

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 NINTH STATUS REPORT

The Stapleton Group, Inc., in its capacity as receiver (“*Receiver*”), files this *Ninth Status Report* for the two months ended May 31, 2024, and would respectfully show this Court as follows:

I. INTRODUCTION

1. On July 31, 2023 (the “*Appointment Date*”), the Court entered the *Order Appointing Receiver* (the “*Receivership Order*”) pursuant to which the Court appointed the Receiver over the operations and property of the above-captioned defendant, PSW Real Estate, LLC (“*PSW*”) and its affiliates listed on Exhibit A attached to the Receivership Order (the “*Affiliates*”) and, together with PSW, the “*Receivership Entities*”). The receivership created under the Receivership Order (the “*Receivership*”) commenced on August 1, 2023.

2. On the Appointment Date, the Receivership Entities were in the process of developing twenty-nine (29) residential properties across three states (the “*Developments*”), certain of which were owned outright by PSW and certain of which were owned through joint ventures with third-party entities (“*Joint Ventures*”). The Developments have complicated capital structures including but not limited to, multiple lenders, hundreds of individual and small family office investors and institutional investors. As of the Appointment Date, the

Developments were reported to be in various stages of progress. A handful of Developments were in the beginning design phase, while others included partially completed homes that were build-to-suit projects that were presold to future residents.

3. At the outset of the Receivership, the Receiver engaged in discussions with StoryBuilt's investors, committee members, current and former board members, current and former executives, and former principals (collectively, the "*Constituent Representatives*"), all of whom felt strongly about the value of the Receivership Entities. The Constituent Representatives stated their opinions that:

- the loan-to-value ratio on the real estate portfolio was below 50% - meaning the properties were worth at least twice the debt on each property;
- Developments were ready to move forward and those in mid-construction could be restarted and finished quickly;
- there was significant value in presenting the Receivership Entities to the market as a going concern based on:
 - strong accounting, development and operation teams with operating systems capable of supporting the Developments and
 - innovative and profitable Developments in highly desirable markets;
- the investor group would support the Receivership financially including a representation by the principals that two major investors had committed to invest more than \$10 million; and
- the Joint Venture partners would support a going concern marketing strategy.

4. The negative aspects of the Receivership Entities were then characterized by the Constituent Representatives as limited to (i) poor management; (ii) accusations of misconduct against PSW's principals; (iii) lawsuits filed against certain Receivership Entities by Joint Venture partners, investors, subcontractors, and other creditors; (iv) illiquidity; and (v) unpaid payroll and benefits obligations. At the time the Receiver was appointed, the Receivership Entities were completely out of cash, even after recently borrowing more than \$3 million from

hard-money lenders, some at interest rates in excess of 280%. PSW had already been or was soon to be removed as Manager of certain of the Affiliates by its Joint Venture partners. As a result, a compliance committee was formed and an oversight committee was created to oversee management prior to the Appointment Date.

5. Numerous unrecorded liabilities, financial obligations, and agreements with former employees have surfaced since the start of the Receivership. These have further complicated potential transactions and, in some cases, materially and negatively impacting the feasibility of individual projects leading to reduced sales prices or preventing sales at all.

6. As described in more detail below, after the very challenging month of December 2023, the Receiver determined that it received wildly optimistic opinions and information from the Constituent Representatives concerning the value of the Developments, the value of the Receivership Entities as a collective going concern, and the ability of the Receivership Entities to continue operations. As a result, the Receiver changed course in the administration of the Receivership with a focus on quickly monetizing the remaining assets and reducing administrative costs. Professional fees decreased by 50% from March 2024 to May 2024.

7. Prior to the Appointment Date, PSW operated and invested in in alternate lines of business (collectively, the “*Extraneous Businesses*”), including (i) home owner association (“*HOA*”) management services; (ii) a company named “Fixed Maintenance,” that provided plumbing, painting, electrical and other services to the Receivership Entities and third-party customers; (iii) minority ownership of eProperty Care (“*EPC*”) (with an option for full acquisition), a smart building property technology (aka prop-tech) company, with an option to

purchase EPC¹; (iv) EPC software to manage PSW controlled projects; and (v) minority ownership (with plans of full acquisition) of HomeBase, a complimentary prop-tech software company for property owners and managers, which was recently sold.

8. The Extraneous Businesses generated significant net losses for PSW. The Receiver is assessing the value of PSW's minority interest in HomeBase and potential ways to monetize that interest, which is currently held in the form of an approximately \$1.2 million promissory note that matures in December 2024 (the "*HomeBase Note*"). The Receiver is collecting accounts receivable for Fixed Maintenance, whose operations were shuttered prior to the Receivership. The Receiver plans to retain a collection agency to support the collection of the remaining receivables. The Extraneous Businesses are unlikely to yield significant money to the Receivership, with the exception of the HomeBase Note about which the Receiver receives regular updates from the HomeBase administrator.

