

CAUSE NO. D-1-GN-23-003968

G.E.T. MARKETING, LLC,	§	IN THE DISTRICT COURT
	§	
<i>Plaintiff</i>	§	
	§	
v.	§	459 th JUDICIAL DISTRICT
	§	
PSW REAL ESTATE, LLC,	§	
	§	
<i>Defendant</i>	§	TRAVIS COUNTY, TEXAS

RECEIVER’S THIRD STATUS REPORT

The Stapleton Group, Inc., in its capacity as receiver (“*Receiver*”) for Defendant PSW Real Estate, LLC dba PSW (“*PSW*”) files this *Third Status Report* for the month ended September 30, 2023, and would respectfully show this Court as follows:

I. INTRODUCTION

1. At the time the Receiver was appointed, PSW was in the process of developing twenty-nine (29) residential properties across four states. The developments have complicated capital structures including multiple lenders, hundreds of individual and small family office investors, institutional investors, and others. At the time of the appointment of the Receiver, the developments were in various stages of development or construction. A handful of projects were in the beginning design phase, while others included partially completed homes that were build-to-suit projects that were presold to future residents.

2. Prior to the receivership, PSW also performed HOA management services. PSW had purchased and was managing Fixed Maintenance, which provided plumbing, painting, electrical and other services to PSW and third-party customers prior to the receivership. PSW had invested significant cash and was a minority owner of HomeBase, a software company for

property owners and managers. HomeBase was sold recently. The Receiver is assessing the value of PSW's minority interest in HomeBase and potential ways to monetize that interest.

3. The appointment of the receiver was vital and necessary as PSW simply ran out of funds to make its debt service payments, pay employees, and keep the business operating as a going concern. As a result, construction of many projects stopped, leaving employees, buyers, investors, lenders, and contractors in the lurch. In addition, many lenders were seeking to foreclose on properties, putting the investments of hundreds of individual and small family investors in jeopardy. Indeed, some investors had already filed suit against PSW prior to the appointment of the receiver. In short, creditors and investors in PSW were all scrambling to raid any available asset from PSW, while in the process destroying any remaining equity in PSW's assets.

4. Since the appointment of the Receiver, all pending litigation and foreclosures are stayed, the Receiver has taken control of PSW's finances, and stakeholders are actively engaging in discussions with the Receiver regarding the preservation of value of PSW's assets. The Receiver has entered into multiple Rule 11 agreements with lenders to forestall foreclosure and is currently negotiating with other developers and lenders to realize significant value in the developments. The Receiver has made progress providing value for creditors, investors, and all other parties-in-interest by installing order, organizing an orderly claims process, planning the forensic accounting, restarting home construction, and beginning negotiations with lenders and investors to sell, preserve and increase the value of Receivership Assets.

5. The Receiver files this report to provide the Court with information on the status and expectations for the continuation of the Receivership.

II. BACKGROUND

A. Pre-Receivership Activity of PSW

6. PSW, operating under the brand name of StoryBuilt, is an Austin based company that specializes in developing single-family and multi-family residential housing in Austin, Dallas, Seattle, and Denver. PSW has completed over fifty (50) residential housing developments and sold or leased over 1,500 residential units. PSW's involvement in projects takes one of three forms: (i) PSW solely owns and develops a project, (ii) PSW serves as sponsor and managing member for a development in which other investors provide capital; or (iii) PSW transitions development to another developer and serves as a non-managing member of three joint ventures with private equity groups ("*Joint Ventures*" or "*JV*"s).

7. In order to capitalize developments, PSW utilized complicated capital structures and multiple lines of credit. Most developments involving third parties include several layers of ownership with various interest holders at each level. In a typical development, PSW would acquire vacant real property in the name of a special purpose entity ("*Owner SPE*"). The land acquisition would be funded by a loan (and accompanying lien) in which the Owner SPE is the borrower and the property is the collateral. The Owner SPE would be indirectly managed by PSW and would be capitalized by an investment from a PSW affiliate and other property level investors (the number and type of investors varies by property). The property level investors invested as minority partners ("*Limited Partners*" or "*LPs*") and some were parties to a Revenue Sharing Agreement ("*RSA*") with a PSW affiliate (the "*RSA Investors*"). Those investors are entitled to a return on their capital upon the sale of residential units developed on the property based on the myriad capital structure options specific to that corporate entity. Properties were

frequently acquired using a combination of PSW's own capital, LP capital, RSA Investors' capital, and loan proceeds.

8. In order to develop the properties, PSW would also create a development level special purpose entity ("*Developer SPE*"). The Developer SPE would also utilize financing, investor capital, and PSW's capital to fund the development of the raw land into residential units. Developer SPE is typically a member of Owner SPE, along with other developer level investors, who are entitled to returns on their investment based on the terms of their specific investment agreements. For many, but not all, developments PSW's wholly owned subsidiary PSW GC, LLC served as the general contractor, for which it was entitled to contractor fees and development fees. Thus, for each development there are typically a number of interest holders.

