

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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|---|---|-------------------------|---|--|--|
|   | ) |                         |   |  |  |
| In re:                                    | ) | Chapter 11              | ) |  |  |
|   | ) |                         | ) |  |  |
| FIRST GUARANTY MORTGAGE                   | ) | Case No. 22-10584 (CTG) | ) |  |  |
| CORPORATION, <i>et al.</i> , <sup>1</sup> | ) |                         | ) |  |  |
|   | ) | (Jointly Administered)  | ) |  |  |
|   | ) |                         | ) |  |  |
| Debtors.                                  | ) |                         | ) |  |  |
|   | ) |                         | ) |  |  |

**NOTICE OF SALE, BIDDING PROCEDURES, AUCTION,  
SALE HEARING AND OTHER DEADLINES RELATED THERETO**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

On September 7, 2022, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a motion [Docket No. 406] (the “Motion”) seeking entry of: (a) an order (the “Bidding Procedures Order”) (i) approving bidding procedures, substantially in the form attached to the Bidding Procedures Order as Exhibit 1 (the “Bidding Procedures”), to be used in connection with the sale (the “Sale”) of one or more groups of the Debtors’ assets or substantially all of the Debtors’ assets (together, the “Assets”) to one or more bidders (each, a “Sale Transaction”), (ii) authorizing the Debtor to designate a Stalking Horse Bidder and provide Bid Protections in accordance with the Stalking Horse Designation Procedures, (iii) scheduling (A) an auction of the Assets (the “Auction”), and scheduling the hearing to approve the Sale (the “Sale Hearing”), (iv) approving the form and manner of notice of the proposed Bidding Procedures, the Auction, and the Sale Hearing, substantially in the form attached to the Bidding Procedures Order as Exhibit 2 (the “Sale Notice”), (v) authorizing procedures governing the assumption and assignment of certain executory contracts and unexpired leases (the “Contracts”) in connection with any Sale Transaction (the “Assumption and Assignment Procedures”), (vi) approving the form and manner of notice to each relevant non-debtor counterparty to a Contract (each, a “Counterparty”) of (A) the Debtor’s calculation of the amount necessary to cure any defaults under an applicable Contract (the “Cure Costs”) and (B) certain other information regarding the potential assumption and assignment of Contracts in connection with the Sale Transaction, substantially in the form attached to the Bidding Procedures Order as Exhibit 3 (the “Assumption and Assignment Notice”); (b) an order or orders (each a “Sale Order”), (a) authorizing the sale or sales of the Assets free and clear of all liens, claims, interests, and encumbrances, except certain assumed liabilities and permitted encumbrances as determined by the Debtors and the Successful Bidder, with liens to attach to the

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: First Guaranty Mortgage Corporation (9575); and Maverick II Holdings, LLC (5621). The Debtors’ mailing address is 5800 Tennyson Parkway, Suite 450, Plano, TX 75024.



proceeds of the sale or sales, (ii) authorizing the assumption and assignment of certain Contracts; and (c) granting related relief.

On September 29, 2022, the Court entered the Bidding Procedures Order [Docket No. 499].

### ASSETS FOR SALE

The sale of any of the Debtors' Assets shall be subject to a competitive bidding process as set forth in the Bidding Procedures and approval by the Court pursuant to sections 105, 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6003, 6004, 6006, 9007, 9008 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 2002-1, 6004-1 and 9006-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules").

For the avoidance of doubt, the Assets shall exclude and the Bidding Procedures shall not apply to (a) any mortgage loans or other property of the Debtors that are pledged to Flagstar Bank, FSB and (b) any funds received by the Debtor or any servicer as a payment on such mortgage loans or held by the Debtor or any servicer in any custodial account for the benefit of Flagstar Bank, FSB.