9. The Receiver prepared an analysis of the pre- and post-acquisition financial activity related to Fixed Maintenance. That analysis will be provided to the sellers of Fixed Maintenance. The preliminary findings are that PSW funds were regularly comingled with Fixed Maintenance funds and that PSW provided more than \$1 million in working capital between the acquisition date in May 2022 and July 31, 2024. It also appears that post-closing working capital adjustments were not calculated properly, resulting in an potential overpayment by PSW according to the terms of the acquisition documents.

¹ In connection with its investment in EPC, PSW hired two executives of EPC and hired one or more new employees to facilitate the growth of EPC and the prop-tech platform as a vertically integrated company. PSW spent significant amounts on marketing and infrastructure for the prop-tech platform assuming that PSW would exercise its option and consummate the purchase of 100% of the equity of EPC.

10. Since the Appointment Date, the Receiver has taken control of the finances of the Receivership Entities and has engaged in discussions with creditors and investors regarding the preservation of value of the assets of the Receivership Entities (now, the “*Receivership Assets*”). The Receiver entered into multiple Rule 11 agreements with lenders to forestall foreclosure and with litigants to stay legal activity. The Receiver continues to negotiate with Joint Venture partners and lenders to realize value in the Joint Ventures. The Receiver and accounting team continued its financial (cash) reconciliation and forensic analysis of one of the Joint Ventures to determine if the terms of the agreements were met by the parties to the Joint Venture. The Receiver has made progress providing value for creditors, investors, and all other stakeholders by instituting an organized and orderly claims process, undertaking a forensic accounting, completing some homes that were partially constructed, and negotiating to sell, preserve and increase the value of the Receivership Assets.

11. The Receiver continues to execute on its plan to reduce expenses and focus efforts on monetizing assets. Simultaneously, the Receiver continued its forensic investigation of the Receivership Entities’ and evaluation of claims appearing from such investigation and prepared an initial Forensic report for this Court. The Receiver terminated all but one employee in May 2024 after closing its physical offices in Austin, Texas in early March 2024. PSW will have no employees after July 1, 2024. The Receiver and its professionals are reducing or ceasing efforts on activity unlikely to result in a net return to the Receivership. Those activities are primarily completing and selling remaining homes, selling the remaining assets, and pursuing claims.

12. The Receiver plans to complete the sale of the remaining real estate assets, complete the construction and sale of the remaining single-family homes, provide this Court a final forensic report and recovery estimate, and recommend a distribution plan for Court

approval (Phase 1) for when and if funds become available. Phase 2 will then consist of pursuing claims for the Estate's benefit, reviewing claims filed by creditors and investors, monitoring the JV projects, and collecting and distributing cash according to the Court-approved distribution plan. The duration of Phase 2 could extend to multiple years. The receivership costs would be sharply reduced. Phase 2 is expected to entail mostly oversight of outstanding claims or receivables and the Receiver does not anticipate the need for regular hearings, regular attorney time, or regular administrative time.

13. The few remaining assets of the Receivership Estate will be devalued without the protection and actions of the Receivership and many innocent third parties will be harmed if the Developments are thrown back into the thicket of pre-Receivership litigation. The Receiver continues to evaluate every major initiative to assess the likely net return to creditors and investors. The Receiver will continue to evaluate the costs and benefits of the Receivership.

II. SUMMARY OF RECEIVERSHIP OPERATIONS

A. Status of Receivership activity

Since the inception of the Receivership, the following activities and results have been completed in accordance with this Court's Order:

- 11 homes delivered to existing or new home buyers. Some existing homebuyers had been under contract for more than two years;
- Stabilized neighborhoods under construction suffering from vagrant trespassing and vandalism;
- Responded to information and reporting requests from more than eight regulatory agencies to support their investigations;
- Reconstructed financial records for Fixed Maintenance and filed sales tax and other returns that were preventing Texas state agencies to pay past due amounts;
- Repaid more than \$56 million to secured lenders;

- Re-employed approximately 20 former employees which allowed the Receivership to benefit from their knowledge and provided a transition to their next jobs;
- Created a claims management system and processed 1,270 claims from investors and creditors;
- Uncovered and made claims related to pre-receivership payments made to repair homes not owned by Receivership Entities
- Resolved an out-of-state dispute with investors which netted \$100,000 to the Receivership Estate; and,
- Filed claims against the former executives;