9. At the time the Receiver was appointed, PSW served as the general contractor and primary developer on 13 projects at various stages of construction and served as a joint venture partner on 16 projects at various stages of construction.

10. In addition to property and developer level financing, PSW was also capitalized with a combination of debt and investor equity. PSW is the borrower on approximately \$19.7 million (this amount increased approximately \$6 million from a prior report due to the Receiver learning that this capital injection was incorrectly recorded previously in PSW's unaudited financial statements as equity) of corporate notes for which all of PSW's property serves as collateral, including its interest in each development. PSW was also capitalized by a number of third-party equity investors in the form of Class A shares and other forms of equity.

B. The Receiver Order

11. In 2022, PSW began to suffer serious financial difficulties and were named defendants in lawsuits filed by various investors and lenders (details below). On July 31, 2023,

G.E.T. Marketing, LLC filed this lawsuit and that same day Judge Amy Clark Meachum entered the Order Appointing Receiver (the “*Receiver Order*”) and appointed Stapleton Group, Inc. as the Receiver. The Receiver Order was effective on August 1, 2023, when the required bond was deposited by the Receiver and the requisite oath was filed.

12. The purpose of the receivership is to marshal all assets of PSW and, thereafter, “to determine whether and to what extent, in the Receiver’s discretion, such Operations could and/or should be continued” or, if not, “to conduct an orderly marketing and sale of ... all or part of the assets.” The receivership property consists of all property in which PSW has an interest, including over 50 affiliate and/or subsidiaries (together, the “*Receivership Entities*”) in which PSW has an interest (the “*Receivership Estate*”).

13. To fulfill his duties the Receiver is required to, among other things: (i) identify and take control of all Receivership Property; (ii) identify all claims against the Receivership Entities; and (iii) determine the best manner of preserving value of the Receivership Estate to maximize the return for all creditors and other constituent groups. Administering PSW’s assets in receivership provides a benefit to all constituent groups, including:

- preventing a race to the courthouse by the various creditors and investors already suing PSW and that are likely to sue PSW in the future;
- preventing PSW from spending its scarce resources on litigation costs for such lawsuits;
- preventing conflicting and duplicative orders from being entered by different courts related to PSW’s assets, including TROs and foreclosures;
- preserving the value of PSW’s assets by avoiding judicial sales or forced sales; and
- protecting the public by allowing the organized completion of residential property developments rather than abandoning such developments pending resolution of litigation.

14. The Receiver has been in place for just over two months as of the date of this report. During September 2023, the Receiver:

- Directed the construction team to secure projects through physical and other means, including replacing broken windows and door locks;
- Drafted a forensic analysis plan and identified the Stapleton Group team members to perform the investigation (Exhibit 1);
- Secured critical insurance coverage;
- Sold (or returned leased vehicles to the lessor) the Fixed Maintenance vehicle fleet. A list of the vehicles liquidate is attached and an accounting for the sale will be included in the financial report to be filed with this Court shortly. (Exhibit 2);
- Continued communication with secured lenders to discuss going forward plans for their specific collateral, including potentially completing partially completed homes for the following lenders
 - Guaranty Bank
 - FIRST Insurance Funding
 - Ovation Capital
 - Dallas Capital Bank
 - Service Lloyd's
 - Moody National Bank
 - Sterling Equities, Inc.
 - Amegy Bank
 - American Bank of Commerce
 - Amarillo National Bank
 - Star-Plex
 - Susser Bank
 - Cross First Bank
- Entered numerous Rule 11 agreements with secured lenders (Exhibit 3);
- Filed motions regarding two projects to sell or joint venture
 - Motion to Approve Sale of the White Rock Trail Property: property located at 9601 White Rock Trail, Dallas, TX 75238 aka project Goose Run
 - On 8/8/23 Stillwater Capital Investments, LLC provided an LOI to purchase the property for \$10.7M
 - Stillwater provided \$250,000K in earnest money to Sendera Title

