UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

In re:

TAYLOR, BEAN & WHITAKER MORTGAGE CORP.,

CASE NO: 09-07047-3F1

Debtor.
_____/

TRANSCRIPT OF PROCEEDINGS

Confirmation hearing before the Honorable Jerry A. Funk, U.S. Bankruptcy Judge, to commence at 10:00 a.m., on Wednesday, July 13, 2011, at the United States Courthouse, Room 13A, 300 North Hogan Street, Jacksonville, Florida, as reported by Cindy Danese, Notary Public in and for the State of Florida at Large.

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THE COURT: Good morning. Here on the case of Taylor, Bean & Whitaker Mortgage Corporation. Court has a number of matters on the calendar, including the confirmation hearing.

Mr. Blain, are you going to act as master of ceremonies today --

MR. BLAIN: Yes, Your Honor.

THE COURT: -- or MC or whatever we call it?

MR. BLAIN: MC or master of ceremonies, whichever.

Your Honor, actually I am just going to get us started off this morning. We have the entire crew here and everybody has a part of that.

THE COURT: Very well.

MR. BLAIN: Thank you very much.

THE COURT: Any housekeeping before we get started?

MR. BLAIN: I don't believe so, Your Honor.

THE COURT: Proceed.

MR. BLAIN: Thank you, Your Honor. Russ Blain appearing on behalf of the Debtors: Taylor, Bean & Whitaker Mortgage Corp., REO Specialists, LLC, and

Home America Mortgage, Inc. And may it please the Court.

Your Honor, let me give you a little bit of an overview of what our plan is for today. We have filed with the Court and provided copies to counsel of a Notice of Proposed Agenda that sets forth the items that are scheduled on the Court's calendar and the sequence in which we propose to do these.

The first part which I will handle are the non-confirmation issues, administrative matters in the case, motions for relief from stay, and those things that we typically handle at an omnibus hearing in a case of this sort.

We will then proceed to the matters that are scheduled today in connection with confirmation. There are several key compromises that have been reached with various constituencies in the case as to which the Debtor has filed motions under Bankruptcy Rule 9019. So those compromises are the key to confirmation of the plan, approving those compromises, and those compromises becoming part of the record are the necessary steps to get to confirmation. And assuming that we get through those and get those compromises approved, we're prepared to go forward with confirmation today.

The first thing, Your Honor, on the calendar would be the matters that are to be continued and rescheduled.

The first one is calendar item number 8, it is docket 3211, and that's a motion for relief from stay that was filed by Shepherd Pursuits, LLC. There are some issues with that motion that we have discussed with counsel, Mr. Burnett, and the parties have agreed to continue and seek to reschedule that at an omnibus hearing.

The Court has scheduled omnibus hearings for August 5th and August 25th, and we propose that this one be rescheduled for August 25th.

THE COURT: Very well, the matter will be continued to August 25th, 2011. Announcement is made in open court and no further written notice is necessary.

MR. BLAIN: Thank you, Your Honor.

Your Honor, the next item is item number 9. That is docket number 3203. That is a motion for relief from stay that was filed by an entity known as RL REGI-FL Cutler Ridge. This is also a motion for relief from stay. It is a rather complicated one in which the moving party claims to assert a blanket lien against an overall development as to

which Taylor Bean has mortgages on individual units. So it's a priority battle and an issue between the developer and the owners.

We have spoken with Mr. Charbonneau of the Ehrenstein Charbonneau Calderin firm in Miami, and have agreed that that motion also can be rescheduled for August 25th and that that's the appropriate action for that.

THE COURT: Very well, the matter is continued to August 25th, 2011. Announcement is made in open court and no further written notice is necessary.

MR. BLAIN: Thank you, Your Honor.

Your Honor, the next item, the third item on the calendar, is calendar item number 6. This was filed as a request for allowance of an administrative expense filed on behalf of Premier Corporate Centre. Premier Corporate Centre was one of the Debtor's landlords. The Debtor rejected the lease and surrendered the premises to the landlord, and Premier has sought an allowance of an administrative expense.

We don't know that there ultimately is an issue with that. We know what the balance of the numbers are. And although that is carried forward to today because it's confirmation, we have assured

the moving party that there are sufficient funds on hand to pay the administrative expense in the amount sought or whatever other amount is reached between the parties.

Based upon that, they have agreed to continue and reschedule that hearing for August 25th, and that there need be no requirement for payment of the administrative expense as a condition of confirmation.

THE COURT: Very well. Court will continue it to August 25th. Announcement is made in open court and no further notice necessary.

MR. BLAIN: Thank you, Your Honor.

Your Honor, next we turn to various motions for relief from stay. These are similar. I'll go through each one because there may be counsel present, but I'll try to do this fast.

The first one is calendar item number 7, docket number 3157, which is a motion for relief from stay that was filed by Wells Fargo Bank as to a particular property in which Taylor Bean had a mortgage.

The Debtor has no further interest in that property so, as we have done many times in this case, the motion should be denied as moot, but the

order would specifically state that Taylor Bean has no further interest so there would be no impediment to going forward with foreclosure in that action.

MR. LEWIS: Your Honor, Arthur Lewis appearing for Wells Fargo Bank. I did review the proposed order and I have no objection to its submission.

THE COURT: Thank you very much.

Court will deny the motion as indicated, look to you for the order.

MR. BLAIN: Thank you, Your Honor.

MR. LEWIS: Thank you, Your Honor.

MR. BLAIN: Your Honor, the next item on the calendar is calendar item number 13, docket number 3262. This is a motion for relief from stay that was filed by American Home Mortgage Servicing, represented by Florida Foreclosure Attorneys.

This is a similar situation in which the Debtor has no further interest in the property. The motion should be denied as moot, with a specific statement that Taylor Bean has no further interest in the property.

MR. HING: Your Honor, I believe this is my matter. Kevin Hing, H-i-n-g, on behalf of American Home on behalf Bank of New York Mellon.

We've reviewed the proposed order and made a

few minor changes to it to reflect that the stay would not affect an assignment that had been recorded, and I believe we're in agreement on those terms.

THE COURT: Yes.

MR. KHAWAJA: May it please the Court. Rehan Khawaja appearing as additional counsel for the movant, Your Honor, and I agree with the appearance made.

THE COURT: We've got two votes for, so that should take care of it.

The Court will deny the motion as indicated and look to counsel for the appropriate order.

MR. KHAWAJA: Thank you, Judge.

MR. BLAIN: Your Honor, I'm advised, and perhaps this was my confusion, Mr. Hing may be referring to item number 15 on the calendar which is the Bank of New York Mellon, but I'm not certain.

MR. HING: Very well. My apologies.

THE COURT: No sanctions this time.

(General laughter.)

MR. HING: Appreciate that. Thank you.

MR. BLAIN: Your Honor, the third one on the calendar is calendar item number 14, docket number

3263. That is also American Home Mortgage Servicing. It is a motion for relief from stay, and similar to calendar item number 13, it is one in which the Debtor has no further interest in the property; therefore, the motion should be denied as moot, with the order reflecting that the Debtor has no further interest.

MR. KHAWAJA: Once again, Your Honor, Rehan Khawaja appearing as an additional counsel for the movant. We don't have any objection as to the proposed order.

THE COURT: Thank you very much.

The Court will deny the motion as indicated and look to counsel for the appropriate order.

MR. KHAWAJA: Thank you, Judge.

THE COURT: Thank you.

MR. BLAIN: Now, Your Honor, is calendar item number 15. This is the one where would we ask Mr. Hing's involvement and hope that his support for the Debtor's proposal is as great as it was for the other motion.

MR. HING: Indeed, Your Honor. Kevin Hing on behalf of Bank of New York Mellon. My prior comments apply to this.

MR. BLAIN: Your Honor, this is calendar item

number 15. It is docket number 3277. As I indicated, this was filed by the Bank of New York Mellon. It is a motion for relief from stay with respect to a property in which Taylor Bean formerly had an interest.

The Debtor has no further interest in this property, so the order should state that the motion is denied as moot and specifically state that the Debtor has no further interest in the property.

MR. HING: Thank you, Your Honor. As I previously indicated, we reviewed the proposed form of order, made a few minor changes to clarify regarding that there's also no impact regarding a previously recorded assignment of mortgage, and I believe we're in agreement on form of the order.

THE COURT: Very well. The Court will deny the motion as indicated and look to you for the appropriate order. And this matter is concluded.

MR. HING: Thank you very much, Your Honor.

MR. BLAIN: Thank you, Your Honor.

The next item is calendar item number 17, docket number 3291. This is also a motion for relief from stay that was filed by American Home Mortgage Servicing.

It, like the prior two motions filed by

American Home Mortgage Servicing, is a motion for relief from stay that seeks relief with respect to a property in which the Debtor has no further interest. This motion should be denied as moot, with the statement again that the Debtor has no further interest in the property.

The gentleman made -- I think his statement replies to all three of these because we'd spoken in advance. He may not realize there was a third one on there, but the same relief.

THE COURT: Court will grant the motion, look to you for the appropriate order. The matter is concluded.

MR. BLAIN: Thank you, Your Honor.

Your Honor, that concludes the hearings on the stay relief motions.

The next item on the calendar is calendar item number 16 which is docket number 3279. This is an application that the Debtor filed seeking to retain and employ special counsel in the case.

This is one that the Debtor seeks to employ the firm of Thomas, Alexander & Forrester, LLP as special litigation counsel. This is for a very specific matter which is the investigation, valuation, analysis and, if necessary, the

litigation of claims that the Debtor may have against Deloitte & Touche, LLP, its former accounting firm.

The Debtor has determined over a period of time that there may potentially be causes of action against that firm, and has spoken with and reached agreement with the Thomas, Alexander & Forrester firm.

Thomas, Alexander & Forrester is a firm that may not be known to the Court. They are located in Venice, California. It is a small law firm that specializes in claims against accounting firms. That is the area in which they specialize. And because of that specialty, the Debtor has sought them out because of their expertise in that particular area.

This particular firm has obtained two verdicts for over a hundred million dollars each against accounting firms in Florida, and also has substantial other rulings and settlements around the country. They have begun their work on that and have worked in good faith with the Debtor.

The compensation arrangement is set forth in the employment agreement that is attached to the application, and under the terms of that, this firm

would receive 35 percent of the gross proceeds of all recoveries, plus they would be paid by the Debtor all costs, disbursements and expenses. So this is a contingency fee arrangement.

The Court has authorization under Section 328(a) of the Bankruptcy Code to approve retention on a contingency basis. Because of the fact that this is a matter as to which there would be no payment until recovery, we feel that it's a very useful retention arrangement for the Debtor and that it should be approved.

Again, this particular firm would be reimbursed for its costs, disbursement and expenses but otherwise would be paid on a contingency basis.

This has been reviewed by the Debtor, by the Official Committee of Unsecured Creditors. There are no objections that have been expressed or otherwise made known, so we would ask the Court to consider this application, to approve the application and to authorize the retention of this firm. They began their work on June 16th, so we would ask that the order be nunc pro tunc to June 16th of this year.

THE COURT: There being no one opposing the application, the Court will approve the

application, look to you for the appropriate order.

MR. BLAIN: Thank you, Your Honor.

Your Honor, we next turn to the various compromises in the case. The way we have set this up on the agenda in an attempt to assist the Court in seeing the direction we were taking, we have set forth the major compromises as separate categories. First the compromise with Bank of America, then the compromise with the Federal Home Loan Mortgage Corporation, next to the compromises with Sovereign Bank and Natixis Real Estate Holdings, and last the compromises with Wells Fargo Bank and Bayview Financial.

As I indicated earlier, these compromises form the linchpins of various issues under the Debtor's Chapter 11 Plan. Mr. Dantzler will handle the first two categories of those compromises, Mr. Kelley will take the next two of those, and then after doing that we will proceed to the various issues under Section 1129 that are necessary to confirm the Debtor's plan.

With that, I would turn the microphone over to Mr. Dantzler, David Dantzler.

MR. DANTZLER: Good morning, Your Honor.

THE COURT: Good morning.

MR. DANTZLER: As Mr. Blain said, we now move to a series of 9019 motions, and I think it's important for the Court to understand the Debtor and the Committee's perspective on how we proceed and the impact of how we proceed.

As Mr. Blain has indicated, we're prepared to go forward today with confirmation of the Plan that was filed in December. We believe it's time for the Plan to be confirmed and believe the overwhelming majority of creditors agree with that.

After much work we've been able to achieve settlements with a number of constituents that should result in a smooth and largely uncontested confirmation process. In fact, by the time we get to confirmation, if all of these 9019 motions are granted, all of the major constituents in this case will support and actually vote for confirmation of the Plan.

However, this sequencing that Mr. Blain laid out is important in this process. The first on the agenda is the settlement agreement between the Debtor, the Committee and Bank of America. In our view, it's the simplest and most straightforward and confirms facts that have been known since the reconciliation was filed and presented just over a

year ago.

Because of its specific terms, it was the last agreement filed and frankly could not be finalized until last week.

This Court granted the Debtor's motion seeking the shortened notice, which is well within the Court's discretion and we continue to believe that's appropriate.

Even so, Freddie Mac has filed a motion asking this Court to continue the hearing on the settlement, which in effect is asking that confirmation be postponed yet again.

I guess given the way that Freddie Mac has chosen to advocate its position in this case, we shouldn't be surprised that yet again we have another fight with Freddie Mac that both the Debtor, the Committee and, as far as I know, every other constituent believes is no issue at all.

I'm compelled to say, however, that we are surprised and frankly disappointed and offended at the tactic they've chosen to undertake, impugning the integrity of the Debtor's professionals who have done nothing more than seek to sort out what was an unbelievable and catastrophic mess and find fair and reasonable solutions for myriad complex

problems.

But we will first take up Freddie Mac's motion to continue the 9019 of BofA. But to be clear, Judge, if the Court decides that in fact the BofA 9019 should be continued or for some other reason should not be approved today, then we're not prepared to go forward with confirmation today.

Bank of America has made clear to us that deferral of its 9019 motion is tantamount to a denial, that it will then press its previously filed objections to settlements and confirmation, and that it will press other objections which it has refrained from filing in light of our agreement.

That would change completely both the tenor, the context and the substance of these hearings going forward, and we believe it would be both unwise and inappropriate to proceed on that basis, so I want to make sure the Court is clear about what we believe the effect of a continuance will be.

Others will speak, but I'll turn it over now to Mr. Moak so he can argue his motion.

MR. MOAK: Good morning, Your Honor. Paul Moak with McKool Smith on behalf of Freddie Mac.

As Mr. Dantzler indicated -- and I'm not sure whether the Court obtained a copy -- we filed a motion to continue the Debtor's motion to approve the Bank of America settlement on Friday evening.

The Debtor filed its motion to approve the settlement a week ago, actually after hours last Wednesday. We got it Thursday and have effectively had four business days' notice to review it and respond to it.

In essence, the settlement motion seeks to grant a $1.6-billion allowed claim to TBW's wholly owned subsidiary, Ocala Funding. Now, you've heard a lot of about Ocala Funding in this case, probably, but Ocala Funding is not a debtor in this case. In fact, for whatever reason, Ocala Funding remains outside the purview of the Bankruptcy Court, and the Debtors have not made complete disclosure about what goes on at Ocala Funding, who Ocala Funding's creditors are, and so there's a lot of mystery surrounding it.

In any event, our continuance motion really, Your Honor, at its core raises a due process issue. The notice rules are in place and, as you're aware, settlement motions require 21 days' notice. The notice rules are in place to protect Freddie Mac's

interest and everybody else's interest to review and analyze motions and matters affecting our interest, and that doesn't just mean enough time to read the motion and call Debtor's counsel to talk about the motion. That means to evaluate the motion, to conduct discovery on the motion if we so desire, and most importantly to prepare any objections that we think are appropriate to protect our interest and to present our case to the Court.

Because the Debtor chose to file this motion on four business days' notice, Freddie Mac has effectively been precluded from doing any of those things other than having a few conference calls with Debtor's counsel.