B. Marshaling and Preserving Assets

Identifying Assets

14. The Receiver has collected, reviewed, updated and, in some cases, created books and records detailing the Receivership Entities’ active and dormant projects. Because of the complex (and blurred) interrelationships and collective operation of the Receivership Entities, the Receiver is identifying and evaluating the capital structure of all of the Receivership Entities and related Developments to the extent possible. To the best of the Receiver’s knowledge and information and based on a sound and thorough investigation, the Receiver has determined that as of the date of this report, the Receivership held an interest in four (4) Developments² and fifteen (15) Joint Ventures³ across two states. The majority of the Receivership Entities and related Developments are encumbered by secured debt, plus various levels of preferred equity, Class A, Class B, and Class C investors, and revenue sharing agreement (“*RSA*”) investors. The

² The Developments include Lucy, Charley, North Bluff, and Jolene.

³ The joint-venture projects and related Joint Venture Partners include George (Hearthstone), Ellie May (IHP), Scout, Stanley, Archie, Sumie, Frank North, Frank South, Longview, Polaris, Callie (aka Morgan Junction), Judy, Josephine, Thornton Flats, and Thornton MU (All Partners Group).

Receiver is calculating the Receivership Entities’ interests in all remaining projects, including the Developments and Joint Ventures. The table below shows the remaining Developments and estimated associated secured debt.

Secured Debt			
Project	Location	Secured Debt	Notes
Charley	Austin	\$9,932,000	
Lucy	Austin	\$2,249,332	6 homes remaining
North Bluff	Austin	\$3,779,468	6 homes remaining
Jolene	Dallas	\$46,102,048	\$17.1M 1st Position with B1 Bank, \$29M 2nd Position with PG
Receiver’s Notes	N/A	\$2,546,598	
Unsecured Debt & Equity			
Source	Principal	Accrued Interest	Notes
Past Due Payroll	\$1,800,000	N/A	
Unsecured Creditors	\$24,855,063	\$2,584,738	Corporate Notes, vendor claims, homebuyer claims, etc.
Limited Partners	\$40,196,361	\$6,827,727	
Equity	\$79,408,265	\$7,584,033	

15. The Receiver is evaluating and analyzing each of the remaining Developments to determine how best to maximize returns to creditors and investors. The Receiver entered into several agreements with senior secured noteholders that allowed the foreclosure of specific Receivership Assets that would not return funds to the Estate. The Receiver is in the process of marketing specific projects to determine whether abandonment, recapitalization, or sale of such projects is in the best interest of the many stakeholders of the Receivership (the “*Stakeholders*”).

16. Attached hereto as **Exhibit 1** is a summary of liquid assets identified through May 31, 2024.

The Receivership is completing the first phase of the assignment.

17. As reported in the Receiver’s Sixth Report, numerous factors led to a rapid change in strategy from rehabilitation of an operating development company to efficient monetization of any assets in which there appeared to be equity for the Stakeholders.

18. During the first quarter of 2024, the Receiver worked with its Investment Banker to secure bids for the sale of Project Charley. After further negotiations and analysis of bids, the Receiver filed a sale motion for Project Charley on March 4, 2024, the Receiver filed an Amended Motion to Approve (I) Bidding Procedures in Connection with the Sale of Certain Real Property in Austin, Texas, and Related Improvements, Contract Interests and Personalty, (II) Stalking Horse Agreement and Related Break Up Fee and Expense Reimbursement, and (III) Sale of Property (the “*Charley Sale Motion*”). An overbid was received and accepted on March 19, 2024. The Charley buyer notified the Receiver that it could not close as planned on the eve of the closing, May 17, 2024. The Charley sale has not closed as of the date of this report. The Investment Banker approached new and previous bidders on Charley to gauge their interest and as of the date of this report is negotiating a letter of intent for the sale of Charley at a price above the secured debt.

19. The Receiver successfully negotiated with the secured lenders in the remaining controlled projects of Lucy and North Bluff to re-mobilize construction to enable completion and sale of homes in a manner that creates the most value from those remaining projects. Motions to approve the sale closing of completed homes from these projects have been approved by the court and additional motions will be presented to the court in a rolling fashion as additional sales on homes pending completion are ready to close.