- Receiver asked that the relief be subject to better offers. Bids were to be received forty-five (45) days after the motion was filed which was on 9/8/23
- Motion to Approve joint venture: 123-unit single-family and townhome community to be developed near 1907 Webberville Rd., Austin, TX aka project Charley
 - Receiver requested authority to complete this project
 - Prior to Receivership, PSW received a Letter of Intent from Techo Funding, LLC which proposes to provide \$64.2M in construction and development financing and would pay off the outstanding debt
 - PSW does not have funds to pay required loan fees and cannot guaranty the loan from Techo
 - On July 17, 2023, Lynd Development Group provided a term sheet to participate in Project Charley
 - Lynd and PSW would own membership interests in an entity managed through an operating agreement currently being drafted. Lynd would be controlling member and developer
- It is anticipated that via loan proceeds there will be a payment of \$1,574,919 in development fees to PSW as a service provider to Lund
- PSW would defer \$1.08M of fees to be paid out of future cash flows from Project Charley
- Lynd would serve as guarantor for the Techo loan
- The Receiver believes Project Charley will result in net sales of over \$102M and all investors would be repaid and result in a net profit up to \$13M
- The Receiver has hired Onyx as an investment banker and obtained a \$500,000 loan from the investment banker to fund receivership operations.

15. No payments were made to professionals during September 2023. The Receiver believes that the receivership should continue at this time because many valuable assets will be devalued without the protection of receivership and many innocent third parties will be harmed if the developments are the subject of litigation.

III. RECEIVERSHIP OBLIGATIONS

16. Receivership is one of several remedies creditors and other interest holders may utilize in seeking to exercise control over a business or property. Texas law provides for the appointment of a receiver in many ways:

- by a vendor to vacate a fraudulent purchase of property (Texas Business Organizations Code section 11.403(1));
- by a creditor to subject property or funds to the creditor's claim (Texas Business Organizations Code section 11.403(2));
- between partners or others jointly owning or interested in property or funds (Texas Business Organizations Code section 11.403(3));
- by a mortgagee of the property for the foreclosure of the mortgage and sale of the property (Texas Business Organizations Code section 11.403(4));
- for a corporation that is insolvent, is in imminent danger of insolvency, has been dissolved, or has forfeited its corporate rights (Texas Civil Practices and Remedies Code 64.001(5));
- "in any other case in which a receiver may be appointed under the rules of equity" (Texas Civil Practices and Remedies Code 64.001(6));
- to rehabilitate a domestic or foreign entity (Texas Business Organizations Code section 11.404, 11.409);
- to liquidate a domestic or foreign entity (Texas Business Organizations Code section 11.405, 11.409);
- to preservation and protection marital property during a divorce proceeding (Texas Family Code 6.502);
- over the assets of a missing person (Texas Civil Practices and Remedies Code 64.001(d));
- to preserve mineral interest or leasehold interest under a mineral lease owned by a nonresident or absent defendant (Texas Civil Practices and Remedies Code 64.091);
- to sell property incapable of division (Texas Rule of Civil Procedure 770);
- over property in a municipality that is not in compliance with certain life, health, and safety ordinances (Texas Local Government Code 214.0031); and

- over property of a nonprofit housing organization that presents a life, health, or safety risk (Texas Local Government Code 214.0031).

17. Texas courts are authorized to broadly define a receiver’s powers to accomplish the objectives of the receivership and to modify the scope of the receiver’s powers as necessary. Texas Business Organizations Code 11.406(5) (“[The Receiver] has the powers and duties that are stated in the order appointing the receiver or that the appointing court: considers appropriate to accomplish the objectives for which the receiver was appointed and may increase or diminish at any time during the proceedings.”). A receiver’s authority and duties are governed by the receivership order and, thus, can be tailored to each particular circumstance and the needs of the case. Rules of equity govern all matters relating to the appointment, powers, duties, and liabilities of a receiver, and to the powers of a court regarding receivers, to the extent that they are not inconsistent with applicable statutory provisions or with the general laws of the state. Tex. Civ. Prac. & Rem. Code § 64.004.

18. The job of a receiver appointed over a company is to provide for the orderly collection and disposition of assets for the purpose of rehabilitating or liquidating the business. Texas Business Organizations Code section 11.404, 11.450, 11.409. To accomplish those purposes, a receiver typically follows the foregoing process:

- (1) marshaling receivership assets;¹
- (2) preserving the value of receivership assets;²

¹ *Bennett v. Broocks Baker & Lange, LLP*, No. 01-13-00674-CV, 2014 Tex. App. LEXIS 7317, at *6 (Tex. App.—Houston [1st Dist.] July 8, 2014, no pet.) (“The trial court expressly relied on Chapter 64 of the Civil Practice and Remedies Code—the receivership statute—in appointing the receiver to ‘administer and manage the business affairs, funds, assets, choses in action and other property’ belonging to Bennett; marshal and safeguard all of the assets of Bennett; and take whatever actions necessary for the protection of creditors.”); *Day v. State*, 489 S.W.2d 368, 370 (Tex. Civ. App.—Austin 1972, writ ref’d n.r.e.) (“The temporary mandatory relief hereinafter granted is necessary in order to enable the receiver of this Court to marshal the assets and to ascertain the liabilities of the defendant. . . .”).