There is an additional consideration at play, Your Honor, with regard to Freddie Mac, and I know you heard Mr. Dantzler impugn our motives throughout the case, but we are in a unique position in that we are in conservatorship under the direction of the Federal Home Finance Agency, FHFA.

As a consequence, not only does Freddie Mac have to on its own account evaluate motions that are filed, including this settlement motion, it also needs to consult with its conservator.

Because of the way this thing proceeds, not only has Freddie Mac itself not been able to evaluate the motion, we haven't been able to meaningfully consult with the conservator.

Beyond that, and I think, Your Honor, the point that demonstrates most the lack of notice in this case, is that I'm standing before you now on behalf of Freddie Mac and I can't tell you whether, given sufficient notice, we would actually have an objection to the merits of the settlement. We just don't know. It could very well be that, if we had 21 days' notice, we would understand and agree with the Debtor's position. We just can't get there on four business days, and that's why the rules require 21 days absent good cause.

Now, a $1.6-billion settlement in any circumstance would merit additional notice. Here, Your Honor, we've identified three or four factors that require not only your typical scrutiny that you would give, Your Honor, independent analysis, informed judgment regarding a settlement, but also merit heightened scrutiny.

Here you've got an insider transaction, a debtor granting a claim to its wholly owned subsidiary. In addition, you've got the Debtor,

TBW, its financial advisors or Navigant -- I think you will hear from them today -- CRO is also an individual from Navigant. Those folks in essence are the decision makers for TBW, obviously subject to the Court's approval, but they're the initial decision makers for TBW.

We also understand that Navigant, the same firm, is the financial advisor for Ocala Funding. So in essence you've got Navigant, the decision maker for both entities, placed in a position of having to argue what would appear to be diametrically opposed positions. You've got an entity granting a claim to a subsidiary, you've got a subsidiary asserting a claim, apparently, against the Debtor, and it appears to us that the professionals on both sides of that are the same folks.

In addition to that, Your Honor -- and I guess I won't address Mr. Dantzler's comments directly -- but Troutman Sanders has been retained in this case as special counsel, not primary bankruptcy counsel but special counsel, and we believe that's in part because it disclosed to the Court and the parties and as a condition of its retention that it would not be, could not be, adverse to Bank of America in

matters involving TBW.

Now, the actual language of the affidavit says that Troutman Sanders views Bank of America as a significant client and, as a consequence, in a purely prophylactic measure, it's not going to represent TBW in litigation with Bank of America.

Now, you may hear Mr. Dantzler say: Well, this isn't litigation. Well, Your Honor, we think that's a distinction without a difference. If you're negotiating on behalf of one party, we would presume that in negotiations one of your alternatives is litigation. If you can't threaten litigation, if you can't proceed with litigation, it calls into question whether you have the ability to effectively and zealously represent your client.

We're not saying that Troutman did anything wrong, we're not saying that Navigant did anything wrong. What we're saying is, on four business days' notice, there's not enough of a record of independence of those professionals and, as a consequence, you're required to look at it more closely, everybody else should look at this more closely, and that's all we're asking for. We're not saying that anybody did anything inappropriate, but we're saying that what has happened requires a

closer look.

Your Honor, the flip side is there's no urgency to hear this motion today, none whatsoever. There's no urgency to hear confirmation. Now, you heard Mr. Dantzler say: If you don't approve this Bank of America settlement or if you defer it to give us sufficient time to look at it, then they're not going to go forward with confirmation.

Well, there's their choice, and candidly the next agenda item, Your Honor, after the Bank of America settlement is a Freddie Mac settlement. So we sure as heck would like to have that approved, too, but we're not approaching this casually and we're not here just to waste everybody's time because we sure as heck would like to get this taken care of as well.

The Debtor, I believe you will hear him justify, because they've justified to us, the urgency in that a number of these settlements -- the FDIC settlement, even Freddie Mac's settlement, the Wells Fargo settlement -- a number of them have, I guess, tripwires or termination dates that say: If our settlement isn't effective by X date, then all bets are off. And I believe that those dates in the various settlements are sometime in

the middle of August or late August, and so what the Debtor has told us and I'll presume they'll tell you is that: We've got to go forward, otherwise these settlements are going to terminate.

Maybe they won't say that, but at least that's what we heard initially and, candidly, Your Honor, if it is their argument, it's a false argument because those deadlines have been in the agreements for many, many months and, as you know, we've continued this confirmation hearing month to month to month for six months, and every time the Debtor ran into a deadline, a termination deadline in these settlement agreements, the Debtor asked for an extension and those parties were granted an extension.

And I can assure you that's what's going to happen here because Mr. Dantzler has implicitly already informed the Court that's what's going to happen here because he said: If you don't approve this, the Debtor is going to consensually move confirmation. So, therefore, there's no emergency created by these deadlines.

The other issue, Your Honor, is there's no emergency to have confirmation today. This Debtor has been liquidated. There are assets remaining to

be liquidated, but there are no employees other than Navigant, there's no business to reorganize, they don't sell perishable fruit, they don't have customers to satisfy.

This is a pure liquidation. It's about division of money. We don't believe that just because the Debtor wants to have confirmation today, just because this courtroom of people wants to have confirmation today, and even Your Honor may want to have confirmation today -- I know we've been with you a long time -- but what we're saying is the desires and the weight and the pressure to get this thing pushed through don't justify shortening the required notice period in a situation where you have circumstances that mandate heightened scrutiny.

Your Honor, I'll touch on one thing and then I'll pass the podium. It has been suggested to us, and we haven't seen a response to our motion to continue, but it has been suggested to us that this settlement has no impact on us, in essence we shouldn't care because it doesn't impact us.

Well, I'm not sure that I follow the argument, but let me tell you how it does. Freddie Mac, in accordance with its settlement agreement, is to be

granted a general unsecured claim in Class 8 to the tune of about a billion dollars. This settlement between TBW and its subsidiary would grant its subsidiary a $1.6-billion claim in Class 8.

Now, based upon the Debtor's Disclosure Statement, their estimate as of months ago was that unsecured creditors, Class 8 unsecured creditors, would get about four cents on the dollar. If that holds true -- and I know it's just an estimate -- the claim granted to Ocala Funding would in essence result in a distribution to Ocala Funding of about $65 million.

Freddie Mac -- again, I don't have the numbers precisely; we've got the claims objection process to go through -- but I think it's fair to say that Freddie Mac, absent this claim on behalf of Ocala, holds maybe 20 or 25 percent of the Class 8 claim.

As a consequence, if the Debtor gives Ocala $65 million or so, it's taking $15-, $17 million out of Freddie Mac's pocket.

So we clearly have an interest in what goes on in the settlement agreement, we clearly have an interest in the Court's approval process and, as I said to you, Judge, we just haven't had a chance to look at it. And I'm not suggesting to you that we

would oppose it ultimately, but we haven't had time.

My cocounsel reminds me that I neglected to say that, in addition to this being an intercompany subsidiary transaction, Ocala Funding, it's not your typical resolution of a claim. It's not as if Ocala Funding filed a claim for $1.8 billion and the parties settled and said we'll give you 1.6.

Ocala Funding has never filed a proof of claim. There is no claim on file. The Debtor scheduled Ocala Funding's claim at zero dollars. So until a week ago, until this motion was filed, no one had any indication that the Debtor was going to grant its subsidiary a claim of $1.6 billion. It's just simply not in the record. And I know we'll hear argument about that and we may hear testimony if the Court lets it go that far, but there was never a claim filed on behalf of Ocala.

So all these factors, Your Honor, as I mentioned before, they just don't ring true on four days' notice. Maybe after 21 days or 30 days, we may come to a different conclusion, but what I'm telling you is, absent an opportunity to analyze it, our due process rights are violated and we're going to have to oppose it on the merits to the

extent you want to go forward, although we would suggest that it's not even appropriate to reach the merits because we haven't had an opportunity to prepare our case, we haven't had an opportunity to do discovery. We can't present to Your Honor countervailing arguments. We have identified some potential issues with the settlement, but we're essentially hamstrung, and we're hamstrung because the Debtors have set this on four days' notice.

Now, you may also hear from the Debtors that this is perfunctory, it's a housekeeping matter, it's just tidying up things. If that's the case, let's get on with confirmation. They can tidy it up after confirmation. I don't think they're going to do that because it's not a housekeeping matter.

Finally, Your Honor, in light of all this, we believe that a 30-day continuance is appropriate. I heard you reschedule some motions for August 25th. We would suggest that Your Honor continue this motion to August 25th as well.

Thank you, Your Honor.

THE COURT: Thank you.

Wait a minute, Mr. Dantzler. I want you to speak last.

Anybody else have objections or support the

motion and wants to make a statement?

MR. CALIFANO: We're objecting to Freddie's motion, we're supporting the Debtor. I'll just wait until after Mr. Dantzler. I just moved up closer.

THE COURT: Thank you.

MR. DANTZLER: I'm not aware of anybody else.

THE COURT: Okay.

MR. DANTZLER: Thank you, Your Honor. I will try to be brief but clarify some things for the Court.

First, with respect to these purported conflict issues and that this is somehow an insider transaction, quite frankly we think they're red herrings. They're baseless, in fact I think they're reckless and belied by the facts.

The reconciliation that took many, many months to do and was the subject of several reports and a final report and presentation in this court one year ago lays out all of the facts upon which this settlement is based. There are no secrets, there are no other facts. It's all in the reconciliation.

The numbers have been tightened up over time as we went through the loan allocation process and

were able to fine-tune numbers, and testimony, as Mr. Moak said, if you get that far, will confirm much of this.

But what that reconciliation clearly established was that individuals at Taylor Bean who were responsible for the management and operation of Ocala Funding misappropriated Ocala Funding's assets for the benefit of Taylor Bean.

Ocala Funding was separate, distinct and, under the terms of many agreements and its own operating agreement, its assets and liabilities were not to be commingled with that of Taylor Bean, but that was violated and violated in spades.

Ocala Funding and its creditors were the victims of fraudulent conduct at Taylor Bean, and Taylor Bean, or at least individuals, are responsible for that. And, in fact, the two individuals responsible for the management of Ocala Funding have pled guilty to that very conduct and should shortly be reporting for prison.

The creditors, the large constituents, all have filed claims in this case that relate to this loss. And there's no conflict between Navigant addressing issues that follow these undisputed facts between a parent and its subsidiary. And

Neil Luria in particular as the CRO has faithfully discharged his responsibilities to this estate and to Ocala Funding.

As we've said throughout, the Debtor in this case is Switzerland, and we go where the facts take us. And this is where the facts have taken us, and these facts have been out for well over a year.

With respect to my firm's representation of Bank of America, let me just say that Bank of America -- I think it will be confirmed for the Court -- has waived any conflict that would have precluded our zealous representation of Taylor Bean in these negotiations. I'm satisfied that we've zealously represented them because it was me who on the front line there. Our client, I believe, the Debtor, is also satisfied.

And most importantly and wholly ignored in the Freddie Mac motion and objection is the fact that there was significant -- more than significant -- side-by-side involvement of the Creditors' Committee in the negotiation of this agreement. They are a party to the agreement, and they have determined, independent of the Debtor and its professionals, that this is fair and in the best interest of this estate.

With respect to the shortened notice itself, we believe that one week is more than sufficient, and apparently the Court did too when it entered the order. This is a simple and straightforward agreement. There is nothing here to assess. Mr. Moak has told you what the deal is, and it is the deal.

Not one other constituent, not one other Class 8 creditor, has raised any concern either about the timing or the substance of the settlement. And this should not be a surprise.

As I've said, the facts have been known. Since the reconciliation we have been negotiating with Bank of America and ultimately the other stakeholders at Ocala Funding about how to deal with the distribution to Ocala Funding. This is not a new claim. This loss, this $1.6 billion, has been in the claims pool and has been a part of the Debtor's analysis, including that liquidation analysis, throughout.

Somebody is going to get the distribution on this money. What this does is clarifies how the distribution will be handled.

And their arguments notwithstanding, the settlement really does have as a result of that no

impact on Freddie Mac. Somebody is going to get $1.6 billion in claims as a result of the conduct at Ocala Funding. This clarifies how it will be treated.

The motion was filed as soon as it could be put together under these complicated circumstances. We had to get a confirmation hearing set today to ultimately get to the end, after numerous adjournments, with Freddie Mac.

A key component of the agreement with Bank of America is that it support the plan, that it withdraw its objection to other 9019s, and that it not object to any other settlements the Debtor arrives at.

Obviously, Bank of America and its other stakeholders could not agree to this provision without knowing what all the settlements were.

And the negotiations with Freddie Mac, they were protracted, they were difficult, and Freddie Mac insisted on confidentiality, so we were unable to tell anybody, including Bank of America, what the terms of the Freddie Mac settlement were. As soon as it was filed, we provided that agreement to Bank of America. It responded with concerns, significant concerns. We negotiated, talked them

into a very narrow position with respect to their concerns and objections, which I think we'll be able to report to the Court later, if we get that far, that have actually been resolved in the last couple of days.

This agreement, both sides worked diligently to get it done and it was filed as soon as it was signed.

I'll let the Committee and the other creditors speak for themselves about the importance of going forward today. From our respective, it is imperative. Every settlement does have a deadline for the implementation of the Plan which will take several weeks after confirmation. Most are August 31st, but Bayview is July 31st. And the Wells settlement, the deadline for implementation is August 15th, but that is conditioned upon a confirmation order and the Plan being approved by July 15th, this Friday.

Mr. Moak is right, we've been able to obtain extensions in the past, but it has become increasingly difficult. In fact, with that last adjournment of the confirmation hearing, the Committee insisted that we grant no further adjournments without its express consent and, as I

believe Mr. Singerman will make clear, the Committee insists that we move forward today.

It's time for this Plan to be confirmed and implemented. You are well within your discretion. There is plenty of cause to handle this simple agreement on shortened notice. This is no reason to reconsider or change that decision.

The settlement with Bank of America is straightforward. It's fair. It's in the best interest of this estate. It should be considered and approved today. And in truth Freddie Mac is unaffected. Therefore, we ask the Court to deny the motion to continue and let's proceed.

MR. TESSITORE: Good morning, Judge.

THE COURT: Good morning.

MR. TESSITORE: Mike Tessitore on behalf of Bank of America and with respect to its various capacities relating to Ocala Funding and the commercial paper facility at Ocala.

We rise obviously in opposition to the motion to continue and request that the Court deny that motion and proceed with the motion to approve the settlement with Bank of America and proceed with the other matters relating to confirmation.

I don't want to be too repetitive, but I would

like to highlight a few points, some of which were covered by Mr. Dantzler but which I think are worth repeating.

First of all, there's been a suggestion today and in the motion filed by Freddie that somehow there was an empty seat at the table when these negotiations were being done, that because of the two hats being worn by Navigant that Ocala wasn't properly represented or that a true arm's-length negotiation did not take place, and that is simply untrue, Judge.

We have to remember that Ocala is an insolvent entity. The true stakeholders in that entity are its creditors, and those creditors are primarily the various creditors of the commercial paper facility for which Bank of America serves in various capacities. Those are the real stakeholders at Ocala, and those are the parties that were involved in the negotiations, specifically Bank of America in its role as indentured trustee and other capacities for the facility, and the investors in that facility the parties here are very familiar with from this case: BNP Paribas and Deutsche Bank.

And so the interested parties at Ocala engaged

in serious, vigorous negotiations with the Debtor and the Committee to arrive at this settlement in an arm's-length fashion. This was not an inside deal.

Further evidence that this was not an inside or a sweetheart deal is the fact that there were material concessions made by my client. Specifically, my client asserts that it has a first priority perfected security interest in the assets of Ocala, including any right to receive any distribution on Ocala's claim from the TBW estate. Consistent with that interest, it asserted the right to, one, have a recognized claim for the full amount of the loss, and, two, to be the recipient of that distribution.