20. The Receiver’s activities in April and May 2024 included, but were not limited to, the following:

- analyzing Joint Venture agreements and related communication. Reconstructing cash flows between Joint Venture entities and PSW entities to confirm investments by PSW. Reviewing Joint Venture party investments and payment stoppages and comparing same to governing documents;
- drafting a summary report describing activity with largest Joint Venture partner;

- responding to myriad inquiries regarding project status and details to support buyers and Investment Banker, including numerous calls with potential Charley buyers;
- preparing all documentation to support the Charley sale including securing a title policy commitment and negotiating a temporary utility easement for court approval;
- assessing strategic and legal options following Lynd Development's failure to close Charley purchase as planned;
- revising the receivership estate cash flow budget following Lynd Development's failure to close the Charley purchase as planned;
- continuing to furnish information to the regulatory agencies in response to their subpoena;
- drafting motions related to managing the claims and distributions to provide this Court;
- identifying other potential claims from the principals and related companies, and from others including investors who may have received disproportionate returns compared to other investors and lenders, or received payments not permitted by the governing documents;
- Planning terminations and establishing 1099 agreements for select personnel required to continue providing limited services to the Receiver;
- identifying additional claims against the former principals to add to the existing lawsuit; and,
- terminating software contracts and planning for completion of Phase 1 of the receivership.

21. The Receiver was able to reduce legal and Receiver activity as planned during April and May 2024, although the ability to reduce costs was somewhat limited by the extra efforts required to support the Charley sale, the JV reconciliations, and home construction and sales. Other additional activity included, but was not limited to:

- Continuing to defend against an injunction motion filed by a group of investors in one project that would reduce funds available for other investors;
- corresponding with the directors and officers insurance carrier regarding claim coverage;

- pursuing claims against former principals;
- preparing financial analysis of transactions related to Fixed Maintenance to support potential claims regarding that acquisition and termination of the Rule 11 agreement currently in place;
- resolving negotiations with remaining lenders on remaining Texas single family projects to determine best way to maximize return to the Estate; and
- supporting home sales efforts following home construction completion.

22. Little new information was received in April and May 2024 that would materially impact the overall recovery to the investors, except the failure of Lynd Development to close on Charley which may reduce previously forecast sale proceeds and secured debt payoffs. One potential exception is monetizing PSW Joint Venture investments prior to the projects being completed, which the Receiver is either discussing or intends to discuss with the Joint Venture partners.

23. The Receiver determined that the shorter-term sources of cash are limited to asset sales and potentially claims against the former principals and their affiliates. The monetization of PSW's interests in the smaller Joint Ventures is unlikely to create cash for investors in the short-term; most of the Joint Venture developments have relatively long completion timeframes. Unless the Joint Venture partners buyout PSW, sell, or otherwise monetize the Joint Venture projects sooner than anticipated, those investments will not generate cash immediately. Collection of tax credits, recoveries from claims, and collection on various receivables could span several years.

24. The Receiver continues to believe the short-term vs. long-term asset monetization forecast requires the Receiver to focus immediate efforts and expenditures on those activities that provide short-term return to Stakeholders while maintaining oversight on the assets with a

longer-term return. Managing long-term investments and other assets is expected to require a significantly less expensive Receivership operation.

Operations

25. The Receivership operated with a small staff necessary to complete construction in process, support PSW's Joint Venture interests, perform 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. As of the appointment of the Receiver, the Receiver terminated all remaining employees as PSW had only minimal liquid assets available to meet payroll obligations. As cash flow was identified (including from the issuance of Receiver Certificates), certain Austin employees were re-hired by the Receiver as necessary for the ongoing operations discussed in this Ninth Report. The Receiver retained personnel in Seattle to serve the projects in Seattle under construction that are managed by Joint Venture. Compensation and benefits for the Receiver's personnel in Seattle is paid by the Joint Venture, not the Receivership Estate.

26. As communicated to the Court in previous reports, the Receiver is reducing operating expenses to the extent possible.

27. Approximately eleven (11) people continue to provide services to the Receiver as of the date of this report. Employees were converted to a more cost efficient payroll system to manage final payroll, retention payments, and 1099 payments. The Receiver previously implemented employee retention measures and will pay a limited number of employees a small retention bonus following the successful completion of their roles.

28. During April and May 2024, the Receiver continued to meet critical milestones in finishing homes under construction, building upon the momentum established in early 2024. The

Receiver's primary focus was on energizing the homes and advancing towards final inspections. Eight homes were completed and closed in April and May 2024. Five homes had their interior finishes completed with rough trade work was finished on three homes. Two home sale closings are expected in late June 2024. In addition, subcontractors are actively completing all eight (8) homes being financed by Amegy Bank. The Receiver expects all homes to be completed and sold by the end of September 2024.

29. The Receiver continued to interact with home buyers with existing purchase contracts during April and May 2024 to determine their continued interest in closing, signing sales contracts with two (2) additional previously contracted buyers. During April and May, the Receiver closed on eight (8) homes, six (6) of which were with the originally contracted buyers. An additional three (3) homes are expected to close in June and July, fully paying off the first secured lender and beginning to generate sales proceeds for the estate. A summary of the number of open contracts and responses from home buyers is attached as **Exhibit 5**. Proceeds from the sale of homes will be used to repay senior secured lenders and any excess proceeds will be held by the Receivership pending further Court order. If the Receiver determines that the Receivership will not benefit financially from the completion of homes, it may choose an alternative plan for those specific homes.

