

# TOUSA Liquidation Trust

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FINAL Annual Report - For the Year Ended December 31, 2019

April 2020



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## Trust Activities

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### A Final Decree was entered on 3/27/2020

#### Recordkeeping

CohnReznick LLP (“CR”)<sup>1</sup> maintains the books and records of the Liquidation Trust, utilizing QuickBooks (“QB”) accounting software. Following the resignation of certain employees of the Liquidation Trust, control of the accounts maintained in QB was transitioned to CR. Various electronic and hard copy records and files were also transferred to CR. CR obtains the appropriate approvals from the Liquidation Trust Advisory Board and/or the Liquidation Trustee for disbursement of funds from all accounts maintained by the Liquidation Trustee, including Debtor accounts, and handles the daily, weekly and monthly cash activities. These activities include, among other things, internal bank transfers, wire transfers, transmission of electronic data to the Liquidation Trustee for ultimate transmittal to Wells Fargo Bank, bank account reconciliations, administering payroll, payroll tax remittance and reporting, payment of Liquidation Trust expenses, payment of Debtor-related obligations, processing and related bookkeeping of various classes of creditor distributions, and reporting to the Liquidation Trustee and the Liquidation Trust Advisory Board.

#### US Trustee Reporting

CR handles the quarterly reporting of the Debtors and Liquidation Trust activities to the U.S. Trustee. To date, the Trust has prepared and filed all required quarterly reports through December 31, 2019.

#### Tax Filings

The Trust has prepared and filed all required 2013, 2014, 2015, 2016, 2017 and 2018 federal and state income tax returns.

#### Valuation of Trust Assets

In March 2014, CR prepared a report that valued the Liquidation Trust interests as of August 21, 2013. Below is a website link to the report.

<https://clientaccess.kccllc.com/documents/0810928/08109281404110000000000001.pdf>

<sup>1</sup> Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the *Amended Joint Plan of Liquidation of TOUSA, Inc. and its Affiliated Debtors and Debtors in Possession Under Chapter 11 of the Bankruptcy Code*, dated August 6, 2013 (the “Plan”).

## Claims Distributions

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### Claims Resolution/Distribution

The Liquidation Trust made final distributions to all Allowed Administrative Claims, priority claims, TOUSA Class 1A Claims, TOUSA Class 1B Claims, Conveying Subsidiaries Class 1 Claims and Beacon Hill Class 3 Claims, TOUSA Class 5A and 5B Claims, and Conveying Subsidiaries Class 4A and 4B Claims. Additional distributions are dependent upon the outcome of remaining litigation matters and the Trust's ongoing expenses, including the funding of remaining litigation. The resolved general unsecured claims are broken into the following categories:

- Employee claims;
- Claims receiving a one-time five percent distribution (the "Minimum Conveying Subsidiary Recovery Amount"), the holders of which are not Liquidation Trust Beneficiaries, where the initial distribution on account of such claims is less than \$600;
- Claims receiving the Minimum Conveying Subsidiary Recovery Amount, the holders of which are not Liquidation Trust Beneficiaries, where the initial distribution on account of such claims is more than \$600;
- Claims receiving more than one distribution, the holders of which are Liquidation Trust Beneficiaries; where the distribution is less than \$100; and
- Claims receiving more than one distribution, the holders of which are Liquidation Trust Beneficiaries; where the distribution is more than \$100.

The General Unsecured Claims are broken into the above categories for tax and reporting purposes, as well as for administrative efficiency. Page 5 provides a breakdown of the number of claims that have received an initial or partial distribution and the associated dollar amounts.

## Claims Distributions (continued)

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### Claims Resolution/Distribution

The Liquidation Trustee has \$33,405.46 in funds unclaimed from the final distribution under the Plan. The Liquidating Trustee has made a good faith effort to verify the correct mailing addresses for said entities and deliver the funds.

Notice is given that the above stated sum has been deposited with the Clerk of the U.S. Bankruptcy Court, Southern District of Florida, to effect closing of this estate.

UNCLAIMED DISTRIBUTIONS WILL BE AVAILABLE AND MAY BE CLAIMED FROM THE BANKRUPTCY CLERK.

