall be entitled to an award of attorneys' fees and expenses reasonably incurred in the action. For this purpose, attorneys' "fees and expenses" includes, without limitation, the fees and expenses of attorneys, paralegal or legal assistants and experts and consultants incurred by the prevailing party in such action.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement with Mutual General Releases on the date first indicated above.

Timothy LeFever

Amy LeFever

Clara Elizabeth Crane

Lucy Kathleen LeFever

Grace Helen Garrett

Kathleen Hamlin

KATHLEEN HAMLIN LIVING TRUST
DATED JULY 2, 2008

By: _____
Title: Trustee

LAUREL WREATH FOUNDATION

By: _____
Title: President

LFM DEBTORS

By: _____
Bradley Sharp
Title: Chief Restructuring Officer

KS MATTSON PARTNERS, LP

By: _____ (Jan 27, 2026 09:04:55 PST)
Robbin Itkin
Title: Solely as Responsible Individual of KS Mattson, LP

Case: 24-10545 Doc# 3583 Filed: 02/02/26 Entered: 02/02/26 14:57:17 Page 34 of 43

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THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF LEFEVER MATTSON, ET AL.

By: Kevin Katari (Jan 27, 2026 09:06:35 PST)
Kevin Katari
Title: Chair

PINEAPPLE BEAR, A California corporation

By:
Bradley Sharp
Title: Chief Executive Officer

HARROW CELLARS, A California corporation

By:
Bradley Sharp
Title: Chief Executive Officer

KSMP INVESTMENT ENTITIES

PERRIS FREEWAY PLAZA, LP
SPECIALTY PROPERTIES PARTNERS, LP
TREEHOUSE INVESTMENTS, LP

By: KS Mattson Partners, LP, its general partner

By: Robbin L. Itkin (Jan 27, 2026 09:04:55 PST)
Robbin L. Itkin
Title: Solely as Responsible Individual of KS Mattson Partners, LP

EXHIBIT A

([DRAFT]Asset Disclosure Declaration of Timothy J. LeFever)

ASSET DISCLOSURE DECLARATION OF TIMOTHY J. LEFEVER

I, Timothy J. LeFever, declare as follows:

1. I am over twenty-one years of age and have personal knowledge of the matters set forth herein.

2. I am aware that LeFever Mattson, a California corporation ("LFM"), and 60 affiliated entities (together with LFM, the "LFM Debtors"), KS Mattson Partners, LP ("KSMP" and, together with the LFM Debtors, the "Debtors"), and the Official Committee of Unsecured Creditors (the "Committee," and together with the Debtors, the "Plan Proponents") are relying on the truth of the statements made in this declaration in entering into a settlement (the "Settlement") with me.

3. I am aware and agree that if it is determined by an agreed neutral or a court of competent jurisdiction that I have failed in this declaration to disclose either (a) any single asset of mine that has a value (as of December 19, 2025 in excess of $100,000 or (b) multiple assets of mine having an aggregate value (as of the date this declaration is signed) of $200,000, then the Plan Proponents (or any successor thereof) shall have the right to seek to compel me to surrender to them any omitted asset or assets by way of judgment therefor, or, at the Plan Proponents' option, seek to obtain a judgment against me personally for any damages incurred, up to the value (as of December 19, 2025) of that asset or those assets, and I and any other party-in-interest shall have the right to contest any such request for relief.

4. I own certain assets in whole or in part. With the exception of the assets listed herein, I am not aware of owning or having a beneficial interest, directly or indirectly, in any other material assets whether individually or through a corporation, trust, partnership or any other entity as of December 19, 2025. A complete listing of all such assets as of December 19, 2025, including any community property or marital property in which I have an interest, is as follows:

a. I have a checking account at [insert bank] (last four digits XXXX), which holds approximately $___.

b. I have a savings account at [insert bank] (last four digits XXXX), which holds approximately $___.

c. I have a money market account at [insert bank] (last four digits XXXX), which holds approximately $___.

d. I have a mutual funds account at [insert bank] (last four digits XXXX), which holds approximately $___.

e. I have an investment account at [insert bank] (last four digits XXXX), which holds approximately $___ in combined cash and stocks.

f. I have professional fee retainers in the amount of $_____, on account with various attorneys, accountants and other professional persons.

g. I [lease/own] a [insert car]. [The car is collateral for a lease with an outstanding balance of approximately $___.]

h. I own a [general description of property – single-family residence, investment property, Townhome, etc.] located at [insert address]. The [ADD] is collateral for a loan with an outstanding balance of approximately $____.

i. I own a __% passive interest in [add entity], with an estimated value of $___.

j. I own a 50% interest in LFM.

k. I, through my IRA account, own a 1.1890% interest in Autumn Wood I, LP.

l. I, jointly with my wife, own 6.2380% interest in Windscape Apartments I, LP.

m. I, jointly with my wife, own 4.1550% interest in Windscape Apartments II, LP.

n. I, jointly with my wife, own 19.4583% of Divi Divi Tree, L.P.

o. I, jointly with my wife, own 4.8110% of Hagar Properties, LP.

p. I, jointly with my wife, own 7.7400% of Tradewinds Apartments, LP.

q. I, jointly with my wife, own 5.7200% of Heacock Park Apartments, LP.

r. I am party to a [include any promissory note] in the amount of $____ as an investment in [ADD].

s. I have a 401(k) account with [add institution] with a balance of approximately $_____.

t. I have an IRA account with [add institution] with a balance of approximately $_____.

u. I also own various items of personal property, including personal and household goods, clothing, jewelry and furnishings.

To the best of my knowledge, the schedule of material, out-of-the-ordinary course of business, transfers occurring during the time period September 1, 2020, through and including December 19, 2025, provided by me at the JAMS mediation in this matter, a copy of which

thereafter was sent under the mediation privilege as an attachment to an e-mail from Tim LeFever's counsel to Committee's counsel on January 23, 2026, is true and correct.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and is executed this ___ day of _____, 2026.

_____

Timothy J. LeFever