30. The Receiver continued to reduce its operational focus to four major functions: (i) the forensic analysis of Joint Venture activity, (ii) sales of existing projects, (iii) construction, and (iv) supporting the investment banking process. Accounting, legal and IT personnel continue to respond to regulatory agencies outside the normal course of business. In-house functions no longer performed by the Receiver include historical financial statement revision or creation,

HOA management, architecture and design, sales and marketing, third-party maintenance and repairs, software development, and managing the Joint Ventures.

Employment of Professionals

31. The Receiver continues to employ Reed Smith LLP as its counsel to advise the Receiver in connection with a full panoply of legal work, including but not limited to, identification and preservation of Receivership Assets, negotiations with claims holders, preparation and filing of pleadings and appearances in Court, and general legal analysis, advice and initial and responsive communications concerning the Receivership. The Receiver continues to employ Law Office of Matthew Welch due to his intimate knowledge of the Receivership Entities.

32. In an effort to avoid additional hourly legal fees, the Receiver is negotiating the retention of contingency fee counsel to pursue certain litigation claims (described below). The Receiver will seek Court approval before retaining any contingency fee counsel.

Litigation Claims.

33. The Receiver filed litigation against several former principals of PSW. The Receiver anticipates that the forensic analysis will support the filing of additional claims and is actively evaluating the value of the potential recoveries to the Estate by pursuing those claims.

Financial Overview

34. The Receiver continues to maintain oversight and control of the Receivership Entities' funds. Through May 31, 2024, PSW issued Receiver's Certificates in the amount of \$2,581,598. See **Exhibit 3**.

The following is a summary of cash balances in Receivership bank accounts as of May 31, 2024:

Accounts	DRAFT
CNB	\$ 384,100
JPM	15,743
Guaranty Bank	-
Misc. Banks	2,317
Total	\$ 402,160
Cash Restrictions	
Cash Restricted by Fixed Maintenance	(245,574)
Total	\$ 156,586

Exhibit 2 includes a detailed cash activity through May 31, 2024. The Receiver continues to closely monitor cash and cash flow projections to maximize returns to Stakeholders.

B. Regulatory matters

35. The Receiver continued to provide information to eight governmental authorities during February and March 2024: (i) the Federal Bureau of Investigation, (ii) the Texas Comptroller of Public Accounts, (iii) the Texas State Securities Board, and (iv) the Internal Revenue Service, (v) the U.S. Securities and Exchange Commission, (vi) the US Department of Labor; (vii) State of Washington Labor and Industries; and (viii) the Texas Labor Board. The Receiver is cooperating with all governmental authorities. The Receiver is producing documents and information responsive to subpoenas issued by governmental authorities on a rolling basis. The Receiver notes that the costs of preparing responses and providing access was significant, requiring significant legal and IT support. The Receiver expects to complete its regulatory tasks by the end of July 2024.

C. Identifying and Organizing Claims

36. The Receiver is in the process of identifying all creditors of each Receivership Entity. This is an ongoing process that requires a sizeable portion of the Receiver's time. As of May 31, 2024, the Receiver had received 1270 completed claim forms.

37. The Court approved the *Motion to Establish Claims Procedures, To Approve Claim Form, and to Approve Injunction Notice* (the "**Claims Motion**") on October 5, 2023. Following the Court's approval, the Receiver implemented an online claims portal to allow claim holders the ability to provide their claims efficiently (<https://storybuiltreceivership.com/>). The Receiver will establish a claims bar date by separate motion and approval from the Court.

D. Liquidating Assets

38. To maximize returns to Stakeholders, the Receiver intends to market (or manage through collection) all remaining monetizable Receivership Assets as efficiently as possible.

39. The Receiver is assessing the options for maximizing PSW Joint Venture investments. The main options available are to hold the minority share in those investments through project completion, or to negotiate a sale of PSW's interest in the Joint Ventures to third parties or the Joint Venture partner.

40. The Receiver retained a residential real estate specialist to support the marketing and sale of homes. The Receivers will seek court approval for any such additional retentions.