It didn't get what it wanted on those terms. Those rights have not yet been recognized and were not included in this agreement.

So there were significant concessions made on our side, and I'm sure the Committee and the Debtor feel the same way about their side.

With reference to the Committee, I can confirm for the Court that the Committee was active from the beginning in vigorously negotiating and scrutinizing this deal, doing what you would expect

it to do on behalf of the creditors of this estate. And I don't believe there's even a suggestion in the motion to continue or in anything that's been said by Freddie that the Committee somehow abdicated its role in scrutinizing the deal, negotiating the deal and exercising its judgment as a fiduciary to creditors.

There is the issue of shortened notice, and once again I can confirm for the Court that the shortened notice that we're here on today is a direct result of the extended length of time that it took to get the Freddie Mac deal approved.

As Mr. Dantzler mentioned, a key component of our settlement is our concession that we won't object to and will support the other settlements that go along with confirmation. We obviously couldn't support a settlement that we hadn't seen and, according to what we've been told, we were precluded from even getting a preview of the settlement until it received final approval on the Freddie Mac side of things.

So what that resulted in in terms of dates is that the Freddie deal was not filed until June 22nd, the motion to approve the Freddie compromise. Eight business days later, eight

business days later, we turned around the issues that we faced that we recognized once we saw that settlement and turned that into the Debtor's motion to approve our settlement.

So I think that Mr. Dantzler's comments about us being diligent in attempting to avoid any unnecessary delay and getting our motion filed are right on point. And the fact of the matter is that's how the dates shook out, and here we are on shortened notice for approval.

And, finally, Judge, I'll confirm two points. One is that the Troutman firm was given the conflict waiver by Bank of America. Mr. Robson is in the courtroom today, cocounsel for Bank of America, and he can speak directly to that if the Court would like to hear from him because he was actually involved in the granting of that conflict waiver.

And then finally, Judge, I can confirm that, if we get a continuance today, that is in effect for Bank of America a denial of the agreement and we will have no choice but to proceed with what we believe are substantial objections to confirmation.

We'd obviously prefer not to do that. There's been a lot of work put into this settlement, and,

you know, we've heard talk of the dominos and the series of dominos that the Debtor and the Committee have worked long and hard to set up. It's been a very complicated process, and they've set those dominos up to the point we're about to receive a 100-percent consensual plan from the major constituencies in this case, and it would just be a shame for all of that to fall apart because this last domino did not fall into place.

Thank you, Judge.

MR. CALIFANO: Good morning, Your Honor. Tom Califano, DLA Piper, on behalf of the FDIC.

Your Honor, we're the first of the dominos. We're the first ones to fall in place. We made our deal with the Debtor, I don't even know how long ago. We've had five extensions.

If I was a kind man, I would say that Freddie's motion is disingenuous. I'm not that. I think it's shameful, actually. I can't believe the positions they've taken. It's almost as if they've been asleep for the last two years and woke up in the last week.

There's three arguments they make with respect to this motion for continuance, and, Your Honor, none of them have any merit.

The first one is that there is no reason we need to go forward. There is real reason, at least from my client's perspective. We are the largest stakeholder. I think we're the largest unsecured creditor in the class. We have had our settlement delayed and extended five times.

We thought we were closing at the end of last year. The settlement's been put off and we've extended. We're losing money. There are assets, not just dollars that were getting distributed. There are assets that will subject to a security interest, loans. They lose value every day.

We've sat here patiently, but we were told today was the day. I, in fact, changed my family vacation to be here today. There is reason. And we're just one creditor in the entire creditor constituency, but we have significant damage the longer this is delayed.

The second thing they're arguing is the conflicts. That's completely ridiculous, Your Honor. As Mr. Tessitore said, the real stakeholders at Ocala are the creditors of Ocala, and the FDIC is a creditor of Ocala. The FDIC is involved in these cases. The FDIC would, if there was an issue with the settlement, if there was a

concern about the settlement, we would be objecting.

They should feel some comfort in the fact that the Committee is on board with it and the other creditors are on board with it.

The concerns about conflicts really have no merit. The fact that they're arguing Navigant is fiduciary for TBW, fiduciary for Ocala, that's meaningless under the circumstances here.

We've got an insolvent, single-purpose entity, Ocala. The real parties in interest are its creditors. The Debtor's professionals are just trying to do their job.

Finally, I think the most outrageous claim is that they don't have enough time to evaluate the Ocala claim. It's over a year since the reconciliation was put before this Court. It was put on file, and Mr. Dantzler walked the Court and everybody here through that reconciliation.

Freddie Mac's counsel at the time jumped up and supported it completely because they believed that it exonerated Freddie Mac. Maybe they didn't read it. I'm not sure it does.

But, Your Honor, this claim was in there. These claims were in there. It's been over a year.

They didn't object then, Your Honor. They haven't objected since. I'm not sure they've done anything to find out what Ocala is about in the two years that this case has been going on.

But if they were being responsible and they're a creditor here and they realized that Ocala had a significant claim against the Debtor set forth in the reconciliation -- it's been talked about in these cases -- they had a duty to find out about it. They had the ability, they were an active participant in this case.

What's happening now, Your Honor, is they're waking up and they're saying: You know what, we don't like things going on at Ocala. There's a bunch of creditors there and they may be coming after us. Because if you look at the reconciliation, Freddie took a lot of Ocala money on account of its TBW claims. That's not here for today, but I think what's happening is the Freddie folks are waking up and they're saying: We don't like where this is going.

But that's not a legitimate reason to hold up this case. Nothing new has happened in the last week. All of this was on the Court's record and they should have realized it. Right now they don't

like where things are going and they're trying to pull the plug.

It's also, I think, ironic that the next matter Your Honor has on is a settlement which gives Freddie Mac a billion-dollar claim, and that's on before Your Honor right after this.

So I think the fact is, Your Honor, there is no basis for any of the arguments they're making. We've been in this case for almost two years. It's 23 months now. We've got a resolution. All the pieces are falling into place. I don't think you're hearing anything new today. I don't think there's any basis for them to claim they have to hold on. I think that the accusations they made against the Debtor's professionals are irresponsible.

So we would urge the Court to go forward with confirmation today and deny Freddie's motion.

Thank you.

MR. WEITNAUER: May it please the Court. My name is Kit Weitnauer from Alston & Bird. I represent Wells Fargo as master servicer and other roles with the 12 so-called REMIC trusts.

I just want to confirm Mr. Dantzler's statement that our last extension is through

August 15th, but it ends early if there's not an order of confirmation by Friday.

Since the date of our settlement, our damages have increased by at least $7 million and, should this fall apart, I can't say that that won't be a factor in any further negotiations and discussions about how to resolve the matter.

Thank you.

MR. KOBERT: Good morning, Your Honor. Roy Kobert of Broad & Cassel appearing as Florida counsel for Bayview Financial, successor servicer and subservicer; U.S. Bank National Association as trustee; and also Manufacturer & Traders Trust Company, a successor servicer. Present in the courtroom is Bayview Financial's lead counsel, as well as U.S. Bank's lead counsel from Connecticut. They've both been admitted pro hac and have asked me to address the Court very briefly.

Your Honor, I want to focus this thing a little bit different also in opposition to a motion to continue, not about the concessions of various parties. We're also a party to a 9019 settlement and have made concessions, as I'm sure the Debtor and Committee will tell you they made concessions as well to reach a deal.

What I want to focus, as this Court is always sensitive, whether it be a commercial or a consumer case, to the parties that aren't here. What I want the Court to think about and focus on, in our case and many other parties who have settled, is the certificate holders who are the ones you don't see here in the courtroom, and we are their conduits, if you will.

This settlement obviously brings certainty and reduces litigation, and as mentioned by counsel to Wells Fargo, the delay does hurt those investors, those certificate holders, with the devaluation of the securities as alluded to also by the FDIC.

By way of proffer, once we got the settlement done, we had to take on the exercise, appropriately, of providing notice to numerous certificate holders in eight separate trusts located throughout the United States and the world, and we've done that, advised them of their rights to come file an objection or to talk to us about the releases. And after we've done all that, provided all that notice to all the certificate holders, we've received no objections.

And those certificate holders got the settlement and were also alerted in part to the

fact that we have, in Section 14.06, I guess I'll use the word tripwire that's used by our friends over at Freddie Mac of July 31, 2011 to go effective. If that doesn't happened, then we're back to square one, I suppose, and whether that leads to litigation from both sides or the prosecution of our objections to confirmation, again our goal is not to revisit that. So the ramifications are large.

I think it's not lost on Your Honor that we're coming up on your two-year anniversary of this case. It is a large case, but it's been 23 months, and with all the participation of all the constituents and good advocacy, which brings good results from all sides, I think it's appropriate for my client and the other constituents to go forward with confirmation today.

Thank you, Judge.

THE COURT: Thank you.

Mr. Weiss.

MR. WEISS: Thank you, Your Honor. Alan Weiss appearing behalf of BNP Paribas.

Your Honor, my client is one of the major investors in Ocala Funding. As Your Honor knows, we've been here week after week. I find it

incredible that Freddie would show up here today and ask for yet another continuance.

Mr. Blain has appeared week after week, month after month, and has advised the Court: We're almost there, we're almost there, and has explained to the Court the domino effect that's going on, that until the Freddie settlement was approved nobody else could know the terms of the settlement and nobody else could enter into settlement agreements, and Freddie knew that. Freddie's been at all those hearings and heard all those announcements as well.

To show up here today and say: We need to know more about the settlement, is, as Mr. Califano says, shameful.

The numbers in the reconciliation report, we've all known it. It's on page 57. It's sitting there in black and white. Anybody who read the reconciliation report, anybody who's read the Plan, knows that Ocala Funding had a claim of at least $1.6 billion. Everybody knows that Ocala Funding is claiming $1.75 billion. This is nothing new.

It took a total of eight days for the Bank of America deal to finally get approved by my client and Deutsche Bank, the major investors, because

there were some issues with it. We worked diligently, we got it done, we got it done quickly, and got it filed with the Court.

As Your Honor knows, Bank of America and my client, BNP Paribas, are in litigation against one another arising out of this case. We're not best of buds, we're not best of friends. We're in litigation with one another, and yet we are here supporting the Debtor's compromise with Bank of America. It is a necessary step to get this case confirmed.

Every party, every constituent, wants this case to move forward today with the exception of Freddie. We don't know what their motivation is. It's clearly not: We didn't know. It's clearly not: We haven't had enough time.

We're not sure what it is, but, in any event, Judge, every creditor in this case wants this case to move forward except Freddie. Their papers are without merit.

Mr. Dantzler, Mr. Blain, Mr. Peterson have done a masterful job, and Your Honor's aware of it, in getting settlements we never thought possible, and to let those all fall apart for no apparent reason would be a shame.

We wholeheartedly support the settlement agreement between the Debtor, Committee and Bank of America, and strongly oppose the continuance and the objection filed by Freddie Mac.

THE COURT: Committee, would you like to say something?

MR. SINGERMAN: Yes, Your Honor. May it please the Court. Your Honor, I'm Paul Singerman from Berger Singerman, and our firm is counsel to the Official Committee of Unsecured Creditors in the Taylor Bean case.

I won't promise you right now that I'll be as brief as Mr. Weitnauer, but I will promise you, Your Honor, two things: The opposition to Freddie Mac's adjournment is terribly important to the members of the Official Committee of Unsecured Creditors who have served faithfully and diligently in this case for 23 months since the case was filed and their appointment. And secondly I'll promise you, Your Honor, that, notwithstanding any lack of brevity on my part, the cost incurred by my presentation will be a fraction of that that this estate will incur if Freddie Mac's motion is granted, the BOA settlement doesn't go forward and confirmation is adjourned again and delayed again

because of Freddie Mac.

We are before the Court today on confirmation in one of the largest cases pending in the country, over $9 billion in claims filed, and without question the largest case currently pending in the state.

In addition to the case being large in respect of the dollar amount of claims, this isn't a simple case, and the various claims of the parties to the assets of these Debtors are complicated and the Debtors' business operation was complex.

There's a great deal for the parties to this case to be proud of leading up to coming before you for what would have been but for Freddie's objection consensual confirmation.

In addition to being big, to me at least the case is extraordinary. It's extraordinary because in the 23 months this case has been pending before you, until this morning and as a result of Freddie's objection, there has not been once, to my knowledge, a witness on the witness stand in this case.

We have worked hard with the Debtor, the Debtor's professionals and Navigant to negotiate hard to reach the right deals in this case and to

bring them before this Court in an orderly manner and educe the testimony and evidence necessary to create a record for Your Honor in granting the relief that we've sought so far by proffer.

The case has been efficiently administered by Stichter Riedel and Troutman Sanders and Navigant under the leadership of Mr. Luria, the chief restructuring officer, and the Committee has been actively involved since its formation.

Every constituent in this case who is present and who cares enough to be here, as Mr. Weiss pointed out, supports proceeding today on the BOA settlement agreement, overruling the objection to the continuance and, in addition, supports the relief sought by the Debtor and the Committee in the BOA settlement.

If Your Honor were to overrule the Freddie Mac objection to the settlement, overrule or deny the motion for continuance, let us proceed with confirmation, the settlements which are the linchpins to this consensual Plan in the aggregate will bring into this estate in excess of $250 million to distribute to the creditors of this case, including Freddie Mac.

I'm going to take a slightly different

approach than some of my colleagues before me this morning in addressing the Freddie Mac objection and the motion for continuance. I'm going to maybe be a bit more granular. I invite Your Honor to tell me to shut up any time if you think that I'm taking up too much of Your Honor's time.

The Freddie Mac objection is in the record twice, docket entry 3330 and 3331. In that objection, except for referring to the Official Committee of Unsecured Creditors in the title of the objection and the reference to the Committee in the prologue in which the title of the objection is repeated, there is no reference whatsoever to the Committee, not one, not as a party to the settlement agreement, not in its statutory fiduciary capacity, not in the obvious role that Freddie is and was aware of that the Committee had in advancing the Bank of America settlement.

Freddie refers to time to consider the settlement, and also refers to the complication that it suffers by virtue of being in conservatorship and the oversight of FHFA.

Your Honor, the Committee professionals, Debtor representatives and Debtor professionals met with Freddie and the conservator and the

conservator's counsel in Washington on January 11th of 2011. When that meeting ended late in the afternoon on January 11th of 2011, we had an agreement in principal in respect of the Freddie Mac settlement.

It took six months for Freddie Mac and then its conservator to finally agree on the documentation and sign it.

And the last deadline, as Mr. Dantzler alluded to, was because of the Committee's insistence leading up to the last deadline for filing that enough was enough, that the estate had borne sufficient expense due to Freddie Mac's statement: We're a big organization, we've got policies, we've got procedures, and then FHFA's position that: We don't know when the conservator will have time or get around to paying attention to the settlement.

As is set forth in the Debtor's fourth motion to adjourn confirmation leading up to today's date and not as clearly stated as it could have been, what was going on every time Mr. Blain referred to the parties still working hard in good faith and still hoping and expecting to get a deal was that we couldn't get Freddie Mac to execute the deal that was agreed upon in principle on January 11th

of 2011.

The allegations in Freddie Mac's objection and motion are offensive. I completely share and join in Mr. Califano's characterization of them. Neither Navigant nor Troutman has done anything wrong or come close to impairing or breaching any ethical obligation whatsoever. Shameful is a good word.

Separate from that, Your Honor, for purposes of your record today, were you to do what every constituent in the case is asking you to do, which is overrule the objection, deny the motion for continuance, I think it's appropriate to focus on some procedural issues occasioned by Freddie Mac's objection.

Nowhere in Freddie Mac's objection and motion for continuance is there reference to the fact that four days before it was filed Your Honor entered an order shortening time on this very compromise, which you have the discretion to do under Rule 9006. Nowhere in that continuance motion is there any reference to the pleading or proof requirements of Rule 59 or Rule 60 to set aside that order that was of record for four days before the objection was filed. Just as the objection ignores that

obvious procedural point, it ignores the Committee's role in the entirety of the settlement process.