- (3) identifying and organizing claims against the receivership estate;³
- (4) liquidating receivership assets;⁴ and
- (5) distributing proceeds to claims holders.⁵

19. To that end, the Texas general receivership statute authorizes receivers to take charge and keep possession of the property, receive rents, collect and compromise demands, make transfers, and perform other acts in regard to the property as authorized by the court in the order appointing the receiver. Tex. Civ. Prac. & Rem. Code § 64.031.

IV. SUMMARY OF RECEIVERSHIP OPERATIONS

A. Marshaling and Preserving Assets

Identifying Assets

20. The Receiver has collected the books and records detailing all of PSW's active and dormant projects and is in the process of reviewing and updating the same. Because of the complex nature of the PSW enterprise, the Receiver is in the process of identifying and understanding the capital structure for all PSW projects. At this time, the Receiver believes that the Receivership Estate may hold an interest in 13 PSW developments,⁶ and 16 Joint Venture

² *In re Davis*, 418 S.W.3d 684, 691 (Tex. App.—Texarkana 2012, no pet.) (“A trial court is statutorily authorized to appoint “a receiver for the preservation and protection of the property of the parties.””); *Magaraci v. Espinosa*, Nos. 03-14-00515-CV and 03-14-00518-CV, 2016 Tex. App. LEXIS 2345, 2016 WL 858989, at *8 (Tex. App.—Austin Mar. 4, 2016, no pet.) (mem. op.) (receiver has standing to sue under TUFTA as representative of corporation and corporation's creditors to preserve and recover corporation's assets).

³ Tex. Bus. Orgs. Code § 11.407 (“In a proceeding involving a receivership of the property or business of a domestic entity, the court may require all claimants of the domestic entity to file with the clerk of the court or the receiver, in the form provided by the court, proof of their respective claims under oath.”).

⁴ *Spiritas v. Davidoff*, 459 S.W.3d 224, 233 (Tex. App.—Dallas 2015, no pet.) (“A court “may order the liquidation of the property and business of [a] domestic entity and may appoint a receiver to effect the liquidation”).

⁵ *Neel v. Fuller*, No. B-6016, 1976 Tex. LEXIS 272, at *4 (Dec. 22, 1976) (“In our case the court, through its receiver, took possession to oversee the orderly administration and distribution of the estate.”).

⁶ The PSW projects include Willa, Frank Commercial, Bruno, Goose, Lucy, Clementine, Frank West, Project Ruby, Charley, Ozzie, North Bluff, Kramer, and Nora.

projects⁷ across four states. The majority of all PSW projects have senior secured debt, Class A, Class B, and Class C investors, and revenue sharing agreement (“*RSA*”) investors. The Receiver is still in the process of determining PSW’s interest in all projects and developments.

21. Since commencing his duties, the Receiver has worked to determine and identify all project senior secured noteholders, the amounts owed on the notes, the investors for each project, and the status of each project. The Receiver is in the process of evaluating and analyzing each PSW project to determine how best to maximize value for the Receivership Estate and PSW creditors. The Receiver has already entered into several agreements with senior secured noteholders to allow the foreclosure of specific Receivership assets in the event the Receiver is unable to complete, or market and sell the asset to provide value to the Receivership Estate. Furthermore, the Receiver is in the process of marketing specific projects to determine whether a recapitalization or sale of the project is in the best interest of the Receivership Estate. The Receiver is working to determine the most economical manner with which to provide value of the Receivership Estate. This process includes identifying the best way to sell Receivership assets as well.

22. Upon taking over, the Receiver located and took possession of all known bank accounts of the Defendants. These included several accounts at different banks. The Receiver will include a summary of the liquid assets identified since the beginning of the receivership in the financial report to be filed with this Court shortly. The Receiver intends to turn over the HOA operating accounts to the HOAs that it will no longer manage. That turnover will be subject to notice to this Court.

⁷ The joint-venture projects and related JV Partners include George- (Hearthstone), Ellie May (IHP), Scout, Project Stanley, Project Archie, Sumie, Jolene, Frank North, Frank South, Longview, Polaris, Callie, Judy, Josephine, Thornton Flats, Thornton MU (All Partners Group).

Operations

23. PSW and its affiliates are currently operating with a skeleton staff necessary to complete construction in process, development and entitlement, support PSW's Joint Venture interests, performing accounting tasks, and sell completed homes. Prior to the appointment of the Receiver, PSW terminated or furloughed most employees based on an inability to meet payroll obligations. After the Receiver was appointed, Receiver terminated all employees as PSW had only minimal liquid assets available to meet payroll obligations.