E. Financial Reporting.

41. The Receiver's accounting team completed PSW's 2022 and 2023 financial statements, to the extent feasible, to support forensic accounting, investment banking and claims processing initiatives. The Receiver determined that further efforts towards completing historical financial statements and the related tax returns will not likely increase the potential

return to Stakeholders. The Receiver notified investors that tax returns and the related K-1s would not be completed. During April and May 2024 the Receiver's accounting accomplished the following:

- **General:**
 - Continued claims reconciliation process (agreeing submitted claims to approved AP lists, researching exceptions to validate claims and update AP details)
 - Completed all monthly bank reconciliations through May 2024 and closed all unneeded accounts after capturing historic activity.
 - Collected approximately \$60k in Fixed Maintenance AR and obtained promises to pay from UT and ISD.
 - Reconciled Fixed books to current to support ongoing negotiations with former Fixed owner relative to claims and holds on Fixed Maintenance cash.

- **Project/Joint Venture:**
 - Continued the financial reconstruction and reconciliation of the largest Joint Venture.
 - Supported the legal analysis of the Joint Venture partner's investments and actions prior to the removal of PSW as Manager.
 - Progressed single family home construction and related loan draws

E. Forensic Accounting.

42. As initially described to the Court, the Receiver continues its iterative approach to the forensic accounting project to drive efficiency and value to the stakeholders. The Receiver believes that there will soon be a point in time where additional forensic accounting efforts will not improve recovery to Stakeholders.

43. The goal of the forensic accounting project overview is to:

- Confirm investor and creditor funding details;
- Analyze distributions and debt payments;
- Propose distribution plan for Court approval; and
- Identify potential claw-back claims.

44. The initial forensic analysis was included in a separate report filed concurrently with a previous Receiver's report. The Receiver's forensic work performed to date indicates that PSW's principals violated operating agreements, favored some investors over others, favored some lenders over others, filed incorrect tax returns, and either failed to create or created inaccurate or unsupportable financial statements. PSW's principals disregarded corporate formalities and principles of corporate separation and, as previously reported, transferred money between entities with little documentation or investor knowledge.

45. The forensic efforts include assessing the timing, support, and rationale of investments and payment stoppages related to the largest Joint Venture. That combined legal and financial analysis will be discussed with the Joint Venture partner shortly.

46. During April and May 2024, the Receiver continued its forensic analysis to include all investments, payments and the financial behavior and patterns of PSW's former principals. Such additional analysis is needed to support a "money in/money out" analysis likely to prove necessary for the ultimate resolution of the Receivership Entities.

F. Claims Resolution and Distributions

47. After liquidating the Receivership 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.

48. The Claims process is underway. The claims portal provides a means for creditors and investors to describe what is owed to them and to upload relevant documentation. The Receiver will reconcile claims using the Receivership Entities' records. Distributions and

loan payments were also analyzed using bank records, PSW financial records, the investment software records, the agreements governing those investments, and the PSW financial records.

49. The Receiver is closely monitoring the myriad vendor and employment claims submitted to better understand the future effort required to verify those claims then manage the distribution of funds.

39. The Receivership Entities did not function as separate entities. PSW's principals violated basic concepts of corporate separateness. Distributions were not made according to relevant governance agreements, equitably within classes, or in an otherwise financially responsible manner. Capital transactions involving various classes of stock may not prove to have economic substance or be supported by the appropriate corporate documentation.

40. As a result, the Receiver does not intend to distribute proceeds from the sale of Receivership Assets upon sale, except for payment of specifically related secured debt obligations and expenses of the administration of the Receivership. Further distributions will be made upon completion of the forensic accounting and a motion presented to the Court for approval or other appropriate action. Except for the foregoing uses, the Receiver will not distribute any Receivership Assets without an order from the Court.

Respectfully submitted,

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Attorney for Receiver

CERTIFICATE OF SERVICE

I hereby certify that, on July 17, 2024, 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