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF FLORIDA

[www.flsb.uscourts.gov](http://www.flsb.uscourts.gov)

## Schedule of Distributions<sup>2</sup>

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Claim	Number of Claims	Amount Distributed
Revolver Claim	1	\$ 7,306,277
First Lien Term Loan Lender Claims	1	106,144,198
Second Lien Term Loan Lender Claims	1	37,276,277
Senior Notes Claims	1	373,697,551
Secured Claims	4	41,009
Administrative Claims and Expenses	13	10,713,767
Priority Claims	44	150,860
Employee Claims (general unsecured)	11	214,251
General Unsecured Claims receiving less than \$600 distribution (not Liquidation Trust Beneficiaries)	172	14,681
General Unsecured Claims receiving more than \$600 distribution (not Liquidation Trust Beneficiaries)	50	651,559
General Unsecured Claims (Liquidation Trust Beneficiaries)	678	22,914,039
General Unsecured Claims (No W-9 form provided or less than \$100 distribution)	-	-
<b>Total Creditor Distributions</b>	<b>976</b>	<b>\$ 559,124,469</b>

<sup>2</sup> Below schedule includes interim and final distributions through December 31, 2019.

## Unaudited Balance Sheet as of December 31, 2019

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ASSETS	
Current Assets	
Cash <sup>(1)</sup>	\$150,508
Prepaid Insurance and Other	144,227
Total Current Assets	<u>294,735</u>
Other Assets <sup>(2)</sup>	<u>-</u>
TOTAL ASSETS	<u><u>294,735</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities:	
Accounts Payable	\$8,385
Initial Liquidation Trust funding	<u>-</u>
Total Liabilities	<u>8,385</u>
Equity	
Liquidation Trust Interests:	
FLTL Lenders	-
SLTL Lenders	-
General Unsecured Creditors	<u>-</u>
Liquidation Trust Interests	-
Retained Earnings (Deficit)	<u>286,351</u>
Total Equity	<u>286,351</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$294,736</u></u>

**The March 31, 2020 balance sheet accounts reflect zero balances.**

## Unaudited Income Statement for the Quarter and Year Ended December 31, 2019 and the Quarter Ended March 31, 2020

	For the Quarter Ended March 31, 2020	For the Quarter Ended December 31, 2019	For the Year Ended December 31, 2019
Interest Income	\$ 32	\$ 2,690	\$ 44,196
Other Income	430	1,342,500	2,927,754
Total Income	462	1,345,190	2,971,950
Rent	-	344	3,115
Professional Fees	-	1,323,885	2,392,614
IT	-	-	45,714
Insurance	-	67,062	134,752
Bank Charges	2,638	3,967	15,851
UST Fees	148,594	16,900	108,857
Other	-	3,780	904
Total Expenses	151,232	1,415,938	2,701,807
Net Income (Loss)	\$ (150,770)	\$ (70,749)	\$ 270,143



## Schedule of Receipts from Financial Assets

Asset	Q1 - 2019	Q2 - 2019	Q3 - 2019	Q4 - 2019	Since Inception
AIG/Chartis					\$1,356,150
Transeastern Litigation					\$165,756,569
Various Preference Actions	\$21,843		\$2,386		374,369
Brushy Creek					331,479
Woodland Pines					1,884,728
Preferred Home Mortgage Co.					2,980,069
Universal Land Title Inc.					93,098
RSUI					25,000
Entrada del Oro					250,000
AlixPartners					475,000
Lake Las Vegas Litigation					2,586,542
Refund of Professional Fee Retainers					6,767
<b>Total</b>	<b>\$21,843</b>	<b>\$0</b>	<b>\$2,386</b>	<b>\$0</b>	<b>\$176,119,771</b>