### STALKING HORSE PROCEDURES

The Debtors shall be authorized, but not directed, with the consent of each of the applicable Consultation Parties, to propose that one or more Bidders act as a stalking horse bidder (each, a "Stalking Horse Bidder") and file, no later than **4:00 p.m. (prevailing Eastern time) on October 14, 2022**, (the "Stalking Horse Bidder Notice Deadline") a notice identifying such Stalking Horse Bidder(s) (the "Stalking Horse Bidder Notice"). Any Stalking Horse Agreement with a Stalking Horse Bidder may provide for (i) a breakup fee (the "Breakup Fee"), (ii) an expense reimbursement (the "Expense Reimbursement"), and/or (iii) other forms of bid protections (together with the Breakup Fee and the Expense Reimbursement, collectively, the "Bid Protections"), provided, however, that absent further order of the Court, any Stalking Horse Agreement shall limit the proposed Bid Protections, if any, to: (a) a Break-Up Fee of up to an aggregate of three percent (3%) of the total cash consideration offered for any Stalking Horse Bid and (b) Expense Reimbursement actually incurred by a Stalking Horse Bidder in connection with its bid; *provided, further, however*, that no Bid Protections in any amount are being approved herein and any such approval shall be subject to further order of this Court as set forth herein

To the extent the Debtors, with the consent of the applicable Consultation Parties, determine to offer Bid Protections to any Stalking Horse Bidder, the Debtors shall disclose such Bid Protections in the Stalking Horse Bidder Notice. The Stalking Horse Bidder Notice, if filed, shall also include a copy of the Stalking Horse Bidders' Stalking Horse Agreement(s). An appropriate declaration in support of the proposed Bid Protections (the "Bid Protections Declaration") and a proposed form of order approving of the Bid Protections (the "Bid Protections Order") shall be attached to the Stalking Horse Bidder Notice. Any objection to (i) the Bid Protections set forth in the Stalking Horse Bidder Notice and Bid Protections Declaration or (ii) the form of the Bid Protections Order (a "Bid Protections Objection"), shall be filed no

later than **October 18, 2022 at 4:00 p.m. (prevailing Eastern Time)**. If a timely Bid Protections Objection is filed, the Debtors will schedule a hearing in consultation with any objecting parties, the Consultation Parties, and the Court; *provided, however*, any such hearing shall be held on or before **October 21, 2021**, subject to the Court's availability. Absent any timely Bid Protections Objection, the Court may enter the Bid Protections Order without further hearing.

### **KEY DATES AND DEADLINES**

#### **A. Bid Deadline**

Any Prospective Bidder that intends to participate in the Auction must submit in writing to the Bid Notice Parties a bid (a "Bid") on or before **October 20, 2022, at 4:00 p.m. (prevailing Eastern Time)** (the "Bid Deadline").

The Qualified Bid requirements are set forth in Section VI of the Bidding Procedures.

#### **B. Auction**

If the Debtors receive more than one Qualified Bid (including any Stalking Horse Bid) for any of the Assets, the Debtors will conduct an Auction for such Asset(s). With respect to any particular Asset for which the Debtors receive only one Qualified Bid by the Bid Deadline, the Debtors may, in their business judgment, determine to consummate a Sale with the applicable Qualified Bidder without conducting an Auction.

Prior to the commencement of the Auction, the Debtors will make a determination regarding the Assets for which the Debtors will conduct an Auction (each such Asset or group of Assets, an "Auction Package").

The Auction, if required, will be conducted on **October 25, 2022 at 10:00 a.m. (prevailing Eastern Time)**, virtually through Zoom, or, if permitted, at the offices of Pachulski Stang Ziehl & Jones, LLP, 919 N. Market Street, 17<sup>th</sup> Floor, Wilmington, Delaware, 19801, or at such other time and location as designated by the Debtors, after providing notice to the Sale Notice Parties; *provided, however*, the Debtors shall have the right to hold the Auction remotely, including telephonically or by other electronic means (including, without limitation, video conferencing) as the Debtors may choose in their sole discretion so as to comply with all applicable federal, state and local laws, orders, ordinances, guidelines and guidance, including any COVID-19 related guidelines. If held, the Auction proceedings will be transcribed and/or video recorded.