The essence of the objection is that it's an insider claim that's being settled. We agree that it's an insider claim being settled, but not the kind of insider claim that's alluded to in the cases cited by Freddie Mac, which I will come back to.

Here we have a subsidiary of a debtor, a large corporate debtor. We don't have a principal of a closely held debtor doing a short notice, uneven, unfair deal in a consumer case. We don't have that.

The second point that Freddie makes is that Navigant has an alleged conflict because Mr. Luria's role as chief restructuring officer of the Debtors and his acting in an executive capacity for Taylor Bean, which is the sole member of its wholly owned subsidiary, Ocala Funding, in executing the settlement agreement for it and decisions on its behalf.

Freddie would have you believe in this respect that when a CEO of a parent acts for a subsidiary, that that's untoward or improper or unethical or

occasions a conflict. It does none of those things. It happens every day. It happens in multi-debtor cases in this court and in every court throughout the country.

Freddie refers to Troutman's conflict because of an inability to be adverse to Bank of America. Bank of America's counsel's spoken to it directly. You heard the representations of Mr. Dantzler.

What's not yet been said is that Mr. Luria, as chief restructuring officer of the Debtor, and in the face of Troutman's properly disclosed, unrelated representations of Bank of America, has directed our firm, pursuant to an order of this Court, to pursue two lawsuits against Bank of America affiliates, which we've done, and those are pending.

Nobody on the Debtor's side of this case, and certainly not the Committee, has laid down for Bank of America in this settlement, which is the essential allegation of Freddie in this regard.

The next point Freddie makes is: It's a big claim that's being settled. It is. Freddie's counsel argued: Nowhere is there an Ocala proof of claim filed, and in the schedules Ocala Funding is listed as a zero claim.

That's a very small part of the story, because Freddie knows and its counsel knows that, in respect of this very same liability that has been in the record of this case, notwithstanding the direct contrary statement of Freddie's counsel, for one year since the reconciliation report was filed and augmented by the loan allocation motion and order entered by Your Honor in December 2010, but nowhere did Freddie's counsel remind the Court, as he should have, that Bank of America, BNP Paribas and Deutsche Bank have filed claims in respect of the same liability. And one of the primary things that this settlement does, which the Committee supports, is make the resolution of those claims efficient and push to Ocala Funding for a different day the distribution of the money that will be paid by Taylor, Bean & Whitaker to Ocala Funding in respect of that claim, maybe in this court, maybe in another court.

But one thing it does for sure is that it means that neither the Debtor, its professionals, Navigant and the Committee is going to spend more time and fees resolving the relative entitlement in this Chapter 11 case to that dividend payable to Ocala Funding.

The last point that's in the objection is the FHFA issue. The objection says: We've got a problem, we need to consult with FHFA. And, Your Honor, maybe it's a problem, maybe they need to consult with FHFA, but that's not this Court's problem, and it sure as heck is not the creditors of this estate's problem.

As to the role of Mr. Luria and the absence of a seat at the table of Ocala Funding and the innuendo suggested in Freddie's objection and in counsel's argument, I hope Your Honor will observe the irony and the disingenuousness of that argument. Right after this settlement, if we proceed, is the Freddie settlement, docket entry 3237, and in the course of that settlement between Freddie, Debtors and the Committee, Freddie required representations, releases and the like from the Debtors' subsidiaries.

Freddie didn't require those subsidiaries to be separately represented. Freddie didn't say in the course of that negotiation or in the pleading that's before the Court: This is wrong. It's wrong that Mr. Luria would sign the settlement agreement, not only for the Debtor but for its subsidiaries.

So when it works for Freddie in its settlement agreement, it's fine. For whatever reason, which is a mystery to me, that Freddie chooses now to delay confirmation and risk confirmation of a plan that pays it a very substantial dividend that's only going to go down if we don't confirm today, it's not going to increase, it says there's some problem with Mr. Luria acting in two capacities.

For you to sustain the objection or grant the continuance motion, you'd have to agree with one of the five essential points in the objection. And, Your Honor, I'm going to state them as simply as I can, and I believe that it will be clear to you that the Court reasonably won't do that.

The five essential points are: That Troutman laid down in the settlement discussion. I don't believe you're going to believe that. I urge you not to.

Second, that Navigant behaved inappropriately, had conflict in its dual capacity, and permitted Troutman to lay down in favor of BOA and the settlement agreement. I don't think you're going to find that. I urge you not to.

I've referred to the direction previously given by Navigant to Berger Singerman as Committee

counsel and special debtor counsel for the estate to sue Bank of America. You'd have to disregard that factor entirely to give any credit or credibility to Freddie's position.

Most bizarre, you'd have to agree with Freddie to grant the continuance or sustain the objection that the right read for the Court on the record is to read out of the settlement agreement the fact that the Committee's a party and its role in reaching the agreement. You'd have to read that out. You'd have to take out of consideration any check and balance that the Committee as the statutory fiduciary provided in the process.

And, finally, what you'd have to find is that consensual confirmation in this large, complex case, which in conjunction with the settlements before the Court bring in $250 million, more than that, actually closer to $280 million, is worth risking because Freddie stands before you and tells you it didn't have enough time, it didn't have enough time to pay attention to the record of the case, the reconciliation report which showed this claim as larger of that for which it's being settled, to the liquidation analysis attached to the Disclosure Statement supporting the joint

Debtor and Committee Plan, and which the very dividend to which counsel for Freddie argued is net of this claim. It takes it into account.

Finally, Your Honor -- and I'm wrapping up -- I want to touch on the case law that Freddie cites in its motion to continue and its objection briefly. Freddie cites 12 cases in its objection. None of them, not one, is particularly relevant to the law and the facts before the Court on this motion. And one of them, the Patel case, is especially favorable to the position of the Debtor, the Committee and Bank of America to go forward today. The first two cases, footnote 12, are Volleyball Professionals and Boykin. These cases can be dispensed with in 10 seconds. They are Rule 24 cases. They have to do with intervention. Neither of them refers to Rule 2002(a)(3), or Rule 9006, not one time. Irrelevant.

The next case is Masters. Masters is a District Court opinion on appeal where the District Court affirmed a bankruptcy court that approved a settlement that was never noticed. There was an adversary proceeding under way before the court, parties reached agreement in the middle of the

adversary, announced it. Court approved it and directed parties to issue notice. They failed to do so. Counterparty to the settlement itself filed bankruptcy, sought to repudiate the settlement through a creditor trustee, and the District Court said: No, bankruptcy court was right, settlement deemed approved, because it was announced, parties had notice and in fact had partially relied on the settlement. Nothing whatsoever to do with this case.

Next case is Neuman. Neuman's another Rule 24 intervention case and a case addressing 1109 on standing. Nothing to do with our case.

The next case is Cahillane. Cahillane says that the Court has discretion under Rule 9006 to shorten the settlement time provided for in 2002(a)(3). You know what, Judge? You know that. You did it in your order setting the BOA settlement for today, expressly finds that the motion and the record in the case constitutes good cause.

Next case that Freddie cites is Thompson, a First Circuit case, another Rule 24 case, intervention. And in that case the First Circuit affirmed the dismissal of an appeal taken by a debtor, Chapter 7 debtor, and a creditor of the

Debtor to a settlement approved by the court between the Chapter 7 trustee and another party. Nothing to do with this case.

Hester is a Fifth Circuit opinion that deals with the appropriateness of an order denying a stay pending appeal. It has nothing to do with this case, except footnote 3, which again confirms that a bankruptcy court has discretion to shorten notice under 2002(a)(3).

Patel. I referred to Patel when I transitioned to my argument on Freddie Mac's case law. This is an opinion of the District Court for the Northern District of Illinois from 1984. It's a great case for the movants in the BOA settlement.

That case involved a bankruptcy court approving a settlement the day it was reached. The District Court affirmed the settlement on what the record shows was effectively no notice because the court found there was cause, the parties affected by the settlement were in the courtroom. And Lord knows Freddie's in this courtroom and has been for nearly two years.

The remaining cases that Freddie cites go to the merits, not the continuance, and they stand for the proposition that an insider settlement, which

this is of sorts, should be subjected to higher scrutiny.

Your Honor has heard various parties argue that the real creditors of Ocala Funding, parties before the Court today, are the stakeholders in this settlement. They're not insiders. Ocala Funding nominally is.

The real economic constituents in respect of this settlement approve not only going forward today, but they approve and urge the Court to grant the motion approving the settlement.

Finally, finally, the last case cited by Freddie in its objection is Your Honor's case from Winn-Dixie in 2006. Your Honor may recall that that opinion has nothing whatsoever to do with shortened notice on 9019 settlements.

But I think in fairness to Freddie, it's appropriate to remind Your Honor of one particular provision in Your Honor's opinion. At page 249 of that opinion, you wrote, quoting, "As a result, while the desires of the creditors are not binding, a court should carefully consider the wishes of a majority of the creditors."

Your Honor, you have heard today the wishes of not only a majority of the creditors, you have

heard today the wishes of every creditor constituency in the case who's appearing or could have appeared by way of objection, and you've heard from the Debtor, its chief restructuring officer, its counsel, the Committee through its counsel. Every one of those constituents, not a majority, urges the Court to deny the continuance requested, to let us proceed on the merits with the settlement, and then to approve it.

Thank you very much, Your Honor.

MR. MOAK: Your Honor, may I address some of the cavalcade of points?

THE COURT: Yes.

MR. MOAK: I was hoping that lawyer was still on the phone so he could help me out, but he must have disconnected.

(General laughter.)

MR. MOAK: Your Honor, I'll address first Mr. Singerman's last point about a majority vote. Fortunately for us, we can't be outvoted when it comes to due process rights, and this is at the base what this motion is about.

The other interesting thing about the majority vote is that everybody in here voting is either party to the settlement or have their own

settlements that are to be heard today. So they're not necessarily concerned with whether you approve this settlement for the merits of the settlement, they're interested in you approving this so they can get on with their own settlements. So I just ask you to bear that in mind because it is relevant.

As a refrain we heard, at least for the first six or eight folks who came up here, was that this is a simple agreement. We've known about it since the final reconciliation report. If you could just read, you'd know it was in there.

Let me tell you, it's not in there. But, beyond that, if it were a simple agreement and if it was in the final reconciliation report, that was a year ago. Why are they filing it on the eve of confirmation?

This is a problem of their own creation, and clearly there's more to the settlement than just reflecting what everybody's already known for a year.

The final reconciliation report at no point, never, says that TBW owes Ocala Funding. It says in many spots that Ocala Funding's creditors have claims against Ocala Funding, and we can talk about

that if we ever get to the record, but it never says that TBW is going to grant Ocala Funding a $1.6-billion claim.

Now, several folks have said: Well, that's of no matter because this claim, this $1.6 billion, is going to be allowed to somebody, either Ocala or the banks.

Well, to use Mr. Singerman's words and I think Mr. Califano's, it's a bit disingenuous, Your Honor. The Debtor has said in its settlement motion and it's in the settlement agreement Bank of America and the Committee signed: The Debtor does not have direct liability or doesn't believe that it has direct liability on the claims filed by BNP, by Deutsche Bank or BofA.

So those three claims filed against TBW, the Debtor has said it doesn't believe that it owes those folks directly. Okay. Well, if that's the case, presumably it's got good objections to those claims.

Then the issue becomes: How can TBW allow a claim to Ocala Funding when Ocala Funding never filed a claim? No one's asserted a claim on Ocala Funding's behalf, the schedules don't list a claim for Ocala Funding other than at zero, the final

reconciliation report doesn't say that Ocala Funding's being granted a claim.

And, beyond that, Your Honor, as you will hear, if we get to it -- and I don't think we should get to it; I think it's inappropriate for the parties to put on the record evidence about the settlement when we haven't had the opportunity to contest it -- but, nevertheless, Ocala Funding -- and Mr. Dantzler referenced this, these criminal convictions, he said people are going to jail for that -- Ocala Funding was a participant in the fraud for which those folks are going to jail. Mr. Paul Allen, who is going to go to jail for 40 months, was the CEO of TBW and he was the lead manager for Ocala Funding.

So there is at least some question as to whether TBW might be able to, if it did owe money to Ocala, might be able to subordinate those claims. That's discussed nowhere in the reconciliation report, that's discussed nowhere in the motion. No one's had the benefit of the Debtor's analysis on that point.

So I suggest to you it's not as simple as saying: Well, somebody's going to get this money, let's just give it to Ocala Funding, that's

procedurally easier.

Your Honor, I think Mr. Tessitore made the point that we're trying to make. Bank of America came up here and said: Judge, despite the fact that this is housekeeping, straightforward, we couldn't file this until we saw Freddie Mac's settlement.

A little bit peculiar. I'm not sure we understand that. We filed our motion without seeing their settlement. And an interesting thing was, Judge, they got the benefit of seeing our settlement because we filed it, get this, 21 days prior to today's date. And the reason we filed it that date is because Mr. Singerman and Mr. Dantzler and Mr. Kelley said: We have to get it filed today. Get whatever approval you need, stay late, it's going to be filed because parties in interest are entitled to 21 days' notice.

I guess that's true with Freddie Mac's settlement, not so much with regard to Bank of America.

Your Honor, the Committee suggests that its involvement in the negotiations absolves or cleanses or somehow acts as a backstop to the issue of whether TBW had independent representation.

And, again, to be candid, the Committee is a party to the settlement, so they don't need notice, they don't need 21 days. They've been negotiating it for a while.

Beyond that, Your Honor, the Committee's real interest -- the Committee consists of I think five, but whatever the number, consists only of folks who are called trade creditor. At least that's my understanding.

Trade creditors under the Plan are not classified with Freddie Mac in Class 8, they're classified in Class 9. They get special treatment. Their special treatment is that the Committee, on behalf of the trade creditors which it comprises exclusively, has extracted -- and you will hear it today if we get to the settlements, there will be a litany of them -- every settlement there will be a gift, a give-up -- it's in the Debtor's pleading, it's in its memorandum in support of confirmation -- every settlement provides a give-up for the trade creditors. So their motivation, candidly, is to get confirmation taken care of so they can get their trade creditor recovery so they can get that secured.

The Committee holds an infinitesimally small

percentage of the general unsecured creditor class. So I just ask you to bear that in mind when you're counting noses in an effort to outvote us of our due process rights.

The FDIC, Your Honor, although Mr. Califano as usual was fairly colorful and definitely provocative, not necessarily that enlightening, he suggests that we're trying to pull the plug on confirmation.

We're not trying to pull the plug on confirmation. We want confirmation to go forward today. We'd love for that to happen.

The Debtor says: It's not going to happen if you don't approve this simple, straightforward housekeeping settlement.

I'm not sure why. If it's a claim resolution and if it's a claim that's been in the final reconciliation report, as they suggest to you, let's go for confirmation, and they can do this housekeeping on 21 days' notice, because certainly it's not controversial. Who's going to object? What's the problem? Why would BofA be concerned?

It just doesn't ring true, Your Honor. And the fact that it doesn't ring true and the fact that there are these issues demand heightened

scrutiny.

We've been taken to task by Mr. Singerman and his expert legal research. He clearly has a crack staff. The point, though, Your Honor, is we filed our motion to continue on essentially two business days' notice, and, beyond that, he's technically incorrect, our motion, although styled as a motion to continue, does request that the Court reconsider its order.

We had a difficult time filing the objection before you entered your order, because I think you entered your order the very next day after their motion was filed, so just as a practical matter we just couldn't get it done. That shouldn't preclude us from getting the relief we're seeking.

Mr. Califano also suggests that there was harm done because everybody's here today, we need to get it going, he changed his vacation. I should point that our in-house counsel, Mr. Kielman, left his vacation to be here, so obviously it's just as important to him.