24. On August 15, 2023, the Receiver filed its Notice of Rehiring of Certain Employees (the "***Notice of Rehiring***") to rehire approximately fifty (50) employees of PSW. The employees primarily work in the areas of development management, project management, accounting, marketing, and sales. The rehiring of these employees was for the purpose of identifying the assets of PSW and preserving the value of such assets. Approximately one fourth of these employees will support the Joint Venture projects and be reimbursed by the Joint Venture partners. The Notice of Rehiring provides that the employees will be paid their ordinary wages from cash on hand and through receivership certificates. The Receiver intends to analyze cost effective employee retention measures and implement a plan during October 2023, which will be described in a motion to this Court.

25. In early September 2023 the Receiver tasked the rehired development and construction team with assessing the condition of partially completed homes, determining the cost to complete those homes, and to provide comprehensive analyses to the secured lenders of those properties describing how to maximize the value of those homes. The majority of the initial meetings with the lenders have occurred as of the date of this report.

26. The Receiver will contact home buyers with existing purchase contracts during October 2023 to determine their continued interest in purchasing the homes under contract. With the comprehensive analyses described above, secured lender feedback, and the home buyer responses, the Receiver will determine the order in which the homes should be completed and sold, if at all.

27. During August and September 2023, the Receiver continued to narrow PSW's operations focus on four major functions: development, construction, supporting the investment banking process, and accounting. Functions no longer performed by PSW in-house include most HOA management, architecture and design, sales and marketing, third-party maintenance and repairs, software development, and managing the Joint Ventures.

Employment of Professionals.

28. Immediately following the Receiver's appointment, it became necessary for the Receiver to employ Reed Smith LLP as its counsel in order to advise the Receiver in connection with identification and preservations of assets of the Receivership Estate and to assist in negotiating with claims holders, preparation and filing of pleadings and appearances in court and to organize the receivership proceeding.

Litigation Claims.

29. At the time the Receiver was appointed, there were approximately 25 foreclosures and lawsuits pending against PSW or an affiliated entity. The Receiver has notified all known parties to pending litigation claims that all litigation is stayed pursuant to the Receivership Order.

Proposed Transactions

30. At the time the Receiver was appointed PSW held an interest in at least 29 projects at various stages of development. In order to preserve and maximize the value of the

developments, the Receiver intends to enter into a number of transactions for certain developments. These transactions may include entering into new financing agreements to avoid foreclosure of properties or to initiate or continue the developments, replacing PSW as general contractor, replacing PSW as primary developer, and other transactions to avoid losses and maximize the value of assets.

31. During August and September the Receiver filed a sale motion for undeveloped lots in Dallas (Goose Run) and a motion to enter into a joint venture agreement with Lynd Development Group to develop Charley, a stalled project in Austin, Texas. Both motions are set for hearing October 16, 2023.

Financial Overview

32. The Receiver continues to maintain oversight and control of PSW’s funds. During August and September 2023, PSW issued Receiver’s Certificates in the amount of \$2,434,978. See Exhibit 4. The Receiver liquidated the Fixed Maintenance fleet during September 2023.

The following is a summary of cash balances in PSW bank accounts as of September 30, 2023:

JPM	\$	245,880
CNB		243,165
Alliance Assoc Bank		24,320
Guaranty Bank		19,725
Misc banks		1,200
	\$	534,290

Two accounts were inadvertently included in the initial inventory and should not be considered assets of the receivership estate. Those accounts were labeled “PSW West Dallas Urban Village” and “SB Polaris.

The Receiver will file a cash activity summary for the period August 1, 2023 through September 30, 2023 shortly. The financial information is not completed as of the date of this filing.

B. Regulatory matters

33. The Receiver met with four regulatory or enforcement agency representatives October 5, 2023; Federal Bureau of Investigation, the Texas Comptroller of Public Accounts, the Texas State Securities Board, and the Internal Revenue Service. On July 31, 2023 a field auditor from the Department of Labor visited the PSW offices and met with the soon to be appointed Receiver to discuss payroll issues. On September 20, 2023 the Receiver was contacted via email by an Industrial Relations Agent from the Employment Standards section of WA Labor and Industries regarding labor claims. PSW has since provided both employment agencies with information regarding payroll claims.

The Receiver has and will continue to cooperate with government agencies in the normal course of its duties.

C. Identifying and Organizing Claims

34. The Receiver is in the process of identifying all creditors of any Receivership Entity. This is an ongoing process that requires a sizeable portion of the Receiver's time. As of September 30, 2023 the Receiver had already received 342 completed claim forms. Additionally, the Receiver continues to work with the rehired PSW employees to identify all Receivership assets.

35. This Court approved the Motion to Establish Claims Procedures, To Approve Claim Form, and to Approve Injunction Notice (the "*Claims Motion*") to establish a claims process on October 5, 2023. The Receiver plans to implement an online claims portal to allow

claim holders the ability to provide their claims efficiently. The Receiver plans to eventually establish a claims bar date by separate motion and approval from the Court.