By the later of (a) **October 26, 2022** and (b) one day after the conclusion of the Auction, the Debtors will file with the Court, serve on the Sale Notice Parties and cause to be published on the KCC Website, at <https://www.kccllc.net/FGMC>, a notice setting forth the results of the Auction (the "Notice of Auction Results"), which will (a) identify each Successful Bidder and each Backup Bidder, (b) include a copy of each Successful Bid and each Backup Bid or a summary of the material terms of such bids, including any proposed assumption and assignment of Contracts contemplated thereby, and (c) set forth the Post-Auction Objection Deadline, the date, time and location of the Sale Hearing and any other relevant dates or other information necessary to reasonably apprise the Sale Notice Parties of the outcome of the Auction.

**C. Objection Deadlines**

1. Sale Objection Deadline. Objections to any Sale Transaction, including any objection to any sale of Assets free and clear of all liens, claims, interests and encumbrances pursuant to section 363(f) of the Bankruptcy Code (each such objection, a “Sale Objection”) shall, by no later than **October 20, 2022, at 4:00 p.m. (prevailing Eastern Time)** (the “Sale Objection Deadline”), be filed with Court and served on the Objection Notice Parties.
2. Post-Auction Objection Deadline. Following service of the Notice of Auction Results, Sale Notice Parties may object to the conduct of the Auction and/or the particular terms of any proposed Sale Transaction in a Successful Bid, other than with respect to a Stalking Horse Bid (each such objection, a “Post-Auction Objection”) by no later than **October 26, 2022, at 4:00 p.m. (prevailing Eastern Time)**.

**D. Sale Hearing**

The Sale Hearing shall take place on **October 31, 2022, at 10:00 a.m. (prevailing Eastern Time)** before the Honorable Craig T. Goldblatt, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, located at 824 N. Market Street, Wilmington, Delaware 19801.

**RESERVATION OF RIGHTS TO MODIFY BIDDING PROCEDURES**

The Debtors reserve the right to, in their business judgment, in a manner consistent with their fiduciary duties and applicable law, modify these Bidding Procedures, including to, among other things, (a) extend or waive deadlines or other terms and conditions set forth herein, (b) adopt new rules and procedures for conducting the bidding and Auction process, (c) if applicable, provide reasonable accommodations to a Stalking Horse Bidder, or (d) otherwise modify these Bidding Procedures to further promote competitive bidding for and maximizing the value of the Assets; provided, that such extensions, waivers, new rules and procedures, accommodations and modifications (i) do not conflict with and are not inconsistent with the Bidding Procedures Order, the Bidding Procedures, the Bankruptcy Code or any order of the Bankruptcy Court, (ii) are promptly communicated to each Qualified Bidder, (iii) do not extend the Bid Deadline, the date of the Auction or the closing of the Auction, and (iv) do not allow the submission (or the Debtors’ acceptance) of additional bids after, as applicable, the Bid Deadline or the close of Auction.

**ADDITIONAL INFORMATION**

Copies of the Motion, the Bidding Procedures Order and the Bidding Procedures may be obtained free of charge by visiting the KCC Website at: <https://www.kccllc.net/FGMC>.

**FAILURE TO ABIDE BY THE BIDDING PROCEDURES, THE BIDDING PROCEDURES ORDER OR ANY OTHER APPLICABLE ORDER OF THE COURT ENTERED IN THESE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID AND YOUR DISQUALIFICATION FROM PARTICIPATING IN THE BIDDING FOR AND AUCTION OF ANY OF THE DEBTORS’ ASSETS.**

**THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER, INCLUDING THE FAILURE TO FILE ANY SUCH OBJECTION BY THE APPLICABLE OBJECTION DEADLINE, SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING, AT THE SALE HEARING OR THEREAFTER, ANY SUCH OBJECTION TO THE RELIEF REQUESTED IN THE MOTION, THE CONSUMMATION OF ANY APPLICABLE SALE TRANSACTION, INCLUDING THE SALE OF ANY ASSETS TO ONE OR MORE SUCCESSFUL BIDDER(S) FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO SECTION 363(f) OF THE BANKRUPTCY CODE BY A SUCCESSFUL BIDDER OR THE TERMS OF ANY STALKING HORSE AGREEMENT OR OTHER ASSET PURCHASE AGREEMENT EXECUTED BY THE DEBTORS.**

Dated: September 30, 2022

**PACHULSKI STANG ZIEHL & JONES LLP**

/s/ Mary F. Caloway

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