But, beyond that, Your Honor, we told the Debtor -- Freddie Mac called the Debtor's counsel the day after this motion was filed -- it was filed after hours on Wednesday -- we called him Thursday

and said: This is wholly inappropriate, this is insufficient notice, we're not going to be able to review it, we're not going to be able to talk to the conservator, you need to give us more notice. They said: Well, we'll think it about.

We had a call the next day, Friday. Had a call Saturday, had a call Monday. We've been in constant contact with them and we told them we were going to file this as early as Friday and that they should do the responsibile thing and not have the courtroom full of people come down here. They should push this for 21 days and let us do this appropriately.

We were required to give 21 days' notice. There's no justification just because the Debtor created this emergency, created this situation, not to give us 21 days' notice of the BofA settlement. We're only asking what the rules require, Your Honor.

Last point, Your Honor, actually two points. The fact that Bank of America waived Troutman's conflict is beside the point. Our point is Troutman Sanders swore in its affidavit and as part of its retention that it was not going to do exactly what it did. And, again, we're not saying

they did anything inappropriate because we haven't had an opportunity to determine whether that happened, but I'm telling you they said prophylactically: We have an issue here, we can't be adverse to BofA. Well, that's just what happened.

Finally, Your Honor, Mr. Singerman and maybe others have suggested that the reason for the delay this last six months was solely Freddie Mac, that we somehow couldn't get approval to get the Freddie Mac settlement signed. That's just not the case. I'm not going to get into the negotiations, I'm not going to get into the back and forth.

I will note, since Mr. Singerman's opened the door, that a significant part of the delay related to negotiating this trade creditor gift I told you about on behalf of his constituents.

And I also note for the record that the last month, six weeks of delay, related solely to negotiating a consulting agreement on behalf of Navigant -- not something Freddie Mac wanted, something that Navigant wanted -- and it took a long time to negotiate but it wasn't because we weren't prepared to agree to the settlement.

Your Honor, with that, again I reiterate I

don't think it's appropriate to go forward on the merits today. We haven't had an opportunity to prepare for that, and we request you continue the hearing.

Thank you, Your Honor.

MR. SINGERMAN: May I be heard very briefly, Judge?

THE COURT: Very briefly.

MR. SINGERMAN: Your Honor, I guess I'm not surprised at the innuendo offered by counsel for Freddie in his argument regarding the motivation of the Committee. It's wrong. Freddie has never inquired of Committee dynamics, clearly has never participated in a Committee meeting. We have a committee member representative present in the courtroom, may have others on the telephone. It's offensive.

And I would only suggest for the record that, if Freddie or any other constituent in the case has any concern or question about the manner in which the Committee or our firm as its counsel has conducted itself, to take appropriate action other than reckless, unfounded allegations in argument, without ever having been put in a pleading, at a crucial time in the case.

THE COURT: Thank you.

It appears to me that all parties that have spoken have spoken to not only the motion to continue the hearing on the compromise, but also to the objection. That's the way I've taken it.

Mr. Moak, you've argued your objection along with your motion, or do you have any specific additional facts that you want to propose?

MR. MOAK: Your Honor, if you're asking me to address the merits, I did not do that entirely. There were a few other points that I would mention to Your Honor if we're going to --

THE COURT: I'd like you to go ahead. The motion and the objection seem like they just copied each other.

MR. MOAK: Oh, that was a glitch on our part, obviously. We didn't know whether you file it as a motion and objection.

THE COURT: Well, it sounded like it was all the same words, but I read them to make sure.

MR. MOAK: Same thing, Your Honor.

THE COURT: That's what I get paid to do.

MR. MOAK: But the point I was trying to make was, in our arguments, I was trying to keep my argument to the issue of whether it's procedurally

proper to go forward. If you're considering whether to have argument on the merits of the settlement itself beyond the procedural issues we identified, there are a few other points I would make.

THE COURT: Well, let me have it all so that I may take a few minutes to consider all this.

MR. MOAK: Okay, Your Honor. Then I have a few additional points I would make.

Your Honor, as the pleading states, and I don't think Mr. Singerman impeached this case law, the Court's required to make an informed, independent judgment on the merits of the BofA settlement. The Court cannot do that here absent a meaningful opportunity for Freddie Mac to present countervailing arguments. We haven't had that opportunity, so I don't think on the merits you can satisfy the standard.

Notwithstanding that, Your Honor, the additional facts that we have been able to discern just by reviewing it -- again, we haven't had any discovery, we haven't had an opportunity to marshal our evidence -- but, as I mentioned, Ocala Funding never filed a proof of claim. There's no claim been allowed for it. They are actually creating a

claim here after the bar date. The bar date's passed, and no one thought to file a claim for TBW.

It's unclear, Your Honor, who negotiated on behalf of Ocala. As I mentioned, the interest of diametrically opposed, Ocala, conspicuously, is not a signatory to the agreement. Ocala's receiving a $1.6-billion allowed claim, but it's not a signatory to the agreement.

Your Honor, what appears to be the fatal flaw, beyond the issue of whether Ocala is entitled to any claim, the fatal flaw in the settlement as we read it -- and, again, we haven't had the benefit of analyzing it in great detail -- it doesn't seem to accomplish the stated objective of efficiently resolving the banks' claims.

The whole premise is TBW will grant Ocala Funding a $1.6-billion claim and therefore avoid litigating with those three banks, at least that's what I heard in opening argument.

The way we read the settlement agreement, without the benefit of any education beyond reading it and a few conversations with Debtor's counsel, it appears that the banks, notwithstanding the settlement, can continue to pursue their proofs of claim. The banks aren't granting any releases, as

far as we can tell, to TBW. The banks aren't withdrawing their proofs of claim.

Now, there's an offset provision, or so it seems to say, that if those banks proceed on their claims and they recover in excess of a $1.6-billion claim, then the claim to TBW is diminished accordingly or completely at that point, and so there's an offset. But there's not a cap on what the banks can obtain, again, as we read it.

So presumably the banks can continue their litigation on all three claims. Presumably if they -- I don't know what they're seeking in total, but let's say they get $2.5 billion in allowed claims. The way we read the agreement, then the banks are entitled to $2.5 billion in claims, Ocala Funding gets nothing.

So in essence it appears that the settlement has established a floor; that is, the banks and Ocala are going to get $1.6 billion and, if you want to get more, well, go ahead and try, and if you don't get more, you still get the 1.6.

Again, that's how we read it. And if that's how it actually works, then where is the efficiency? Where is the benefit to the Debtor?

As far as we can tell, the Debtor is not even

getting a release from Ocala. Ocala still has the ability, after getting this $1.6-billion allowed claim, it seems to read, to continue to pursue whatever claim it wants against TBW.

Also curious, BNP and Deutsche Bank, who are obtaining releases under the settlement, with some carve-outs, are not even parties to the settlement agreement. We question whether they've been bound by the settlement agreement.

The other thing, Your Honor, the last point that's troubling about the agreement itself is that it says specifically: The Debtor, Ocala, FDIC and the banks are continuing to negotiate a settlement regarding the distribution of the distribution, or that's how it seems to read.

So on account of this $1.6-billion claim, money will be distributed to Ocala, again using my rough math, $65 million, but it's unclear how that $65 million will be distributed because there's apparently conflicting claims amongst the banks and the FDIC and maybe others.

This isn't a complete resolution of those claims. What else is going to come out of that settlement that impacts the current settlement? It's just the lack of knowledge regarding the

motivations, a lack of transparency. We know some other negotiation is going on right now. We don't really know anything about it, at least it's not disclosed in the motion. In fact, Your Honor, the FDIC's participation in distributions from Ocala is not disclosed in the motion.

So, at the end of the day, Your Honor, we're just left with many questions, a number of uncertainties.

Again, we're not saying ultimately that we would oppose a settlement. If you go forward today, we have to, on the limited record we have, but it may very be after further analysis we come to the same conclusion these folks have apparently come to, that this is the best resolution of a seemingly curious situation.

Your Honor, last point. If you're contemplating ruling on the merits of the settlement as opposed to the continuance issue, I just want to bring to your attention that we're going to have evidence on the merits issue, but that concludes my oral argument on the merits and my argument on the continuance.

THE COURT: Thank you.

Mr. Dantzler, you've got just a brief --

MR. DANTZLER: I am, Your Honor.

We are prepared to put on evidence in support of the settlement, and, as Mr. Singerman or somebody said, it would probably be the first time we have live testimony. But I'd just like to address a few points. I think the Court has gotten the flavor of this settlement, but a couple of things.

One, I'd like the Court to take judicial notice I have my own Bankruptcy Code now.

(General laughter.)

MR. DANTZLER: And that Rule 1009 allows the amendment of the schedules at any time by the Debtor before the closure of the case, and that's what this provides for.

And I appreciate that I had an eminent role in the reconciliation and presentation to this Court, but it is astounding to me that anybody could look at Section A of the asset reconciliation that begins on page 53 of that report which is entitled "Ocala Funding," and stand here and say that they didn't know that there was big hole caused by the conduct of Taylor Bean at Ocala Funding, and it's quantified in this $1.6-billion range.

Let me just explain to the Court what

occasioned the structure of this settlement. As you know, you may remember, Mr. Zaron came in here the very first day, and I believe every hearing after that, claiming that Ocala Funding and its facility had loans everywhere that were theirs but they were in the hands of third parties. He was right, it was an unmitigated mess. That's what led to the reconciliation.

As we drilled down on it, we came to understand that in fact Taylor Bean or its individuals were dishonest managers of Ocala Funding and actively made misrepresentations to these banks who are investors in the facility and who failed to pay Colonial Bank hundreds of millions of dollars for loans that they took from Colonial and sold to somebody else.

Being Switzerland, we had to deal with those facts, and we began to realize that in fact -- and Mr. Luria is the chief restructuring officer of Ocala Funding. He's now the honest manager of Ocala Funding and he has to deal with these facts. And the facts are: Stop monkeying around and realize that Taylor Bean owes Ocala Funding.

But as this evolved what we realized is that the banks, who are the investors in the facility,

say: Give us the money.

But there are other creditors of Ocala Funding, including claims by the FDIC.

So as the manager of Ocala Funding and as the Debtor, we had to deal with this asset of Ocala Funding.

Bank of America wanted us to give them the money and let them administer it. We were not comfortable doing that given their role and the litigations going on among the banks, and so we agreed that we would treat this as an asset of Ocala Funding and let those creditors work out among themselves how this distribution would be treated. It solves a big problem for this estate.

Mr. Moak is correct that technically these banks are not dismissing their claims in this agreement. But what this assures is that we don't pay this loss more than once. It also assures that the dominos will fall toward confirmation. It is as simple as that.

Thank you, Judge. And, as I say, we are prepared --

THE COURT: Mr. Singerman wants to hand you a piece of paper here, something important.

MR. SINGERMAN: Your Honor, I was only going

to point out, inasmuch as the Committee and the Debtor are co-proponents to the settlement with Bank of America, that in the event Your Honor is inclined to consider the merits of the settlement, to support Your Honor's ruling we do have evidence to offer or proffer.

Thank you, Your Honor.

THE COURT: Thank you.

The Court, or this judge, like most of my colleagues, is very concerned with due process and giving people an opportunity to be prepared for hearings, and that's very important. It makes our decision making easier if all parties have had an opportunity to be prepared to present their cases.

In this particular situation, I think the Court acted appropriately in granting the four-day response.

This case has been one of the most transparent, as least as far as I can tell, cases before this Court. The communication between the parties generally has been pretty good. Every -- I won't say every delay in this case, but once a conservator came in, every motion involving Freddie Mac had to be continued because the conservator didn't have time to look at the papers. This

happened over and over.

Secondly, I'm looking at the motion for continuance. The only issues or the matters raised, other than the four days not giving them enough time, were because there may be conflicts of interest.

These conflicts existed from day one in this case. Nobody ever objected to any of it. Didn't object to the relationship of Mr. Dantzler's firm with Bank of America, didn't object to Mr. Luria wearing two hats. And, accordingly, I find it would be inappropriate, and I don't find that the Court abused its discretion in granting a short notice period on this particular settlement as this confirmation hearing had been scheduled for quite a period of time.

Based on that, the Court denies the motion for the continuance.

The Court will take testimony on the motion to approve and will allow Mr. Moak to elicit answers to maybe many of his questions from the witness stand, and then you can renew your arguments.

I'm not ruling on the objection until I hear the evidence, and Mr. Moak's arguments that he has new arguments -- I hope that nobody will repeat

what they've already argued, but if there's new arguments as a result of the testimony or the implications of the testimony, then the Court will deal with it at that time.

It's about one minute to 12:00. I assume this is going to take an hour or so to do that.

MR. DANTZLER: That would be my guess, Your Honor.

THE COURT: I'd just as soon take a break and come back, let everybody stretch their feet and put their heads together.

You've got something?

MR. MOAK: No, Your Honor. I was going to suggest just that. In light of Your Honor's ruling, I think it probably makes some sense for the parties to take a break.

THE COURT: I can make the court reporter, if you want to take a deposition during the next hour, she can be available. She can use money. Let her go to the bathroom and give her a sandwich, and she's ready to go.

(General laughter.)

MR. MOAK: Your Honor, there are a lot of folks I'd like to put under oath, but I'm going to pass on the offer.

THE COURT: Well, don't say I didn't offer it to you.

MR. SINGERMAN: Judge, we appreciate very much Your Honor's willingness to provide a break. I think that I speak for the Debtor's professionals, too, because we visited about it before coming to court, that we'd ask the Court for the shortest break to accumulate Your Honor's interests. We have a great deal we hope to get to this afternoon and we'd certainly like to conclude today.

THE COURT: It's about one minute to 12:00. A quarter to 1:00, if that's all right. Is 45 minutes enough time for everybody?

MR. SINGERMAN: Yes, sir.

THE COURT: Meanwhile, I would assume, Mr. Blain, you will prepare an order denying the motion for a continuance.

MR. BLAIN: Yes, Your Honor, we will.

THE COURT: Thank you very much. We will be back at a quarter to 1:00.

(Thereupon, at 12:00 p.m., a lunch break was taken, and the hearing resumed at 12:45 p.m.)

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A F T E R N O O N S E S S I O N

(12:45 p.m.)

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THE COURT: Continuing with the case of Taylor, Bean & Whitaker Mortgage Corporation. Court has at this point a motion to approve the compromise of Bank of America.

Mr. Dantzler, Mr. Moak, you've resolved this?

MR. DANTZLER: Well, I think we've made substantial progress.

THE COURT: You need more time?

MR. DANTZLER: No. We're not going to resolve the ultimate issue, but I think we're going to be able to streamline the evidence in such a way so that --

THE COURT: That's fine.

MR. DANTZLER: And I literally just heard this, so everybody is hearing this for the first time and I want to make sure our co-proponent is okay with it. But what Mr. Moak has indicated and certainly the Debtor is comfortable with, we're prepared to put on live testimony. We've got some exhibits, both of us, that we're going to put into the record.

What we have agreed is that, if Mr. Moak

intends to cross-examine our witnesses, then we want them to testify live on direct. We've talked about what a proffer would look like. I think I can do that quickly, straightforwardly, and he's agreed that if that happens there will be no cross-examination and we will argue from the proffer and the exhibits as admitted.

MR. MOAK: That's right, Your Honor.

THE COURT: I'm not going to have any evidence now, or am I?

MR. DANTZLER: I'm going to make a proffer of the testimony of Mr. Hutchins and Mr. Luria, and we're going to introduce documents that we've agreed are admissible, about eight or nine exhibits on each side.

MR. MOAK: And then we'll have a very brief closing argument just to say from the record, which will be these exhibits that are admitted and presumably from the proffers, what we think, whether the settlement should be approved or not.

THE COURT: That's fine.

MR. DANTZLER: And let me just say -- and this is a point that Mr. Singerman made -- I really don't think it's a problem, but if the proffer is somehow unacceptable, then on that issue we'll call

the witness, direct, and then you cross.

MR. MOAK: Sounds good.

THE COURT: Very well. Mr. Dantzler, I assume you're going to start.