### Schedule of Non-Negotiated Checks

12/13/2019	2899	4142B - CC ARB SIF I, LTD	(11,614.67)
12/13/2019	2900	4142C - CC ARB SIF I, LTD	(13,656.79)
12/13/2019	2901	4142D-CC Arbitrage Ltd	(43,797.12)
12/13/2019	2902	4143-Fulcrum Liquidation III LPV, LLC	(5,425.99)
12/13/2019	2904	4179-Concord Camera Corporation	(158.97)
12/13/2019	2907	4201-The Arizona Republic	(161.38)
12/13/2019	2909	4214-JEA	(73.27)
12/13/2019	2911	4220 - Intermountain Rural Electric Association	(10.53)
12/13/2019	2912	4236-Luan Soto	(52.09)
12/13/2019	2917	4257-MTJ Orlando LLC	(312.89)
12/13/2019	2918	4258-Flagler Development Company	(278.99)
12/13/2019	2921	4306-Casabella Property Owners Assoc Inc	(1,666.34)
12/13/2019	2922	4360-Ronald Yuter	(664.78)
12/13/2019	2923	4451-Verizon	(18.13)
12/13/2019	2924	4462 - Verizon Inc	(2.89)
12/13/2019	2925	4472 - Dubose Model Homes USA LP	(270.79)
12/13/2019	2926	4494-Pitney Bowes Global Financial Services	(38.33)
12/13/2019	2927	4496-Pitney Bowes Inc	(107.09)
12/13/2019	2933	696 - T Mobile Usa Inc	(0.87)
12/13/2019	2934	6978-Horizon Environmental Services Inc	(22.36)
12/13/2019	2935	6983 - Travelers Casualty & Surety Company of America and Affiliates	(287.22)
12/13/2019	2936	6984 - Travelers Casualty & Surety Company of America and Affiliates	(185.52)
12/13/2019	2937	6987 - Harford County Maryland	(10.27)
12/13/2019	2939	7007-Cates Kottas Development LLC	(24.62)
12/13/2019	2940	7028-Hartman,Veta M	(85.81)
12/13/2019	2943	7042-AT&T Global Services	(107.80)
12/13/2019	2944	7059-David A Suplee Architectural Illust Inc	(29.69)
12/13/2019	2945	7065-Grajales,Ivan J Rios	(17.97)
12/13/2019	2946	7073-T & T Properties Inc	(53.13)
12/13/2019	2947	7107-Demetri,Stephen	(11.58)
12/13/2019	2948	7160-Amirfazli, Sedigheh	(5.78)

## Schedule of Non-Negotiated Checks

12/13/2019	2949	7202-Malonson, John	(57.81)
12/13/2019	2950	7253-Oberfield,Howard & Barbara	(53.63)
12/13/2019	2953	7281A-International Fidelity Insurance Company	(715.27)
12/13/2019	2954	7288-Richard Testa	(53.63)
12/13/2019	2955	729-Kendale Holdings LLLP	(2.76)
12/13/2019	2962	7338-Velma Demott	(53.63)
12/13/2019	2964	7344-Damian Story	(77.01)
12/13/2019	2967	7386-Broden, Harold	(53.63)
12/13/2019	2970	741-Blue Moon Communications Inc	(25.03)
12/13/2019	2971	7440-Riggins, Ronald	(25.12)
12/13/2019	2972	7451-Harris, Kevin	(53.63)
12/13/2019	2973	7460-Quiros,Jorge	(67.93)
12/13/2019	2974	7484-Carmine P Manusco	(14.02)
12/13/2019	2975	7533-Diane M Allenbaugh	(53.63)
12/13/2019	2977	7560-Bordwell,Evelyn M	(17.88)
12/13/2019	2798	2335 - Aquila Inc	(0.81)
12/13/2019	2799	2338 - Aquila Inc	(0.82)
12/13/2019	2800	2339 - Aquila Inc	(0.71)
12/13/2019	2801	2340 - Aquila Inc	(3.13)
12/13/2019	2802	2342 - Aquila Inc	(0.62)
12/13/2019	2803	2343 - Aquila Inc	(1.07)
12/13/2019	2804	2346 - Aquila Inc	(1.05)
12/13/2019	2805	2348 - Aquila Inc	(1.54)
12/13/2019	2806	2361-Tidewater Property Management	(53.72)
12/13/2019	2807	237 - Metropolitan Edison Company a FirstEnergy Company	(11.23)
12/13/2019	2809	2405-Jason A Engelman	(109.98)
12/13/2019	2978	7574-Superior Homes and Investments LLC c o Robert B Morrison Chapter 7 Trustee	(11,459.92)
12/13/2019	2980	7587-Carmel & Carmel	(95.39)
12/13/2019	2983	7590-Travelers Casualty and Surety Company of America	(8,145.69)
12/13/2019	2984	7591-Travelers Casualty and Surety Company of America	(9,544.01)
12/13/2019	2985	7596-Lamela,Dolores R	(53.63)
12/13/2019	2986	7597-Green, Renee	(116.29)
12/13/2019	2987	7603-Mrs Candice Bell	(226.53)
12/13/2019	2991	7648 - Lewis, Atanya	(17.34)
12/13/2019	2992	7658 - Prinzie R Nicholl	(2.75)

