

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
HOMELIFE CORPORATION, et al.,¹)	Case No. 01-2412 (JWV)
)	
Debtor.)	(Jointly Administered)
)	

DECLARATION OF PATRICK REGAN
IN SUPPORT OF DEBTORS' FIFTH OMNIBUS
OBJECTION TO CLAIMS (SUBSTANTIVE)

Patrick Regan hereby declares:

1. I am the Chief Financial Officer of HomeLife Corporation (“HomeLife”), one of the above-captioned debtors and debtors in possession (the “Debtors”). I am authorized to make this Declaration in support of the Debtors’ Fifth Omnibus Objection to Claims (Substantive)(the “Fifth Omnibus Objection”).

2. I am responsible for overseeing the claims review and objection process for the Debtors in these cases. In that capacity, I have reviewed the Fifth Omnibus Objection, and am directly or through other of the Debtors’ personnel and attorneys, familiar with the information contained therein, and in the exhibits annexed thereto.

3. Upon information and belief, the Debtors’ books and records accurately reflect, among other things, their liabilities (including the amounts thereof) owed to their creditors.

4. Under my supervision, considerable resources and time have been expended to ensure a high level of diligence in reviewing and reconciling the proofs of claim filed against the Debtors in these cases. These claims were carefully reviewed and analyzed by appropriate

¹ The Debtors consist of the following entities: HomeLife Corporation, HL Holding Corporation, HomeLife de Puerto Rico, Inc., Furniture Holding LLC, and HLC 1 LLC.

personnel, and in some cases, the Debtors' professional advisors, resulting in the identification of objectionable Claims² which are the subject of the Fifth Omnibus Objection.

The No Liability Employee Claims

5. To the best of my knowledge and belief, after thoroughly reviewing the Debtors' books and records and the applicable proofs of claim listed on Exhibit A to the Fifth Omnibus Objection, I have determined that the claims against HomeLife listed on Exhibit A and designated therein as "No Liability - Employee" are claims filed by former employees of the Debtors for wages, company-matched contributions to the 401(k) plan, social security and unemployment insurance and job referrals. The Debtors have no liability for these claims for the following reasons:

- (a) Claim No. 3708 (Harding, Ronald G.): claimant seeks payment of wages earned in 2001. The Debtors books and records show this individual was terminated from HomeLife on October 22, 2000 and was not employed by HomeLife in 2001.
- (b) Claim No. 11729 (Rivera, Michael James); claimant seeks payment of 401(k) matching funds. In order to qualify for any matching funds, an individual was required to be an employee as of the end of the plan year. Mr. Rivera was not an employee at the end of 2001 (the plan year) and is not entitled to receive matching funds. The plan was terminated on April 15, 2002 and all employee funds were turned over the plan administrator, Invesco.
- (c) Claim No. 501 (Welty, Jay); claimant seeks payment for social security, unemployment insurance and job referrals. The company owes no such payments to this former employee, and claimant provides no support for his assertion in his proof of claim.

The Blank Claims

6. To the best of my knowledge and belief, after thoroughly reviewing the Debtors' books and records and the applicable proofs of claim listed on Exhibit B to the Fifth Omnibus

² Capitalized terms not defined herein are as defined in the Fifth Omnibus Objection.

Objection and designated therein as “Blank Claims,” I have determined that the claims against HomeLife listed on Exhibit B are claims filed by creditors that received a specific proof of claim from Bankruptcy Management Corporation, pre-printed with the amount that HomeLife had scheduled to the creditor. The Specific Proof of Claim required that the creditor complete the remainder of the claim form, including that portion wherein the creditor was to indicate the amount that it claimed against the Debtors. Some creditors that received Specific Proofs of Claim merely signed and returned the Specific Proof of Claim without providing any additional information (the “Blank Claims”). The Debtors believe that the creditors that filed Blank Claims did so to indicate their agreement with the Scheduled Amount.

The Insufficient Documentation Claims

7. To the best of my knowledge and belief, after thoroughly reviewing the Debtors’ books and records and the applicable proofs of claim listed on Exhibit C to the Fifth Omnibus Objection, I have determined that, as to the claims against HomeLife listed on Exhibit C and designated therein as “Insufficient Documentation”, there are inadequate supporting invoices, contracts, or other document supplied, which are needed to confirm the costs asserted in the Insufficient Documentation Claims.

The No Liability Claims

8. To the best of my knowledge and belief, after thoroughly reviewing the Debtors’ books and records and the applicable proofs of claim listed on Exhibit D to the Fifth Omnibus Objection, I have determined that among the claims against HomeLife listed on Exhibit D and designated therein as “No Liability ” are objections to claims that were filed by customers asserting claims for purchases for which HomeLife has no liability for the following reasons:

- (a) Claim Nos. 8633; 373; 9807; 11768; 8123; 6402; 9576; 11615; 10783; 4586; 1903; 7356; 11710; 11765; 5259; 7556; 11402; 8661; 6380; 11651; 11616; 6006; 4675; 5523; 8996; 7348; 11149; 51; 11361; 3261; 4024; 10955; 5512; 10998;

10829; 11730; 8798; 7155; 2743; 5141; 9968; 7640; 10543; 11516; 3404; 11364; 8317; 2064; 11485; 3727; 9024; 8286; 11229; 240; 11148; 11553; 4475; 2412; 1450; 5838; 130; 10806; 7788; 8250; 11125; 4198; 10428; 10986; 8406; 8935; 7193; 1361; 1133; 4388; 11540; 11555; 707; 5678; 4902; 10767; 9516; 8282; 11726; 11691: product for full value of the claim has been delivered to customer;

- (b) Claim Nos. 11685; 10300; 1066; 11735; 4941; 11424; 9031; 11641: the Debtors have made reasonable efforts to research these claims on the HomeLife books and records. HomeLife has no record of an order being taken or payment having been made by the customer.
- (c) Claim Nos. 7288; 11462; 3886; 9183; 11666; 11427; 1291; 547: the customer alleges a defect that is not covered by any warranty or guarantee by HomeLife or warranty liability that is the responsibility of a third party but for which HomeLife has no liability;
- (d) Claim No. 11778: the customer has been sent a full refund for the value of their purchase; no allowance is given for dissatisfaction;
- (e) Claim Nos. 8211; 11704; 3676: the customer has been sent a full refund for the amount sought in the proof of claim, or the customer's check was returned to the customer;
- (f) Claim Nos. 11533; 9681; 11593; 9306; 7624: the customer seeks reimbursement for a purchase made at a post-petition Going-Out-Of-Business Sale which is a post-petition, non-refundable transaction; and
- (g) Claim Nos. 4898; 8795; 1343; 4620; 751; 8923: the customer took delivery of a portion of their order and was refunded the balance.


The remaining claims listed on Exhibit D and designated therein as "No Liability" are objections to claims which are not enforceable against the Debtors or their property under any agreement or applicable law for the following reasons:

(Remainder of page left blank)

(h) **Claim No. 11747 (SAP America Inc):** claim is for maintenance invoices for the period 1/1/2002 to 12/31/2002. **SAP equipment was disconnected on or about 12/31/2001. No maintenance was needed and SAP performed no services.**

9. The information contained in this Declaration is true and correct to the best of my knowledge and belief.

Dated: _____



Patrick Regan