MR. DANTZLER: I will start, Your Honor. Let me just make sure we've got the housekeeping in order.

We have provided to the Court Debtor's Exhibits 1 through 9.

Is this for the Judge?

MR. MOAK: No, that's for the clerk.

MR. DANTZLER: And we have Freddie Mac's exhibits. It was all going well until he showed me -- I haven't seen the exhibits. We have Freddie Mac Exhibits 1 through 10. Many of these are documents that are in the record already somewhere on the docket.

THE COURT: Are you stipulating to each other's exhibits?

MR. DANTZLER: Yes, they're all admitted by stipulation.

Judge, the clerk has the official exhibits that are tagged. I've written on ours, I think they've written on theirs.

THE COURT: For the record, the Debtor's

exhibits are admitted into evidence without objection, and the objecting creditor's exhibits are admitted into evidence without objection.

(Whereupon, the documents previously marked as Debtor's Exhibits 1 - 9 and Freddie Mac's Exhibits 1 - 10 for identification were received in evidence.)

THE COURT: Mr. Dantzler, proceed.

MR. DANTZLER: Thank you, Your Honor.

You've heard our stipulation regarding the attorney proffer. In the courtroom with me today -- and I feel no need based on the last hour and a half to provide the Court with any more opening remarks about this settlement. In the courtroom with me today are the two witnesses the Debtor would call if necessary, Rob Hutchins of Navigant Consulting and Neil Luria.

Mr. Hutchins, we believe would testify as follows: That he in fact was involved with Taylor Bean before the bankruptcy was filed as a part of the accounting investigation which was ongoing at the time of the company's collapse and the execution of the search warrant by the FBI and others. As a result of that, he remained involved after the bankruptcy case began and was the

principal forensic accountant and led the team of forensic accountants who did the asset reconciliation, the loans and the cash and that part of the reconciliation that deals with Ocala Funding.

You'll see that Debtor's Exhibit 1, I believe, is the operating agreement of Ocala Funding, LLC, which was a special purpose entity set up, a single member LLC, Taylor Bean as the manager, and it was in effect an entity through which Taylor Bean could obtain additional financing through issuing short-term commercial paper, Ocala Funding issuing short-term commercial paper.

According to its operating agreement and the facility and its agreements with the investors in the facility, Ocala Funding's assets were to remain discrete, its operations were to be discrete, and it was separate and distinct from Taylor, Bean & Whitaker, and Ocala Funding's assets were not to stand for anything other than collateral on the commercial paper facility or claims of creditors.

Mr. Hutchins would further testify that at the time the bankruptcy was filed, Bank of America was the indentured trustee on that commercial paper facility at Ocala Funding, that the two principal

investors in that facility were Deutsche Bank and BNP Paribas, that there was also subordinated debt such that the amount on the facility or drawn on that facility at the time of the bankruptcy filing was approximately $1.75 billion.

Mr. Hutchins would further testify that in the course of the asset reconciliation and the work that he and others acting under his control and in conjunction with counsel, he determined, and it was reported to the Court in the asset reconciliation beginning at page 53, a description of the circumstances at Ocala Funding and that as of that date there was in effect, as of the filing date, a $1.6-billion shortfall between the amount outstanding and owed on the Ocala Funding commercial paper facility and the assets of Ocala Funding that stood as collateral for that facility.

He would further testify that, as a result of his investigation, that it became clear that Taylor Bean or employees of Taylor Bean, specifically Paul Allen, the CEO, and Sean Ragland, an employee in the accounting department, misappropriated the assets of Ocala Funding that should have been available for this commercial paper facility for the benefit of Taylor, Bean & Whitaker for various

purposes in violation and inconsistent with the controlling agreement, and that further the misappropriation was accomplished by making direct misrepresentations to Bank of America, Deutsche Bank, BNP Paribas, rating agencies and others regarding the nature and the value of the collateral available to secure the facility throughout; that they had provided false reports regarding especially loans, had manipulated money set forth in the reconciliation report such that bank accounts appeared at the magic days to have cash in them that actually was not available to Ocala Funding.

The reconciliation report was filed on July 1, 2010 and presented on July 7th, 2010. These facts were laid out, and that the reconciliation in fact from Mr. Hutchins' perspective has been used from that point forward to deal with the kinds of issues that were the subject of the asset reconciliation, primarily allocation of loans among these parties, these constituents who the Court is familiar with, claimed competing interest in the loan assets.

He will testify that further, as a result of his investigation, he became aware and learned and determined that Ocala Funding, in addition to the

amounts owed on the commercial paper facility, had taken delivery of loans purportedly purchased from Colonial Bank, in effect, and had been sold to Freddie Mac and others, but Colonial Bank had never been paid and there was a large balance outstanding as of the date of the filing. And the reconciliation report indicates that Ocala Funding owed Colonial Bank approximately $780 million for these loans for it which had taken delivery and not paid.

Therefore, as set forth in the reconciliation, there was a $1.75-billion outstanding liability for which there was very little collateral in the commercial paper facility such that the shortfall was about $1.6 billion.

There were potential claims by Colonial Bank through the FDIC, and there were various other smaller and not so many unsecured creditors, trade creditor types, of Ocala Funding.

And, with that, I believe that we would conclude Mr. Hutchins' testimony and turn then to Neil Luria, the chief restructuring officer of the Debtor.

Mr. Luria would testify similarly that he had an understanding of the special purpose nature of

Ocala Funding and how the commercial paper facility was structured. He would testify that the asset reconciliation report was prompted in the first instance by negotiations with the FDIC and a stipulation entered into and heard by this Court and ultimately approved by this Court, because in September of 2010 Taylor Bean was a mess and there was unallocated cash of hundreds of millions of dollars, there were claims to these loans and that needed to be sorted out, and ultimately the constituents got on board and the Court agreed that the reconciliation should go forward.

That was done, and over the course of time there were two, in effect, interim reports filed and then the ultimate and final report filed on July 1;

That since that time that report and the findings and allocations made in that report have served as the roadmap for allocation of loans, allocations of cash, both under the control of the Debtor and at Colonial Bank under the control of the FDIC-Receiver -- we're talking hundreds of millions of dollars -- and that in effect the reconciliation has provided the roadmap and the factual basis for which many of the discussions

that have resulted in settlements the Court will hear later today have been based, including the settlement with Freddie Mac;

That in the last year, no one has contested any of the findings in the reconciliation report, and Mr. Luria has not been made aware of any material errors.

He will testify that he's familiar with the claims filed in this case, the $1.75-billion-plus claim filed by Bank of America as the indentured trustee of the Ocala Funding facility, claims filed in undetermined amounts by BNP Paribas and Deutsche Bank;

That as a result of the reconciliation report and the fallout from that, he is aware that the FDIC claims that it has substantial claims against Ocala Funding;

That since the bankruptcy, the Debtor and its professionals have in effect tried to deal with the facts as they have been discovered. And with the reconciliation, the Debtor discovered that Ocala Funding and its assets, which really served as collateral for others, were misappropriated as a result of the conduct of Taylor Bean;

That therefore the issue and that the loan

allocation process further refined the calculations. All the loans at Ocala Funding in fact did not stay with Ocala Funding, but some loans were allocated to Ocala Funding in that loan allocation process we went through last December, and that further helped fine-tune what the loss was, at least in the commercial paper facility;

That confronted with those facts, both the competing claims of stakeholders in this case and at Ocala Funding, and confronted with the reality that Taylor Bean, the Debtor, was also the manager of Ocala Funding, he needed to deal with and this Debtor needed to deal with this clear liability that had now been determined as a result of the reconciliation last July.

Bank of America -- negotiations had been ongoing, but with the reconciliation the negotiations took shape. One could argue that the Debtor made admissions -- I think that's what Bank of America would argue, at least, the size of the hole at Ocala Funding, and Bank of America argued in the first instance that its claims should be allowed and that it should receive the distribution from Taylor Bean and that it should administer the proceeds of the distribution.

The Debtor could not get comfortable with that because Bank of America owed its duty to the two investors and the subordinated debt under the terms of the agreement, were concerned would not feel the same duty to the FDIC or the other creditors, and the Debtor found itself in a quandary, but it was not willing to agree that Bank of America control the distribution to Ocala Funding unless there was complete agreement among the constituents and the stakeholders at Ocala Funding.

Quite frankly that's proved difficult, time consuming, and they just are not there yet, don't know if they'll ever get there about what to do with Ocala Funding and its assets.

But we did get to a place as these other settlements began to come together. You've heard this morning the sequencing and where we were with Bank of America, but it did become clear that Bank of America would be the last what I would call significant and complaining constituent as we moved toward confirmation.

And it was believed by the Debtor, Mr. Luria will say he believed by the Committee, and we ultimately believed in the course of negotiations by Bank of America, that it would be best if we

could come to terms that would avoid significant litigation over the 9019 motions and confirmation, and therefore we set about to find a structure that would satisfy Bank of America and the other creditors at Ocala Funding and the Debtor. And this settlement agreement is in fact the result of that mutual effort and long negotiation.

Mr. Luria will say that it could not be finalized until the Freddie, which was the next-to-last in effect, along with Natixis and Sovereign, that until those agreements were finalized and available to be shared with Bank of America, the Bank of America settlement agreement could not be finalized.

Certainly the structure had been talked about, that the claim would belong to Ocala Funding and not to any of the individual banks, that we were trying to avoid duplicity, all became -- were all relevant, but then we began to focus on other concerns in the last couple of weeks that Bank of America and others had about some of these other settlements, and that's what resulted in the agreement that's before the Court on this 9019 motion.

The claim is given to Ocala Funding and not to

the banks for the reasons that Mr. Luria has already articulated in this proffer, and that is that that seemed to be -- that the Ocala Funding estate, whatever that is, should be the place that these creditors adjust the rights between themselves to this distribution rather than in this estate. However, because of direct misrepresentations to those banks, we could not simply ignore the fact that they might also seek relief against this estate, and so the decision was to give the claim to Ocala Funding without at this point forcing those banks to give up their claims in this estate, but making clear that we were only paying this loss one time.

We honestly believe, if we pay Ocala Funding, we're not going to pay those banks. We're not going to pay Ocala Funding until this is resolved, but it should be resolved in the context of Ocala Funding and the competing claims of its creditors.

Mr. Luria will testify in effect that the amount of the allowed claim provided for in Section 1.1 of the agreement is the product of taking Bank of America's insistence that we begin at $1.75 billion and then deducting from that what we believe is collateral still available, cash that

was at Bank of America and loans that have been allocated to Ocala Funding in the reconciliation and loan allocation process.

We believe this is a conservative number. It was arrived at after much negotiation, but it is a fair number. It is subject to adjustment principally for dealing with avoidance of double payment on the same loss.

Because this is intended, we don't have a collection problem, we have a distribution problem. And so in Section 1.2 of the agreement, Mr. Luria would testify that he believed it made sense to say: We're going to identify the claim, identify the distribution.

But we're not going to make the distribution to Ocala Funding absent an agreement that's satisfactory to the Debtor that all of these concerns that I've expressed and Mr. Luria would have testified to would have been satisfied, or a court order of some type, something like an interpleader action, is what Mr. Luria would say the Debtor was contemplating.

Bank of America and its constituents agreed with that concept after much negotiation so long as there was some level of finality, that we would not

give the claim on the one hand and then try to take it on the other, and that's what led to Section 1.3, the no subordination provision.

There's valuable -- and you've heard about this today, but Section 1.4 and 1.5 are the provisions that provide for Bank of America's support of confirmation and withdrawal of its objections to the Wells Fargo settlement, and in effect that it will not object to these other settlements.

And all of this is conditioned upon being approved before confirmation because of their compromise of their positions taken with respect to the matters on the calendar today.

The releases were of Bank of America, and it again it goes to not giving on the one hand and taking away with the other with respect to this loss, but the releases of the three banks are set forth in 2.1, and then the retained claims and defenses are in 2.2.

And there are some significant carve-outs there, including obviously the pending litigation, any claims that might arise from the hedging and swap operations at Taylor Bean, which all of these banks also had a relationship with Taylor Bean on,

and the carve-outs should we discover later that any of the banks were complicit in the fraud that has been the subject of this case and the criminal prosecution.

Mr. Luria, I think, would then testify that in his judgment and based upon advice and consultation with other professionals, including those of the Debtor and the Committee, it is his judgment that this is fair, that when we look at where litigation of claims and litigation of amounts and litigation of losses at Ocala Funding would come out, this is likely a conservative but likely outcome.

And he would also say that, while under Justice Oaks -- my asking the question -- that the factor of collection really didn't enter into his mind, but there are great difficulties in distribution among these competing claims that he believes have gained great structure and clarity as a result of this; that, as a result of this, we have saved significant time and money both in the confirmation process and those things that go with it, as well as in the claims administration process, and have gotten very clear with these constituents this loss will be paid only one time.

He believes this to be in the best interest of

creditors. This claim has been there forever. It's not likely to go away, in his judgment, and that it will be paid; that the $1.6 billion has in fact been included in the claims pool in the Debtor's analysis of the ultimate results of liquidation from the outset, so this is not a new claim or an additional claim being added to the pool with which the Debtor has been working.

And he would say that he believes that it's fair, equitable, in the best interest of the estate, and based on the feedback from other creditors, he believes that his judgment is confirmed in that regard.

With that, I would conclude the proffer. If the testimony went as I expected it would, I don't think I'd make much argument unless the Court had questions based on what you've just heard. But you heard a lot from us this morning, and I don't feel the need to do it again unless the Court has questions or Mr. Moak raises an issue.

Let me consult my co-proponent.

(Conversation between Mr. Dantzler and Mr. Singerman outside the hearing of the court reporter.)

MR. DANTZLER: Mr. Singerman reminds me that,

if I had failed to ask Mr. Luria, he would have asked Mr. Luria if he was aware of the litigation in New York between the banks and that the investors had sued Bank of America for recovery, did he take that into account?

He was aware of it. He believes it has no effect on this deal or his judgment of the wisdom of this deal because, as he understands -- and he is a lawyer by training and still a member of the Ohio Bar -- that they could pursue claims against this estate, "they," Deutsche Bank and BNP, could pursue claims against this estate at the same time that they were pursuing claims against Bank of America in the Southern District of New York, and until made whole would be able to seek recompense from this estate.

With that, I would conclude the proffer and not argue unless you have something you want to hear.

THE COURT: Mr. Moak?

MR. MOAK: Your Honor, I call David Dantzler to the stand.

(General laughter.)

MR. MOAK: No. I'd like to incorporate my prior argument. I won't burden the Court with

going through that again.

I'd like to make just a few points, some of which you've probably heard, but I just feel the need to say them now that we're in the merits portion of the hearing.

Our belief, as I said earlier, is that based upon the record the agreement cannot survive the heightened scrutiny that's required. The final reconciliation report which we've heard about a lot today is in the record, and no one yet has stated where in the final reconciliation report there's any statement that TBW owes money to Ocala.

There are statements that have been referenced throughout that Ocala may owe money to the secured lenders, but no statement that TBW owes money to Ocala.

Also, there was no proof of claim timely filed by Ocala. It's our understanding in Exhibit 10 of the Freddie Mac exhibits that someone, although it's not entirely clear who, someone may have filed the Debtor's motion to approve the BofA settlement agreement which we're here on today with the claims agent as a claim that's been, I guess, styled as a claim by Ocala, but obviously that's a late-filed claim.

The Debtor's schedules indicate that no money is owed to Ocala Funding. The Debtors have stated in the settlement agreement and in the settlement that they believe they have no direct liability to the three banks.

Your Honor, to address the settlement itself, as I said earlier -- and I won't belabor the point -- we don't believe that it really resolves the litigation. There are no releases granted by the banks. There's no release granted by Ocala. Those parties are all free to continue litigating their proofs of claim, and what the settlement effectively does is just create a floor of $1.6 billion to which the Ocala estate and presumably the banks are entitled but does not create a ceiling.