D. Liquidating Assets

36. To maximize returns to creditors, the Receiver's objectives are to market all monetizable Receivership Property efficiently as possible or to identify capital partners to recapitalize the entire portfolio as a whole, by region, or by project. This Court approved a motion October 5, 2023 to retain Onyx Asset Advisors and A&G Realty Advisors as PSW's investment banking team ("*Investment Banker*"). The engagement agreement includes a fee structure that provides a significant incentive for the Investment Banker to achieve the highest value for PSW's assets. The Investment Banker agreed to lend the receivership estate \$500,000 on favorable terms to support PSW and the receivership operations. The Investment Banker will immediately market all of the Receivership Property for sale in either a single sale or multiple sales based on market conditions. Once buyer(s) are identified, the Receiver will file a motion to sell the Receivership Property with the Court. As of the date of this report the Investment Banker has:

- Inspected all the Properties in Austin, Dallas, Seattle, and Denver
- Created a master list of potential investors and buyers, and drafted offering and Marketing materials. Presented a marketing plan to the Receiver.
- The Receiver provided introductions to parties who previously expressed an interest in PSW assets. As of the date of this report 19 NDAs have been returned and 34 parties have expressed interest.
- Met with Joint Venture partners
- Reviewed and augmented the PSW data room

37. In the event the Receiver is unable to find a suitable purchaser for all the assets, the Receiver will analyze the sale of receivership process on an asset-by-asset basis.

38. The Receiver plans to retain a commercial property manager to manage two mixed use projects, a residential real estate specialist to support the marketing and sale of homes, and a commercial real estate specialist to identify commercial tenants for certain projects.

E. Distribution and Claims Resolution

39. After liquidating the Receivership's assets, the Receiver will file a motion to establish a distribution plan with the Court. The following discussion relates to the assets remaining after payments to secured lenders and to satisfy administrative expenses of the receivership estate.

40. In some instances, the Receiver has observed that the typical accounting practices for segregating and accounting for transactions were not followed by PSW. Funds invested for specific projects may have instead been utilized for different projects, to pay PSW fees in excess of agreed upon amounts, or for other expenses. Thus, some entities benefited and some suffered financially disproportionately in relation to that specific entities' economic performance. This comingling of assets and liabilities will be the subject of the Receiver's forensic accounting analysis, which is ongoing.

41. As a result, the Receiver does not intend to distribute proceeds from the sale of Receivership assets upon sale, except for payment of secured debt obligations and expenses of the administration of the Receivership estate. Further distributions will be made upon completion of the forensic accounting and a motion presented to the Court for approval.

42. The Receiver will not distribute any assets of the estate without an order from the Court.

Respectfully submitted,

REED SMITH, LLP

/s/ Bradley J. Purcell

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CERTIFICATE OF SERVICE

I hereby certify that, on October 9, 2023, a true and correct copy of the foregoing document was served on all counsel of record pursuant to the Texas Rules of Civil Procedure via the Court's electronic filing system.

/s/ Bradley J. Purcell

Bradley J. Purcell

EXHIBIT 1

EXHIBIT 1

Forensic Analysis Outline – initial assessment period Jan 1, 2021 through July 31, 2023.

- 1) Money-in/money-out analysis by entity to determine sources and uses of funds
 - i. Initially choose one entity to evaluate the information available and determine estimated cost to analyze before expanding the scope of work
 - ii. Projects already identified by investor’s concerns e.g., Dayton
 - iii. Determine sources of funds invested in non-core activities e.g., fixed maintenance and HomeBase.
- 2) Perform intercompany-account reconciliations, summarize transactions among entities
 - a. Assess the accuracy of fees charged by PSW to special purpose entities
 - b. Review supporting documents for material accounting entries including authorizations and approvals, as necessary
- 3) Identify and summarize transactions with former principals
 - a. Review payroll records
 - i. Review co-founder expenses
 - b. Review unit/home-level ownership records
- 4) Identify material adjustments to financial statements
 - a. Compare tax returns to financial statements, investigate differences.
- 5) Recalculate distributions and other investor returns, compare amounts to actual recorded in financial statements and to bank records
- 6) Review equity/investment transactions of former principals and communications to investors regarding the same
- 7) Review board minutes, board actions, and emails relevant to the investigation and analyses described above
- 8) Support regulatory information requests
- 9) Identify potential claims; pursue if it is determined that there is a strong likelihood to increase investor and creditor recovery
- 10) Provide periodic reports to the Court
- 11) Additional analysis based on previous findings and on the expected net return to the receivership estate through further investigation

Note: The Receiver cannot provide a good estimate of the effort to complete the forensic analysis at this time but expects to be able to do so after completing the analysis for the first entity.