## Schedule of Non-Negotiated Checks

12/13/2019	2993	7667-Darlington Park Homeowners Association Inc	(64.08)
12/13/2019	2994	7669 - Michael N & Patricia L Gearheart	(13.02)
12/13/2019	2996	7682-Camellia Brooks	(72.29)
12/13/2019	2997	7684-Deborah Sinocchi	(46.48)
12/13/2019	2999	7694-American Woodmark Corporation	(279.10)
12/13/2019	3001	7703-Valeria J Johnson	(73.60)
12/13/2019	3002	7704 - Zurich American Insurance Company its Subs	(7,058.44)
12/13/2019	3003	7705-Yantis Company	(23.26)
12/13/2019	3005	7756-Cora B Wiltshire	(9,914.30)
12/13/2019	3006	7760-Standard Pacific Corp	(979.39)
12/13/2019	3007	780-AT&T	(21.61)
12/13/2019	3008	781-Intercall	(15.88)
12/13/2019	3011	793-David J Keller	(113.18)
12/13/2019	3012	795 - Ace Signs	(8.94)
12/13/2019	3013	800-Stephens Advertising Inc	(52.51)
12/13/2019	3015	811 - AA Budget Mailbox Supply Co	(1.52)
12/13/2019	3016	824-Martin County Utilities	(66.39)
12/13/2019	3017	826 - AT&T Corp	(0.62)
12/13/2019	3018	828 - Otis Spunkmeyer Inc	(1.90)
12/13/2019	3024	872 - A D Harvell	(1.42)
12/13/2019	3025	879-Fort Collins Coloradoan	(88.10)
12/13/2019	3026	888 - J Huell Briscoe & Associates Inc	(4.49)
12/13/2019	3028	902-SHJ Studio Inc	(21.32)
12/13/2019	3030	912 - The Addison	(8.94)
12/13/2019	3031	913 - John Wischensky DbA	(3.25)
12/13/2019	3033	934-Landiscor Inc	(20.04)
12/13/2019	3034	942-UNICOM Systems Inc	(12.92)
12/13/2019	3044	S100-Blancas Cleaning Service	(33.05)
12/13/2019	3045	S103 - BMCW Southcentral LP N	(0.83)
12/13/2019	3046	S104 - Bottomley Aviation Inc	(2.77)
12/13/2019	3048	S118-Bury Partners Virginia Inc	(63.49)
12/13/2019	3049	S122 - Cabinet Discounters Inc	(3.58)
12/13/2019	3050	S123 - California Tool & Welding	(2.11)
12/13/2019	3051	S136 - Central Broward Water	(0.78)
12/13/2019	3052	S1364-AAA Handy John	(15.66)