Bank Account Balances

Bank Cash Balances Exhibit		DRAFT	
		Aug. 1st Balance	May 31st Balance
PSW Account Balances			
City National Bank			
	CNB Receiver's Account	-	140,092
	CNB Fixed Maintenance Account	-	244,008
	City National Bank Total Balance	\$ -	\$ 384,100
JP Morgan			
	*9215 - Fixed Maintenance and Repair, LLC Account	12,373	24
	*6559 - PSW Homes LLC Account	18,675	14,177
	*6021 - PSW Real Estate, LLC Account	(22,031)	-
	*2537 - PSW Real Estate, LLC Account	-	-
	*2750 - SB 4190 West Colfax LLC Account	732	-
	*0231 - SB-Bruno, LLC, LLC Account	1,421	-
	*5158 - 6556 Ravenna, LLC Account	1,200	-
	*5315 - SB JV Property Mgmt, LLC Account	118	-
	*8776 - SB-Kramer, LLC Account	4,180	-
	*8727 - SB-Ozzie, LLC Account	-	-
	*8632 - SB SF Holdings, LLC Account	2,807	-
	*8750 - SB Dayton, LLC Account	165	-
	*8569 - Fixed Maintenance and Repair, LLC Account	2,760	1,542
	JP Morgan Total Balance	\$ 22,400	\$ 15,743
Guaranty Bank			
	*2345 - PSW Real Estate, LLC / *2345	-	-
	*6577 - PSW Real Estate, LLC / *6577	(10)	-
	*9249 - Willa Comm SBC, LLC / *9249	14,573	-
	Guaranty Bank Total Balance	\$ 14,563	\$ -
ABC Bank			
	*4588 - PSW White Rock Trail, LLC Account	160	-
	ABC Bank Total Balance	\$ 160	\$ -
Dallas Capital			
	*9129 - SB DT Plano	-	507
	Frost Bank Total Balance	\$ -	\$ 507
Frost Bank			
	*1121 - PSW Luma LLC Account	-	-
	Frost Bank Total Balance	\$ -	\$ -
Moody Bank			
	*7674 - SB-Bruno, LLC, LLC Account	1,855	1,810.21
	Moody Bank Total Balance	\$ 1,855	\$ 1,810
Prosperity Bank			
	*3420 - PSW Real Estate, LLC Account	-	-
	Prosperity Bank Total Balance	\$ -	\$ -
Susser Bank			
	*2854 - PSW Real Estate LLC Account	-	-
	Susser Bank Total Balance	\$ -	\$ -
Veritex			
	*7710 - PSW Urban Homes, LLC Account	493	-
	Veritex Total Balance	\$ 493	\$ -
	PSW Account Total Balances	\$ 39,471	\$ 402,160

EXHIBIT 2

Cash Detail Schedule

PSW Real Estate LLC dba StoryBuilt						DRAFT	
Cash Activity from August 1 to May 31, 2024							
		Aug 1 to March 31, 2024		April 1 to May 31, 2024		Total	
Total PSW Bank Account Balances		\$ 39,471				\$ 39,471	
Cash Receipts:							
Sale Proceeds		3,825,989	[1]	117,811	[4]	3,943,800	
Borrowed via Receivers Certificates		1,099,282		-		1,099,282	
Accounts Receivable Collections		577,745		25,002		602,747	
Loan from Investment Bank		500,000		(250,000)	[5]	250,000	
Rent Receipts		266,530		-		266,530	
Reimbursements & Other		90,397	[2]	43,978	[6]	134,376	
Total Cash Receipts		\$ 6,359,943		\$ (63,208)		\$ 6,296,735	
Cash Payments:							
Professional fees		(3,070,307)		(1,960)	[7]	(3,072,267)	
Payroll & Benefits, net		(1,234,282)		(253,182)		(1,487,464)	
Insurance policies		(505,148)		(6,816)		(511,964)	
Investment Bank Fee		-		(133,750)	[8]	(133,750)	
Software/Technology		(236,506)		(24,547)		(261,053)	
Misc Operating Expenses		(129,522)		(9,527)		(139,048)	
Property Maintenance & Taxes		(181,265)		(19,665)		(200,929)	
Account Foreclosure		-		(120,412)	[9]	(120,412)	
Banking Fees		(4,986)		(2,173)		(7,159)	
Total Cash Payments		\$ (5,362,016)		\$ (572,030)		\$ (5,934,045)	
Total PSW Bank Account Ending Balances		\$ 1,037,398		\$ 402,160		\$ 402,160	
Cash Restricted by Fixed Maintenance		\$ -		\$ -		\$ (245,574)	[10]
Total Available PSW Bank Account Ending Balances		\$ 1,037,398		\$ 402,160		\$ 156,586	

[1] Sale proceeds from the delivery of two apartments in Project Nora sold prior to the Receivership and on Goose Run, sold during the Receivership

[2] Includes misc refunds, reimbursements, and escrow refund being researched for which entity it is due to

[3] Three accounts were inadvertently included in the initial inventory and should not be considered assets of the receivership estate. Two of those accounts were labeled "PSW West Dallas Urban Village"

[4] There was a \$100,000 settlement for the transfer of the Ozzie property that was used to pay down the Investment Bank's secured position on the property and \$17,811 of additional funds released from the sale of Goose Run.

[5] Upon the transfer of the Ozzie property the Receiver repaid half of the loan from the Investment Bank.

[6] Upon the sale of homes in Texas Communities the Receiver was reimbursed for property taxes paid in conjunction with principal payments to the secured lender.

[7] Professional Fees paid to StoryBuilt's former in house counsel for work performed included

[8] Fee paid to the Investment Bank for the sale of Goose Run per their agreement.

[9] Account balance turned over to the secured lender on Willa Commercial upon foreclosure.

[10] The Receiver was granted access to \$600,000 of Fixed Maintenance funds. Of the total \$245,574 Fixed cash included here all of it is restricted.