EXHIBIT 2

All Vehicles							
Vehicle #	Color	VIN	License Plate No.	Make	Year	Model	Mileage
1	White	1FTYR1ZM5GKA38875	JKT-7181	Ford	2016	Transit t250 - 3.7L Low Roof	146,838
2	White	1FTYR1ZM6GKA47147	JKT-7182	Ford	2016	Transit t250 - 3.7L Low Roof	125,544
3	White	1FTYR1ZM0GKB04118	JKT-7158	Ford	2016	Transit t250 - 3.7L Low Roof	119,446
4	White	1FTEW1CF6GFA23400	JRN-7034	Ford	2016	F-150 Crew Cab Pickup - 5.0 XLT	147,587
5	White	1FT7W2A60HEC41616	JHG-5602	Ford	2017	F-250 Super Duty - Crew 6.2 XL	85,554
6	White	NM0LS7E71H1308092	JHG-5601	Ford	2017	Transit Connect-2.5 XL LWB	94,946
7	White	1FTEW1CP6LKE35519	NTD-1042	Ford	2020	F150 Crew Cab 2WD 2.7L XLT	63,811
8	White	1FTYR1ZM1GKA23306	JRN-7098	Ford	2016	Transit t250 - 3.7L Low Roof	141,704
9	White	1FTYR1ZM3GKA23307	JRN-7097	Ford	2016	Transit t250 - 3.7L Low Roof	112,140
10	White	1FTYR1ZMXHKA36802	KYJ-2084	Ford	2017	Transit t250 - 3.7L Low Roof	130,537
11	White	1FTYE1ZM6HKB37380	KXY-5598	Ford	2017	Transit t250 - 3.7L Low Roof	93,365
12	White	1FT8W3AT3GEC31886	SWM-6524	Ford	2016	F-350 Crew Cab XL 2WD 6.7L TDSL	100,929
13	White	1FT7W2BT6JEC55885	KXY-5469	Ford	2018	F250 Super Duty 4x4 - Crew 6.7L TDSL Lariat	91,179
14	White	1FTBF2A66KED38840	PTX-2090	Ford	2019	F-250 2wd 6.2L XL Reg Cab Utility w/ storage b	28,470
15	White	1FTYR1ZM4KKB34392	PVH-1812	Ford	2019	Transit-250 - 3.7L Low Roof	73,279
16	White	1FTEW1C56KKE91022	PVH-1801	Ford	2019	F-150 Pickup - Crew Cab 2WD 5.0L XL	50,997
17	White	1FTYR1ZM2KKA89050	PVH-1802	Ford	2019	Transit Van 250 3.7L Low Roof	60,052
18	White	3C7WRVLG5JE132091	PVH-2725	Ram	2018	Promaster 3500 Cutaway - 3.6 159WB	93,931
19	White	3C6ERVVDG6ME500586	PVH-2807	Ram	2021	Promaster 2500 Cutaway 3.6L Van High Roof	40,058
20	White	1FTBR1Y88LKB06204	RCJ-3915	Ford	2020	Transit 250 Van - 2wd 3.5L Low Roof	56,871
21	White	1FTBR1Y86LKA71243	RCJ-3916	Ford	2020	Transit 250 Van - 2wd 3.5L Low Roof	73,641
22	White	1FTYR1ZM5KKB20615	RFB-1455	Ford	2019	Transit 250 Van - 3.7L Low Roof	81,219
23	White	1FTBR1Y8XLKA71312	RFB-2051	Ford	2020	Transit 250 Van - 3.5L Low Roof	67,157
24	White	1FTYR1YM7KKB20150	RFW-7875	Ford	2019	Transit 250 Van - 3.7L Low Roof	81,914
25	White	1FTYR1ZM6KKB36497	RFW-7876	Ford	2019	Transit 250 Van - 3.7L Low Roof	58,362
26	White	1FTBR1C83LKA44489	RPB-2625	Ford	2020	Transit 250 Van - 2wd 3.5L Medium Roof	49,547
27	White	1FD7X2B61KEG80970	RPB-2628	Ford	2019	F250 4WD 6.2L EXT Cab XL w/ Storage Boxes	37,706
28	White	1FTEW1CP1LKD51396	RPB-2562	Ford	2020	F150 Crew Cab 2WD 2.7L XL	40,823
29	White	1FTBR1C84LKB11116	RZH-1559	Ford	2020	Transit 250 2WD 3.5L Medium Roof	53,306

30	White	1FTEW1C89NFB23635	RXD-5179	Ford	2022	F-150 Crew Cab 2WD 3.5L XL	23,235
31	White	1FTBR1Y87NKA77068	RXD-6749	Ford	2022	Transit Van T-250 - 2WD 3.5L Low Roof	27,190