## Schedule of Non-Negotiated Checks

12/13/2019	3053	S1365-Aaron Rents Inc	(1.24)
12/13/2019	3054	S1367 - Accent Food Services	(0.66)
12/13/2019	3055	S1370 - Action Couriers	(0.86)
12/13/2019	3056	S1376 - Alcala Norma	(0.75)
12/13/2019	3057	S1383 - Allied Waste Services No 855	(12.30)
12/13/2019	3058	S1385 - Alvarado Antonio	(1.27)
12/13/2019	3060	S1391 - Anderson Hanson & Blanton D	(7.79)
12/13/2019	3062	S1394-Aramark Refreshment Service	(63.88)
12/13/2019	3063	S1395 - Aramark Refreshment Service	(0.95)
12/13/2019	3065	S1399-Archidynamics Inc	(58.55)
12/13/2019	3066	S1407 - Armbrust & Brown LLP	(8.77)
12/13/2019	3068	S1412-At&t	(18.80)
12/13/2019	3069	S1413-At&t	(15.92)
12/13/2019	3070	S1414 - At&t	(10.96)
12/13/2019	2816	2733 - Aquila Inc	(2.78)
12/13/2019	2815	2730 - Aquila Inc	(0.79)
12/13/2019	2817	2734 - Aquila Inc	(0.85)
12/13/2019	2818	2735 - Aquila Inc	(4.37)
12/13/2019	2819	2736 - Aquila Inc	(2.79)
12/13/2019	2820	2739-Port Potomac Associates LLC	(7,334.81)
12/13/2019	2824	2814-Morris Mitch	(6.89)
12/13/2019	2825	2836-Sorana Georgescu	(33.38)
12/13/2019	2827	2931 - John F Cornelius & Lori A Cornelius	(89.38)
12/13/2019	2828	2932 - Paul Hera Graphic Art Paul Hera	(8.59)
12/13/2019	2829	2935-Enrique Saravia	(19.65)
12/13/2019	2830	2941 - Volusia County Water	(0.82)
12/13/2019	2831	2949 - CC Loan Acquisition LLC	(18,787.19)
12/13/2019	2837	3029-Eagle Dunes LLC	(469.68)
12/13/2019	2838	3030 - K T No 1 LLC	(469.68)
12/13/2019	2839	3045-EMF Fund IV LLC	(25,319.44)
12/13/2019	2840	3054-Pembroke Falls Homeowners Association Inc	(2,470.55)
12/13/2019	2841	3075-Kegel Robert and Jacqueline Kegel	(39.67)
12/13/2019	2842	3078-EMF Fund II LLC	(2,531.84)
12/13/2019	2843	3087 - Zurich American Insurance Company and its Subsidiaries and Affiliates A T I M A	(2,839.94)
12/13/2019	2845	3139-Ford & Harrison LLP	(83.67)

## Schedule of Non-Negotiated Checks

12/13/2019	2847	3190-Fennemore Craig PC	(49.13)
12/13/2019	2848	3196-Jefferies Leveraged Credit Products LLC	(7,967.00)
12/13/2019	2849	3237-Copper Creek Homeowners Association	(866.16)
12/13/2019	2853	3288-Moore & Rutt PA	(32.76)
12/13/2019	2855	3325A - CNA Surety Company through its Subsidiaries	(339.80)
12/13/2019	2857	3362 - Zurich American Insurance Company and its Subsidiaries and Affiliates A T I M A	(15,566.21)
12/13/2019	2858	3379-Smith Ernest	(159.91)
12/13/2019	2859	3388-Bellinger DeWolf & Sullivan	(72.46)
12/13/2019	2861	3477 - Mayfair at Wellington Homeowners Association Inc	(2,601.30)
12/13/2019	2862	3499-Westchester Fire Insurance Company et al	(108.39)
12/13/2019	2864	3557 - Schulke Bittle & Stoddard LLC	(12.16)
12/13/2019	2865	3559 - Florida Power & Light Company	(13.40)
12/13/2019	2868	3600 - Otis Spunkmeyer Inc	(2.77)
12/13/2019	2869	3613-Lost River Homeowners Association Inc	(355.35)
12/13/2019	2870	3621-Winfield Partners III LLC	(413.04)
12/13/2019	2871	3622-Beck Group of Ft Myers LLC	(52.10)
12/13/2019	2872	3625-Savannah Pines Condominium Inc	(422.42)
12/13/2019	2873	3640-CK Land Company LLC	(181.84)
12/13/2019	2877	3655-FedEx Customer Information Service As Assignee of FedEx Express FedEx Ground	(45.45)
12/13/2019	2878	3656-John D Burnside & Suzanne E Burnside	(89.61)
12/13/2019	2879	3784-Howard Hughes Properties Inc	(255.19)
12/13/2019	2880	3876 - L & S Plumbing Partnership Ltd	(11.00)
12/13/2019	2882	3904-John Lazzaro	(35.82)
12/13/2019	2883	3906-Royal Tee Homeowners Association Inc	(1,445.17)
12/13/2019	2884	3910-Royal Tee Homeowners Association Inc	(22.32)
12/13/2019	2886	3992 - Texas Commission on Environmental Quality	(10.73)
12/13/2019	2887	3993-Texas Commission on Environmental Quality	(78.21)
12/13/2019	2888	3998-Ryan & Sonji Johns	(28.90)
12/13/2019	2890	4007-Jefferies Leveraged Credit Products LLC	(939.43)
12/13/2019	2891	4008-AEL Financial LLC	(299.66)
12/13/2019	2892	4013-James & Kerri Watts	(74.53)
12/13/2019	2894	4108-Reston Town Center Property LLC	(1,469.43)
12/13/2019	2895	4109-Reston Town Center Property LLC	(1,593.61)
12/13/2019	2896	4131 - Miami Dade Water & Sewer	(38.99)
12/13/2019	2898	4142A - CC ARB SIF I, LTD	(8,362.56)