In addition, you heard from the proffer that the banks, or at least BofA, has asserted a claim of $1.75 billion. Based upon the Debtor's analysis, the banks or Ocala have received some cash and some loans that in essence reduce the $1.75-billion claim to the claim amount that is the subject of the settlement, the approximately $1.6 billion.

Your Honor, I think the point we would make

from that evidence is that there appears to have been no real discount for litigation risks or potential defenses to the claim. In essence the Debtor did a mathematical calculation and is granting them a claim in the amount of what they've claimed minus what they've been paid. We don't view that as much of a compromise.

Again, the releases are all one way. The Debtor is granting them, the banks are not, and we believe for those reasons, Your Honor, and the lack of the time to adequately prepare that the motion should be denied.

Thank you, Your Honor.

MR. DANTZLER: Do you feel the need to hear anything else, Your Honor?

THE COURT: Do you want to say anything else?

MR. DANTZLER: I can address some of those points, but I don't feel like I really need to unless there's one that troubles you.

THE COURT: Mr. Singerman, anything you want to offer?

MR. SINGERMAN: I'm not going to repeat a word of my argument this morning, only request on behalf of --

THE COURT: Thank you.

MR. SINGERMAN: Thank you, Your Honor. Only request on behalf of the Committee that Your Honor note that the Committee is a party to the agreement and supports Your Honor's approval of it.

THE COURT: The Court will approve the agreement based on the evidence presented and arguments of counsel. I think the agreement appears to be negotiated at arm's-length and by totally disinterested parties. I mean as far as the professionals involved here are not -- it's to their benefit to keep this thing litigating from years to come until there's no money to go to any creditors, and obviously they're too professional to do that.

There is nobody they're trying to protect or cover up for. This is a lose-lose case for everybody, it's just trying to keep the losses less than they should be.

Accordingly, as the Court previously stated, I will grant the motion and approve this settlement. I'll look for the Debtor's counsel to prepare the appropriate order.

MR. DANTZLER: We'll do that, Your Honor. Thank you.

THE COURT: Is there anything else?

MR. DANTZLER: I was just going to move to the next thing on the agenda.

THE COURT: Well, let's do it.

MR. DANTZLER: Now, in continuance of my bankruptcy education, I am now here to advocate on behalf of the settlement between the Debtor and Freddie Mac. The motion to approve the compromise is docket number 3237 on the calendar. The motion, along with a number of objections, is calendar item number 10.

I'm happy to report to the Court that, as I understand it with respect to the objections filed by Bank of America, joined in by the FDIC, Deutsche Bank and BNP Paribas, there has been over the course of the last 24 hours an exchange of a draft order approving the compromise which to all concerned addresses satisfactorily the issues raised in that Bank of America objection.

Therefore, they can speak, but in light of that I'm going to very much diminish what I would otherwise say about this settlement.

THE COURT: Anyone object to the settlement?

MR. DANTZLER: There are some pro se objectors, but --

THE COURT: As to that, the Court will deem

there's no objections.

As to the pro se settlement objections, Michael and Dianne Elliot, are they present? Charles and Joni Cox-Tanner?

MR. DANTZLER: For the record, Your Honor, based on what we were able to ascertain about the basis and nature of these objections, this settlement does not affect --

THE COURT: These people are mortgagors --

MR. DANTZLER: Mortgagors and --

THE COURT: -- and this settlement and the releases contained therein do not affect any defenses they have to the enforcement of their mortgage they could raise at any foreclosure proceeding; is that correct?

MR. DANTZLER: That is correct, Your Honor.

THE COURT: And that language will appear in the order?

MR. DANTZLER: We can put that, if it's not already --

THE COURT: I think we've done it every time we had a compromise.

MR. DANTZLER: It may be in there, Judge.

THE COURT: If not, let's do that for comfort language.

MR. BLAIN: We've had language we've used before that is satisfactory. We'll include that in this order to make clear Your Honor's position on that --

THE COURT: Very well.

MR. BLAIN: -- so they can see that it was considered.

THE COURT: That being the case and no one else having objection, the Court approves the compromise, finds it in the best interest of the estate, and look to you for that order.

MR. DANTZLER: Thank you, Your Honor.

With that, I'll turn the rest of the agenda over to Mr. Kelley.

MR. KELLEY: Good afternoon, Your Honor. Jeff Kelley.

THE COURT: Good afternoon.

MR. KELLEY: Perhaps taking the que from Your Honor's ruling on the motion to approve the Freddie settlement, the next two items, related items, on the docket are the motion to approve the related 9019 settlements between and among the Debtor, the Committee and Sovereign Bank on the one hand, and the Debtor and the Committee and Natixis on the other hand.

A big feature of both of these settlements, Your Honor, is a distribution, if you will, an agreed distribution of the proceeds of the Freddie Mac settlement agreement.

There are no objections to either of those settlements, and they flow from the approval of the Freddie Mac settlement agreement. I'm prepared to go into more detail and make a proffer, but, again, there are no objections and they've been on the record for quite some time.

THE COURT: Anybody want to be heard in opposition to the motion to approve compromise with Sovereign or with Natixis Real Estate Holdings?

(No response.)

THE COURT: No one has filed a written objection and no one has appeared to object. The Court is here to adjudicate disputes. There appears to be no dispute.

The motion in both instances is approved, and I'll look to you for the appropriate orders.

MR. KELLEY: Thank you, Your Honor.

The next two and last related 9019 motions to approve settlement agreements are the Debtor's and the Committee's motions to approve settlement agreements with, on the one hand, what are called

the REMIC trusts, 12 REMIC trusts. We refer to them sometimes as the Wells trusts because Mr. Weitnauer's client is Wells and they're the most direct contact that we have on those matters.

And the other one is the motion to approve the settlement agreement with eight what we call the Bayview trusts, U.S. Bank as the trustee. Mr. Kobert is here representing, among others, those particular entities.

Those are related in the sense that both of these settlements are resolutions of very complex disputes concerning the Debtor's right to recover servicing advances and so forth advanced while they were in operation, as opposed to the recoupment rights that the various trusts might have against the Debtor.

Both of these settlements, if you will, avoid years of very costly, complex litigation by in effect arriving at settled amounts that will be assigned to each of the various parties under the settlement.

Again, as a result and flowing from the approval of other 9019s today, there are no pending objections to either of those settlements.

THE COURT: This is calendar item 2, docket

number 2157; is that correct?

MR. KELLEY: Yes, 2 and 3, Your Honor.

THE COURT: 2 and 3?

MR. KELLEY: Yes.

THE COURT: Docket number 2962 also.

MR. KELLEY: Yes, Your Honor. There was a --

THE COURT: There were some objections filed as to docket number 2157. Have those been withdrawn?

MR. KELLEY: Ace withdrew their objection, Your Honor, and the others are withdrawn as a result of your approval of the Sovereign agreement and the Bank of America agreement, so there are no --

THE COURT: There are men coming down the aisle. Let's let them speak for themselves.

MR. SORIANO: Only to confirm what Mr. Kelley is saying, Your Honor. Robert Soriano for Sovereign Bank.

Our limited objections and response to both these settlements were resolved in connection with our settlement and the Plan.

THE COURT: Thank you.

MR. TESSITORE: Mike Tessitore on behalf of Bank of America.

Judge, the objection filed by Bank of America to the Wells settlement is also withdrawn as a result of the approval of the Debtor and the Committee's compromise with Bank of America.

THE COURT: All right. And Federal Home Loan Corp., they had filed an objection. They're not here to -- oh, that's Freddie Mac.

MR. MOAK: Oh, yeah, we object.

(General laughter.)

MR. MOAK: No, Your Honor, we've withdrawn our objection.

THE COURT: Very well. Thanks.

All right. As to docket number 2157, there appears to be no objection, and the Court will approve the settlement and look to you for the order, Mr. Kelley.

MR. KELLEY: Thank you, Your Honor.

THE COURT: As to docket number 2962, it appears that the objections have been withdrawn. Nobody's here to advance those objections, and the Court will grant the motion, approve the settlement, and once again look to you for that order.

MR. KELLEY: Thank you, Your Honor.

I believe that the only remaining matter on

the calendar for today is confirmation of the Plan. It would be my intention to go through the 1129(a) standards and make proffers where appropriate of Mr. Luria's testimony.

I will note that, with the possible exception of some pro se parties who are not here, there are no remaining objections to confirmation to be dealt with.

THE COURT: Very well. Anybody have a problem with the proffering of Mr. Luria's testimony?

(No response.)

THE COURT: Very well. You may proffer the testimony under 1129(a).

MR. KELLEY: Your Honor, I'd like to hand up Debtor's Composite Exhibit 10, which is the classification summary of the various classes of TBW and its related debtor entities right from the Plan. And the second part of that is what's denominated Exhibit B, which is the declaration of voting age and regarding tabulation of votes, which was filed a few days ago in accordance with the Court's deadline. I just wanted Your Honor to have a copy of that available.

THE COURT: You're filing it into evidence, or you're just passing it up for me to use?

MR. KELLEY: I will ask that Your Honor introduce the ballot affidavit into evidence.

THE COURT: Anybody object?

(No response.)

THE COURT: No one having an objection, those items are admitted into evidence as previously numbered.

(Whereupon, the documents previously marked as Debtor's Composite Exhibit 10 for identification was received in evidence.)

THE COURT: Continue, Mr. Kelley.

MR. KELLEY: Your Honor, before I get to the Plan itself, I do want to report to the Court, as the Court may be aware, there is a class action pending before Your Honor, what we call the WARN class action, which has to do with other victims of this debacle that Mr. Luria and the professionals inherited, which are the employees of Taylor, Bean & Whitaker. Your Honor approved Mr. Jack Raisner and Rene Roupinian of the Outten & Golden law firm as class counsel. They're present in the courtroom today, Your Honor, along with a couple of the actual class members of the class.

I'm happy to report, Your Honor, that a settlement agreement of the WARN class action has

been reached. It's being documented, and we expect to be filing in the near future a motion setting that settlement process under way before Your Honor. And as part of that process, I'm also happy to report that the WARN class supports confirmation of the Plan.

Your Honor, the Plan, as you can see from the ballot report, has the overwhelming support of creditors and, as the Court has seen today, reflects negotiated compromises among all the major constituencies. The implementation of the Plan will effectuate and is intended to effectuate an orderly liquidation of the Debtor's property which has been going on for at least the past two years.

As I'll address in more detail in a moment, the Plan satisfies the requirements for confirmation under 1129. The Plan has been proposed in good faith. It's feasible and serves the best interests of the Debtor's creditors, and we believe that it beyond question should be confirmed.

The Plan is a plan of liquidation, not surprisingly, pursuant to which the net proceeds from the sale or other disposition of the Debtor's assets are being distributed to holders of allowed

claims in accordance with the priorities of the Bankruptcy Code, and in terms of the Plan there will be a liquidating trust established for the benefit of the creditors under this Plan.

The Plan trustee, who is to be Neil Luria, will, among other things, liquidate the noncash assets transferred to the Plan trust, reconcile claims against the Debtor, pursue causes of action and make the distributions.

The Plan designates a series of classes of claims in interest for each Debtor. That's TBW, Classes 1 through 11; HAM, Class 1 through 5 -- Home America Mortgage Company, we refer to that as HAM -- REO Specialists, Classes 1 through 5.

These classes appropriately take into account the differing nature of the various claims in interest as well as their relative priority under the Code.

The classification summary which I provided to Your Honor, which is the first part of Composite Exhibit 10, summarizes each of these classes and provides a detailed summary of the Plan's treatment of the classes of claims.

Just by way of summary, holders of admin claims or administrative claims are going to be

paid in cash, one-time cash, generally one-time cash payment in general, for the full amount of their claim. There are no secured claims against HAM or REO.

Each holder of an allowed general unsecured claim in the TBW Class 8, which is unsecured HAM Class 3 and REO Class 3, which are the unsecured classes in those cases, will receive their pro rata share of net distributable assets.

There is a Class 9 in TBW, the so-called trade creditor class, which will receive, in addition to its Class 8 distribution, a pro rata share of the trade creditor recovery and the additional trade creditor recovery as those terms are defined in the Plan. And those are features of various settlements which have been approved today by Your Honor, including starting with the FDIC settlement agreement which was approved several months ago.

Your Honor, we filed back in October our solicitation procedures motion. On November 10th of last year you approved the solicitation procedures and, as required by that, on December 7th, the Debtor's, through their noticing agent, BMC, timely served all holders of claims entitled to vote on the Plan a solicitation package

containing the things that are required, of course, to be contained in that package. In addition, the notice of the initial confirmation hearing was published in the Wall Street Journal on December 16th, 2010.

As to the voting results, the votes were due in January of 2011. Holders of certain impaired claims, the TBW Classes 2 through 9, HAM Class 3 and REO Class 3, were entitled to vote on the Plan. These holders of impaired claims overwhelmingly voted in favor of the Plan. Notably, TBW Classes 8 and 9, which contain the majority of unsecured creditors in this estate, voted to accept the Plan.

As shown in detail on page 5 of the voting affidavit, TBW Class 8, which is the large class that includes Freddie Mac, FDIC and so forth, 95 percent of the 106 ballots received and 67 percent of the amount of the claims voted to accept the Plan. But now that the Freddie Mac settlement agreement has been approved, their vote to reject the Plan is now, by the terms of that agreement, to be switched to a vote in favor of the Plan, and with that well over 90 percent of TBW Class 8 now supports the Plan. Similarly, overwhelming pluralities of the other impaired

classes voted to accept the Plan.

No class that was entitled to vote voted against the Plan, Your Honor.

So turning to confirmation standards then, to confirm a plan the Court must find that the Plan and the Plan proponents are in compliance with each of the requirements of 1129(a) and as to any dissenting class 1129(b) of the Bankruptcy Code.

The Plan satisfies, Your Honor, each of the requirements of 1129(a) other than 1129(a)(8) with respect to TBW Classes 10 and 11, HAM Classes 4 and 5 and REO Classes 4 and 5. As to those classes, the Plan complies with 1129(b) because no holder of a claim or interest that is junior to those classes is receiving or retaining any property with respect to the claim. Those classes are in essence the equity classes which are receiving nothing.

Turning to 1129(a), Your Honor, 1129(a)(1) requires that the Plan comply with the applicable provisions of the Bankruptcy Code. The legislative history indicates that this provision embodies and incorporates the claim classification requirements of 1122 and the mandatory and permissive provisions concerning contents of the Plan as set forth in 1123 of the Code.

As set forth in detail in our confirmation brief which we filed last week, the Plan fully complies with 1122 and 1123, and therefore satisfies 1129(a)(1) of the Code. This includes the conclusion that the releases and injunctions provided in the Plan are consistent with the Bankruptcy Code.

No objections have been raised, obviously, challenging this conclusion, and therefore 1129(a)(1), we submit, has been met.

Turning to 1129(a)(2), the Code requires that the proponent of the Plan comply with the applicable provisions of the Bankruptcy Code. The legislative history reveals that the principal purpose is to ensure compliance with the disclosure and solicitation requirements set forth in 1125 of the Code.

Through the Court's solicitation procedures order and the Debtor's compliance therewith, we believe that the requirements of 1129(a)(2) have clearly been met and are satisfied in this case.

Turning to (a)(3) of the Code, that provision requires that the Plan be proposed in good faith and not by any means forbidden by law. Good faith requires according to the reporting cases of the

Bankruptcy Code to focus on the terms of the Plan itself and the totality of the circumstances surrounding the Plan.

Your Honor, we submit that, taking into account the totality of the case and Your Honor's observation of the case throughout the last two years, that there's no question but that the good-faith requirement of 1129(a)(3) has been met by this Plan.

1129(a)(4) requires that any payments made by a debtor for services or for costs and expenses in connection with the case either be approved by the Court as reasonable or remain subject to the approval of the Court as reasonable. To date, all such payments have been approved by this Court and are subject to further approval by the Court. There is a procedure in place, compensation procedure in place, which is being followed and still will be followed as long as it's applicable, so we believe that that has been met with respect to the existing professionals.