EXHIBIT 3

Rule 11 Agreements with: American Bank of Commerce ("ABC")	Filed: 8/18/2023
First United Bank & Trust Co. ("FUB")	8/28/2023
CrossFirst Bank	8/30/2023
Susser Bank	8/31/2023
Guaranty Bank	9/14/2023
FIRST Insurance Funding, a Division of Lake Forest Bank & Trust Company, N.A.	9/15/2023
Dallas Capital Bank, N.A.	9/26/2023
Moody National Bank	9/27/2023
Sterling Equities, Inc.	9/29/2023
American Bank of Commerce	10/2/2023
Dallas Capital Bank, N.A.	10/3/2023

EXHIBIT 4

StoryBuilt Receiver Certificates

Investor	Amount Funded	Notes
Trey Cook	\$1,380,008	Amount used to hold off foreclosure of several Balance Sheet Assets. \$380,000 was for Health Insurance premium. Certificate Issued
Michael Padavic	10,000	Not shown in the Receiver's account. Amount was used before the account was setup. Certificate Issued.
Ben Rutkowski	10,000	Not shown in the Receiver's account. Amount was used before the account was setup. Certificate Issued.
Anthony Siela	35,000	Not shown in the Receiver's account. Amount was used before the account was setup. Certificate Issued.
Ryan Diepenbrock	15,000	Paid directly to health insurance provider. Certificate being reissued under correct name.
Chad Shepler	15,000	Paid directly to health insurance provider, Certificate issued
Jerald Diepenbrock	25,000	Deposit shown in the Receiver's account, Certificate issued.
Anthony Siela	65,000	Deposit shown in the Receiver's account, Certificate issued.
Trey Cook	50,000	Deposit shown in the Receiver's account, Certificate issued.
Gerald Byrd	200,000	Deposit shown in the Receiver's account, Certificate issued.
Ryan Diepenbrock	25,000	Deposit shown in the Receiver's account, Certificate issued.
Robert Kingsland	25,000	Deposit shown in the Receiver's account, Certificate issued.
Cindy & Dave Quirarte	50,000	Deposit shown in the Receiver's account, Certificate issued.
Kim and Jamie McAtee	30,000	Deposit shown in the Receiver's account, Certificate issued.
Guillermo Sesma	249,970	Deposit shown in the Receiver's account, Certificate issued.
Emily Cruthirds	50,000	Deposit shown in the Receiver's account, Certificate issued.
Garrett Cook	50,000	Deposit shown in the Receiver's account, Certificate issued.
Travis Cook	25,000	Deposit shown in the Receiver's account, Certificate issued.
Todd or Peggy Cook	50,000	Deposit shown in the Receiver's account, Certificate issued.
Travis Cook	25,000	Deposit shown in the Receiver's account, Certificate issued.
Guillermo Sesma	50,000	Deposit shown in the Receiver's account, Certificate in process.
	\$2,434,978	

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Amy Hinson on behalf of Bradley Purcell
Bar No. 24063965
ahinson@reedsmith.com
Envelope ID: 80407555
Filing Code Description: No Fee Documents
Filing Description: RECEIVER'S THIRD STATUS REPORT
Status as of 10/10/2023 12:29 AM CST

Associated Case Party: G.E.T. MARKETING, LLC

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Todd Headden		theaden@haywardfirm.com	10/9/2023 11:30:20 PM	SENT
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Siarra Villarreal		svillarreal@haywardfirm.com	10/9/2023 11:30:20 PM	SENT
Herbert CharlesShelton II		cshelton@haywardfirm.com	10/9/2023 11:30:20 PM	SENT

Associated Case Party: PSW REAL ESTATE, LLC

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Crystal Sanchez		csanchez@winstead.com	10/9/2023 11:30:20 PM	SENT
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Alex Allemann		aallemann@winstead.com	10/9/2023 11:30:20 PM	SENT

Associated Case Party: STAPLETON GROUP, INC.

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Associated Case Party: STAPLETON GROUP, INC.

Alicia Nixon		anixon@reedsmith.com	10/9/2023 11:30:20 PM	SENT
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Timothy Woods		twoods@higierallen.com	10/9/2023 11:30:20 PM	SENT

Associated Case Party: First United Bank & Trust Co.

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Associated Case Party: GUARANTY BANK & TRUST, N.A.

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Associated Case Party: AMERICAN BANK OF COMMERCE

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Associated Case Party: Partners Group StoryBuilt Holdings, LLC

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Associated Case Party: Frank Eirinberg

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C. BentleyHarris		bentley.harris@akerman.com	10/9/2023 11:30:20 PM	SENT
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Associated Case Party: UT Company, LLC

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