## Schedule of Non-Negotiated Checks

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12/13/2019	3072	S1419 - Austin Flag & Flagpole Inc	(2.54)
12/13/2019	3073	S1422-Aztec Rental Center W	(27.79)
12/13/2019	3075	S1433 - Bermudez Herbert	(7.54)
12/13/2019	3076	S1434-Berrier Blenda M	(16.25)
12/13/2019	3077	S1435 - Best Masonry Supply	(2.05)
12/13/2019	3078	S1437-Biscayne Bay Publishing Inc	(88.63)
12/13/2019	3080	S1440 - Blair Gary	(0.88)
12/13/2019	3081	S1441-Blankman Douglas A	(52.96)
12/13/2019	3082	S1444 - BMCW Southcentral LP N Mill	(1.88)
12/13/2019	3083	S1445 - BMP Specialist LLC	(6.71)

## **Resolved Claims - Q4 2019**

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All claims adjudication and litigation has been concluded as of December 31, 2019.



## Transeastern Litigation Update

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In December 2017, the Liquidation Trustee and almost all of the Transeastern Lenders entered into a settlement agreement resolving approximately 95% of the remaining liability in the Transeastern litigation. Pursuant to that agreement, the settling Transeastern Lenders agreed to pay \$160 million to the Liquidation Trust and, in return, received a full release for any liability in connection with the fraudulent transfer as well as return or extinguishment of any bond or cash collateral in excess of the \$160 million. As part of the settlement, the Transeastern Lenders also agreed to move to dismiss with prejudice their appeal pending in the U.S. Court of Appeals for the Eleventh Circuit. This settlement was approved by the bankruptcy court on January 12, 2018 and subsequently implemented by the parties, with the Transeastern Lenders making a \$160 million payment and dismissing the appeal.

Three Transeastern Lenders did not join in the settlement. Black Diamond subsequently agreed to similar terms, paying \$789,096 to the Liquidation Trust in return for a full release of its liability and return of any cash collateral posted in excess of that amount. 3V Capital Master Fund Ltd. (3V) is believed to be defunct, having failed in the financial crisis of the late 2000s, and no efforts to pursue 3V are contemplated at the present time. The Liquidation Trustee also sought to collect on the judgment against Stedman CBNA Loan Funding LLC by filing a writ of garnishment on moneys maintained in a U.S. Bank account. Pursuant to a settlement reached by the parties, the Stedman entities subsequently paid approximately \$3.6 million to the Liquidation Trust in satisfaction of the judgment against Stedman in the Transeastern Litigation.