In addition, Your Honor, under the Plan, on the effective date, the FDIC is to be granted a substantial contribution claim in the amount of $1.75 million, having priority set forth under 503

(b)(3)(D) of the Code in recognition of its substantial contribution to these cases and to the reconciliation and to the preparation of the Disclosure Statement.

Your Honor, this $1.75-million substantial contribution claim was set forth in the FDIC settlement agreement which was approved by the Court last August. This is nothing new. It's always been there.

It's beyond question that the FDIC has made a substantial contribution to this case and the negotiation of that agreement, as I said, and the assistance without which we could not have done the asset reconciliation that was filed a year ago. There have been no objections to that, so part of the Plan is an approval of that substantial contribution claim for the FDIC.

For all those reasons, Your Honor, we believe that the requirements of 1129(a)(4) have been satisfied.

Turning to 1129(a)(5), that provision requires that the plan proponent disclose the identity and affiliations of any individual proposed to serve after confirmation of the plan as a director, officer or voting trustee of the debtor or

successor to the debtor.

The Debtors have disclosed, Your Honor, in the Plan Trust Agreement, which was filed with the Plan Supplement on Sunday, the identity and affiliations of Neil Luria, who is the individual proposed to serve as the Plan trustee. In addition, the Debtors have disclosed in the Plan Supplement the identity and affiliations of the entities proposed to serve as members of the Plan Advisory Committee after the effective date. In essence that's three individuals and companies who served on the Creditors' Committee, Your Honor, and they're identified in the Plan Supplement.

So for those reasons, we believe, Your Honor, that 1129(a)(5) has been complied with.

1129(a)(6), the Plan does not provide for a rate change, so we believe that's complied with.

1129(a)(7), that's the best-interest-of-creditors test. It requires that with respect to each impaired class of claims, each holder of a claim either has accepted the plan or will receive property of a value not less than it would receive in a hypothetical Chapter 7 liquidation.

In considering whether a plan is in the best interest of creditors, the Court need only contrast

the projected distribution under the plan with the dividend projected in the liquidation of all the debtor's assets in a Chapter 7 case.

The only question in a liquidating case like this, Your Honor, is whether the creditors have recovered more or are projected to recover more than they would receive in a Chapter 7.

If called as a witness, Mr. Luria would testify that the Debtor's creditors will receive more than they would receive in a Chapter 7 liquidation. As shown in the liquidation analysis attached to the Disclosure Statement as Exhibit C, in the event of a Chapter 7 liquidation, holders of general unsecured claims are projected to receive -- would receive only .1 to 1.2 percent on their claims.

In contrast, under the Plan and under the liquidation analysis attached to the Disclosure Statement, holders of general unsecured claims are projected to receive approximately 3.3 to 4.4 percent of their claims, and thus there is a benefit to creditors by having this case go forward under Chapter 11 rather than Chapter 7.

Turning to 1129(a)(8), Your Honor, this is applicable because, as I mentioned, of the equity

classes that are not receiving anything and are therefore deemed to reject the Plan. That statute requires that each class of claims or interest either remains unimpaired or vote to accept the plan. Even if the impaired classes do not accept the plan, however, the plan may nevertheless be confirmed pursuant to the cramdown provisions of 1129(b)(1). Therefore, Your Honor, as you are well aware, may confirm the Plan even in the absence of compliance with 1129(a)(8) as long as 1129(b) standards are met.

Here, holders of TBW Classes 10 and 11, HAM Classes 4 and 5 and REO Classes 4 and 5 are not entitled to receive any distribution under the Plan, and therefore, as I mentioned, are presumed to reject the Plan. But the Plan nevertheless satisfies the cramdown requirements of 1129(b) because no classes or claims of interest junior to those classes are receiving any property under the Plan.

Turning to 1129(a)(9), the requirement for payment of priority claims, that is complied with obviously in the Plan with respect to Articles 3 and 4 of the Plan setting forth that administrative claims and priority claims are to be paid in

accordance with the priorities set forth in the Bankruptcy Code.

1129(a)(10) requires that if the class of claims is impaired, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by insider.

As detailed in the balloting affidavit, we have numerous impaired classes. The FDIC has several classes: Sovereign, Natixis class, their secured claims; TBW Class 8, TBW Class 9. We have numerous impaired classes that have voted to accept the Plan, therefore 1129(a)(10) has been satisfied.

1129(a)(11), Your Honor, is the feasibility requirement. It requires that the Court find that the plan is not likely to be followed by a liquidation.

Since this is a liquidation case, that provision has been satisfied.

If called as a witness, Mr. Luria would testify that the Debtors will have cash and have cash in an amount necessary to ensure that all holders of allowed claims receive distributions under the Plan.

There's a disputed claims reserve set up under

the Plan trust. It's a very elaborate Plan trust which protects and reserves that which needs to be reserved. So there's no likelihood, Your Honor, that the confirmation of this Plan is likely to be followed by a liquidation or need further of financial reorganization, therefore we believe that 1129(a)(11) has been met.

1129(a)(12) requires that we take care of fees due under 28 USC 1930. Article 3C of the Plan does meet that requirement, so that we believe it's clear that 1129(a)(12) has been met.

1129(a)(13) requires that the Plan provide for a continuation of retiree benefits at a level established pursuant to 1114 of the Bankruptcy Code. Article 9B of our Plan does meet that requirement because the retiree benefits are rejected as executory contracts. So 1129(a)(13) is actually inapplicable to this Plan.

Finally, on 1129(a), the only applicable ones, 1129(a)(16) requires that all transfers of property be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a money or business or commercial corporation.

The Plan is clear that all said transfers will be made pursuant to applicable laws, so that provision is met.

Your Honor, with that, I believe I've demonstrated through the proffer and otherwise that all the standards of 1129 for confirmation have been met.

As I mentioned, and as with the approvals of some of the settlements we just did a moment ago, there were some related items on the agenda, but nothing is still pending in terms of an objection to confirmation of the Plan, with the possible exception of some pro se matters.

Mr. Peterson, who is here, is ready to address any remaining what I would refer to as minor confirmation objections should there be parties present to address those.

We do have a proposed confirmation order that's been circulating. There's some remaining tweaks to be done to that confirmation order, but we're still working on those. We hoped, if the Court confirms the Plan, to be in a position to submit a confirmation order in the near future.

With that, I'd like to yield the floor to Mr. Peterson for the moment.

MR. SINGERMAN: May it please the Court, Your Honor. Paul Singerman from Berger Singerman on behalf of the Committee.

I've been collaborating with Mr. Kelley on the form of the confirmation order and wished to point out to Your Honor that the form of the confirmation order that will be proposed, consistent with Your Honor's order approving the adequacy of the Disclosure Statement under Section 1125 and consistent with the Plan that has been overwhelmingly accepted, the confirmation order will provide for the preservation of the causes of action and other litigation claims of the Debtor and the transfer of those pursuant to 1123(a)(3) of the Bankruptcy Code to the Plan trust, and the proposed confirmation order that we intend to submit will provide that the entry of the confirmation order doesn't impair the preservation of those claims or constitute any res judicata effect in respect to the estate's claims against third parties.

THE COURT: Have final fee applications already been filed in this case?

MR. KELLEY: No, they have not.

MR. BLAIN: No, Your Honor.

THE COURT: The order will reserve jurisdiction to -- or you're going to give those up?

(General laughter.)

MR. BLAIN: Your Honor, we have not discussed that. We're in the cycle of interim wherein the Court has approved interim applications for time through April, and the professionals need to consult and we'll determine a timing for filing those.

THE COURT: That's the timing, but I would put in there that I reserve jurisdiction and deadline for filing fee apps so we can move it along.

MR. BLAIN: Yes, Your Honor.

Your Honor, there were two other things just as a matter of housekeeping that have been on the calendar from the time that the Plan was originally scheduled to go to confirmation.

One of them is calendar item number 4, docket number 2256, which is the Debtor's objection to the priority classification and amount of Freddie Mac's claim, and a counterpart of that is number 5, docket number 2302, which is Freddie Mac's motion for allowance of its claim for voting purposes.

In light of the settlement with Freddie Mac

and the acceptance of the Plan, I've confirmed with Mr. Moak both of those matters would be withdrawn and would be deemed as moot in light of the Court's confirmation. But to clean up the calendar we wanted to put that on the record.

THE COURT: Thank you.

MR. PETERSON: Afternoon, Your Honor. Edward Peterson also for the Debtor.

Your Honor, Mr. Kelley alluded to some objections that have either been resolved or withdrawn or relate to some pro se claimants, and if I could just briefly go through those with Your Honor.

THE COURT: You may.

MR. PETERSON: They're summarized on the Summary of Objections to Confirmation and Proposed Resolutions that was attached to the agenda. Does Your Honor have a copy of that?

THE COURT: I do.

MR. PETERSON: Your Honor, just quickly, the first two I'd like to take up together, docket numbers 2447 and 2454. These were objections filed by miscellaneous Texas taxing authorities that assert claims for ad valorem taxes.

They assert these claims against REO

properties, most of which the Debtor does not own anymore because the servicing of the underlying loan was transferred and property was also transferred.

Both sets of taxing authorities raise the same grounds for an objection. One, they want to make clear that whatever liens they might have remain in place until paid in full. Secondly, they also object. They assert they're entitled to interest and penalties on any postpetition claims.

The docket number 2454, that objection has been formally withdrawn.

The proposal we would make for both, the proposed resolutions that both sets of taxing authorities have agreed to are: If the Debtor does own the real property, we'll pay the tax pursuant to the terms of the Plan, the allowed tax that Your Honor may determine.

If the Debtor neither owns nor services the underlying loans related to the real property, then the tax claim will be deemed not to be a liability of the Debtor, and the claimant should contact the investor or the successor servicer for payment, and we'll provide information to the tax claimant as to who the successor servicer is.

If the claim is properly asserted against the Debtor, the Debtor will pay on the allowed claim postpetition interest as allowed by Your Honor and will pay penalties to the extent in compensation for actual pecuniary loss.

The taxing authorities will retain their liens, if any, until they're paid in accordance with the Plan, and the Debtor has reserved their rights with respect to the validity and extent of any liens asserted by the taxing authorities.

That would resolve docket numbers 2447 and 2454.

THE COURT: So you're going to prepare an order overruling the objection provided the Debtor does one of those items.

MR. PETERSON: That is correct, Your Honor. And, like I said, 2454 has been withdrawn, but we will put in the confirmation order that they're overruled on those terms and conditions.

The next one is docket number 2446. This was an objection filed by First American Title Insurance Company. First American Title has also filed a separate adversary proceeding wherein they're seeking to assert a constructive trust-type claim against a mortgage that the Debtor owns.

They've asserted that they're entitled to the payments under that mortgage.

That's a separate adversary proceeding that's set for trial on October 31st. The Debtor has answered that and contests the claims in that adversary proceeding. But in order to resolve the objection to confirmation, the Debtor and First American Title have agreed that First American Title will withdraw its objection to confirmation in exchange for Taylor Bean's agreement to reserve for all payments received by Taylor Bean in the future on the note at issue. Taylor Bean continues to receive payments on that note that's the subject of the adversary proceeding, and we'll reserve for that going forward pending Your Honor's decision in the adversary proceeding.

Taylor Bean and First American Title also agree that both sides reserve all rights and claims in the pending adversary. So, again, that will be in the confirmation order that that objection is withdrawn on those terms and conditions, Your Honor.

The next item will be docket number 2458 filed by LPP Mortgage and LNV Corporation. LPP and LNV purchased mortgages from the Debtor prepetition,

and they assert that Taylor Bean failed to turn over certain payments to them on account of those purchases. They have asserted a secured claim in the amount of $375,011.89 against Taylor Bean. Taylor Bean has objected to that claim.

The parties have agreed, and LPP and LNV filed an objection to confirmation claiming that the Plan should treat them in a separate class of secured claims.

The Debtor disputes that LPP and LNV are entitled to any secured claim. LPP and LNV have agreed to withdraw their objection to confirmation based on the Debtor's agreement that in the event Your Honor determines that they are entitled to an allowed secured claim that they will be entitled to treatment as a creditor in the other allowed secured claims class in the Plan of liquidation. And the parties reserve all rights with respect to any claims asserted by LPP and LNV.

Your Honor, that resolution will be in the confirmation order as well.

The next objection was filed by Ace American Insurance Company, docket number 2443. This objection has been withdrawn.

Finally, Your Honor, we have a group of pro se

objections: Ms. Smith at docket numbers 2938 and 3013; Mr. and Mrs. Elliot, docket number 3298; Joni Cox-Tanner and Charles Tanner; and Mark Armour, which is at docket number 3299; and also Jay Oyler, which is not on this chart because it was recently filed at docket 3324.

Your Honor, these objections, first of all, were not timely filed, but as we -- and some of these pro se claimants have appeared before Your Honor. We've turned over their loan files to the ones that have requested it, and we would agree as a resolution of their objection, as we've agreed throughout the case, that nothing is intended to impair their defenses under their particular mortgage. The Debtor reserves all of its rights with respect to their particular mortgages as well, which should provide a good resolution for their objections, Your Honor.

Those are all the objections that I'm aware of that are still outstanding. The other ones have either been withdrawn or resolved pursuant to the various settlement agreements.

Your Honor, with that, with all the objections being withdrawn and based on the arguments and proffer of Mr. Luria as propounded by Mr. Kelley,

the Debtor would request that Your Honor enter an order confirming the Plan. We will work on that this afternoon and try to get it to Your Honor as soon as we can.

THE COURT: Question.

MR. PETERSON: Yes, Your Honor.

THE COURT: You did a great job dealing with these pro se's in the case. You want to put one more blanket statement, make sure it's in there, as to all mortgagors under mortgages that were originated by Taylor Bean, this confirmation does not deprive them of their defenses to the foreclosure or of any rights of action they might have against Mr. Farkas and all the other criminals that are now in jail, and that they'll take these matters to some state court somewhere.

(General laughter.)

MR. PETERSON: Your Honor, I have no jurisdiction.

(General laughter.)

THE COURT: You word it. You do good at stuff like that.

MR. PETERSON: I understand what Your Honor wants.

THE COURT: With that agreement and based on

the evidence presented and there being no objections, the Court will confirm the Plan, finds that all the requirements of 1129(a) have been met, and will look for the appropriate order in due course.

Nice job by everybody involved. It's an amazing, amazing situation, and that we got here is pretty good. Congratulations to everybody.

Thank you very much. Hearing is concluded.

MR. BLAIN: Your Honor, I have one comment briefly, if I may.

I appreciate all the Court's comments, but I would be remiss if I didn't say something at this point about what is one of the crucial parts of this.

The scheduling and logistics in this case have been much more complicated than anybody outside realizes, and I would be remiss if I did not tremendously compliment your staff. In particular I would point out Mr. Readdick, Ms. Hollingsworth, Ms. Brown and Ms. Perkins in the clerks office. Their efforts and their cooperation and their diligent work are a credit to you, to the court system, to this Court, to the Middle District, and we very much appreciate the help that they've given

in getting us to where we are today.

THE COURT: Thank you. I'm lucky to have those people.

MR. BLAIN: You're very fortunate to have them.

THE COURT: We're in recess.

(Thereupon, at 2:10 p.m., the hearing was concluded.)

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C E R T I F I C A T E

STATE OF FLORIDA)

COUNTY OF DUVAL)

I, Cindy Danese, a Notary Public, State of Florida at Large, do hereby certify that the attached represents the proceedings before the United States Bankruptcy Court, Middle District of Florida, Jacksonville Division, before the Honorable Jerry A. Funk, Bankruptcy Judge, in the matter of In Re: Taylor, Bean & Whitaker; such transcript is an accurate recordation of the proceedings which took place. A transcript of this proceeding has been produced on July 21, 2011.

STATEWIDE REPORTING SERVICE

_____

Cindy Danese