[11] Reference Bank Cash Balance Exhibit for a breakdown of balances by account

EXHIBIT 3

StoryBuilt Receiver Certificates

Investor	Date Funded	Amount Funded	Notes
Trey Cook	08/01/2023	\$1,380,008	Amount used to hold off foreclosure of several Balance Sheet Assets on 7/5/2023. \$380,000 was for Health Insurance premium paid July 31, 2023. Certificate Issued
Forty Six & 2 Design LLC	08/01/2023	10,000	Not shown in the Receiver's account. Amount was used before the account was setup. Certificate Issued.
Ben Rutkowski	08/01/2023	10,000	Not shown in the Receiver's account. Amount was used before the account was setup. Certificate Issued.
Anthony Siela	08/01/2023	35,000	Not shown in the Receiver's account. Amount was used before the account was setup. Certificate Issued.
Jerald Ryan Diepenbrock	08/01/2023	15,453	Paid directly to health insurance provider. Certificate being reissued under correct name.
Shepler Brothers & Company, LLC	08/01/2023	15,000	Paid directly to health insurance provider, Certificate issued
Jerald Diepenbrock	08/09/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Anthony Siela	08/11/2023	65,000	Deposit shown in the Receiver's account, Certificate issued.
Trey Cook	08/14/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Gerald Byrd	08/14/2023	200,000	Deposit shown in the Receiver's account, Certificate issued.
Shirley Diepenbrock	08/14/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Robert D. Kingsland	08/29/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Cindy Quarte and Dave Quirarte, Jr.	09/01/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Kim McAtee and Jamie McAtee, MD	09/01/2023	30,000	Deposit shown in the Receiver's account, Certificate issued.
Guillermo Sesma	09/12/2023	249,970	Deposit shown in the Receiver's account, Certificate issued.
Emily E. Cruthirds	09/12/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Garrett M. Cook	09/13/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Travis D. Cook	09/15/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Jerry Todd Cook	09/15/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Travis Cook	09/20/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Guillermo Sesma	09/25/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Mark Ezell	09/29/2023	11,620	Payment of FM Corporate Card
Daniel Schroeder	10/02/2023	50,000	Deposit shown in the Receiver's account, Certificate issued.
Phillip Hastings	10/20/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Phillip Hastings	10/23/2023	25,000	Deposit shown in the Receiver's account, Certificate issued.
Mark Ezell	11/15/2023	3,513	Payment of FM Corporate Card
Mark Ezell	12/31/2023	3,606	Payment of FM Corporate Card
Mark Ezell	01/19/2024	3,509	Payment of FM Corporate Card
Mark Ezell	02/21/2024	3,547	Payment of FM Corporate Card
Mark Ezell	03/22/2024	3,517	Payment of FM Corporate Card
Mark Ezell	04/23/2024	3,368	Payment of FM Corporate Card
Mark Ezell	05/23/2024	3,487	Payment of FM Corporate Card
Mark Ezell	05/23/2024	10,000	Settlement of FM Lawsuit
Total		\$2,581,598	

EXHIBIT 4

Rule 11 Agreements

EXHIBIT 5

Homebuyer Contracts

Project Name	Unit	Address	Sale Status
Lucy	10B	1190 Sarabeth Way	Sold
Lucy	12A	1187 Sarabeth Way	Spec
Lucy	13A	1185 Sarabeth Way	Sold
Lucy	13B	1184 Sarabeth Way	Spec
Lucy	14A	1183 Sarabeth Way	Spec
Lucy	14B	1182 Sarabeth Way	Under Contract
Lucy	15A	1181 Sarabeth Way	Sold
Lucy	15B	1180 Sarabeth Way	Under Contract
North Bluff 3	67	814 N Bluff Dr	Spec
North Bluff 3	68	814 N Bluff Dr	Sold
North Bluff 3	69	814 N Bluff Dr	Spec
North Bluff 3	70	814 N Bluff Dr	Sold
North Bluff 3	71	814 N Bluff Dr	Sold
North Bluff 3	72	814 N Bluff Dr	Spec
North Bluff 3	73	814 N Bluff Dr	Sold
North Bluff 3	74	814 N Bluff Dr	Sold
North Bluff 3	75	814 N Bluff Dr	Sold
North Bluff 3	76	814 N Bluff Dr	Under Contract
North Bluff 3	77	813 N Bluff Dr	Sold
North Bluff 3	78	814 N Bluff Dr	Sold
North Bluff 3	79	814 N Bluff Dr	Sold
North Bluff 3	80	814 N Bluff Dr	Sold
North Bluff 3	81	814 N Bluff Dr	Spec