## Falcone Action Update

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Following the settlement of the Transeastern Litigation, the Trust allowed the stay in Adversary Proceeding No. 10-02125 (the "Falcone Action") to expire on March 13, 2018. The parties to the Falcone Action then entered into a stipulated Case Management Order that provides for fact and expert discovery and a trial in Fall 2019. The parties have been engaged in written discovery and an exchange of documents since Summer 2018. In January 2019, the Trust and certain Falcone defendants (including Art Falcone and several Falcone related land development entities) entered into a settlement agreement whereby, subject to the Trust's verification of the accuracy of various representations, the Trust will dismiss these defendants in return for a payment of \$225,000. The Trust also is in settlement discussions with the remaining defendants, Kendall Land Development LLC and Vizcaya in Kendall Community Development District

## Federal and State Tax Filings

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### 2012

All required federal and state income tax returns for the Debtors have been filed. The total taxes due with these returns, which were minimum state income/excise taxes in Tennessee, were \$200. The TOUSA Group filed 2 federal returns and 23 state returns for the year ended December 31, 2012.

### 2013 Returns

All required federal and state returns for the Debtors for the period from January 1, 2013 through August 21, 2013 have been filed as final returns. The only tax liabilities incurred with the filings of the Group's returns were franchise taxes in Tennessee (\$100) and Texas (\$5,100) for which net operating losses carryovers are not available. The federal and Texas returns were reviewed by Ernst & Young prior to filing. There were 2 federal and 13 state returns filed for 2013.

### 2014 Returns

All required federal and state tax returns for the Trust and DCR for the period from January 1, 2014 through December 31, 2014 have been timely filed.

### 2015 Returns

All required federal and state tax returns for the Trust and DCR for the period from January 1, 2015 through December 31, 2015 have been timely filed. The Trust timely filed the DCR's 2015 final federal and state tax returns.

### 2016 Returns

The required federal tax return for the Trust for the period from January 1, 2016 through December 31, 2016 have been timely filed.

### 2017 Returns

The required federal tax return for the Trust for the period from January 1, 2017 through December 31, 2017 have been timely filed.

### 2018 Returns

The required federal tax return for the Trust for the period from January 1, 2018 through December 31, 2018 have been timely filed.

### 2019 Returns

The required federal tax return for the Trust for the period from January 1, 2019 through December 31, 2019 will be timely filed.

## Federal and State Tax Filings

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### Other Tax Related Matters

All post-petition period returns were filed requesting prompt determination of tax liability. As of September 30, 2017, no taxing authority has indicated that it intends to audit or make changes to the returns as filed, most of which have substantial unused net operating loss carryovers as discussed above. Based on the time during which taxing authorities may initiate the audit process under the prompt determination procedures, it is likely all of these returns have been accepted as originally filed.

In late June of 2014 the IRS alleged that the 2013 partnership return for TOUSA Homes Florida was filed late and assessed a small penalty. In December of 2014, based on certified filing information supplied by the Liquidation Trust, the IRS abated all penalties and the assessment has been reduced to zero.

In July 2015, one of the Debtors, TOUSA Homes, Inc., received notices of assessment of penalties related to its 2004 and 2005 filings of Form 1099. Since these assessment were small (\$1,300), they were not contested and were paid. Additionally a small Florida penalty assessment of \$100 was not contested and was paid.

TOUSA, Inc. had challenged the 2009 and 2010 property tax assessments of Osceola County related to the Regal Oaks project in Orlando with an estimated maximum recovery of \$50,000-\$75,000. A suit had been filed in the Osceola County Court by the Company against the County Assessor after administrative procedures proved unsuccessful in resolving this challenge. Since the Company was not able to produce sufficient information necessary to continue the pursuit of this challenge, in October 2014, the parties voluntarily agreed to jointly dismiss the suit with each party agreeing to bear their own costs. As the result of such dismissal, the services of the Company's legal counsel (Harlee & Bald) were concluded with the refund of \$6,766.50 for the remainder of an advance fee deposit held in escrow by Harlee & Bald.

In reviewing of the status of all of the filed claims earlier in 2015, it was discovered that a claim (#4209 for \$55,000 against TOUSA Homes, Inc.) made by the IRS remained open. The IRS conceded that there was no valid claim against TOUSA Homes, Inc. and provided a letter in support of the Company's objection to the claim which was filed with the Court. The Court sustained the Company's objection and the claim was dismissed in the third quarter of 2015.