

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

EQUITYBUILD, INC., ET AL.,

Defendants.

Case No. 1:18-cv-5587

Hon. John Z. Lee

**MORTGAGEES' MOTION FOR LEAVE TO FILE SUR-REPLY TO RECEIVER'S MOTION FOR
APPROVAL TO PAY CERTAIN PREVIOUSLY APPROVED FEES AND COSTS AND FOR
INTERIM PAYMENT OF CONTINUING CLAIMS PROCESS FEES
AND COSTS PURSUANT TO RECEIVER'S LIEN**

The Mortgagees identified on Exhibit A, all of whom are secured creditors, move for leave to file a sur-reply in support of their objections to the Receiver's requests that the Court authorize him to use the proceeds from the sales of Estate properties to pay his approved and continuing fees and expenses (collectively "Receivership Expenses") on a priority basis and on an interim basis, and the Receiver's proposed order. The sur-reply will be limited to specific objections to the 11,000 pages of schedules that the Receiver filed with his reply brief. They further request that they be given 28 days or until June 2, 2021 to do so.

BACKGROUND

When initially responding to the Receiver's motion, the Mortgagees objected that the Receiver had not provided his allocation of the specific expenses for which he intended to seek payment from the assets securing the debts owed to the estate's numerous secured creditors. Objection (ECF # 961) at 14. At that time, we argued that the specifics of the Receiver's proposed allocation were "essential for even a preliminary assessment of whether the fees as allocated show that the Receiver's efforts benefited specific properties and the Mortgagees whose mortgages

encumber those properties.” *Id.* We noted that the Receiver had repeatedly promised to supply allocation schedules but had failed to do so by the time that the Mortgagees filed their response at the end of March.

Approximately a month after the Mortgagees responded and more than two months after filing his motion, the Receiver finally provided the long-promised allocation schedules. With his reply, the Receiver filed in excess of 11,000 pages of schedules. Reply at Exhibits 1-3 (ECF # 981-1 to 981-6). Had these schedules been filed timely with the motion, the Mortgagees and other interested parties would have had the opportunity to review and respond to the allocation schedules. The Receiver’s late-filing of these schedules has denied us this opportunity. Accordingly, the Mortgagees request that the Court allow them to file a sur-reply limited to the issues raised by the allocation schedules by June 2, 2021.

ARGUMENT

The only way to determine what, if any, fee the Receiver can recover from the proceeds of the sale of a mortgaged property is to examine the work that the Receiver performed on behalf of that property and the fees charged for it. The Receiver is not allowed to simply allocate his costs across various properties. *Bank of Commerce & Trust Co. v. Hood*, 65 F.2d 281, 284 (5th Cir. 1933) (the court rejected as arbitrary an allocation based upon ratio of the value of the secured creditor’s fund and unsecured creditor’s fund). Nor can he simply tally values and divide accordingly. *SEC v. Elliott*, 953 F.2d 1560, 1577-78 (11th Cir. 1992)(rejecting allocation of expenses based on the relative values of properties managed by the receiver).

The Receiver has only now filed his proposed allocation of the fees that he proposes to charge to individual properties. The allocation schedules, which exceed 11,000 pages, are a mix of expenses directly attributable to properties and expenses incurred on behalf of an unknown number of

properties allocated amongst them. The Mortgagees need to time to examine the schedules and to make objections to the particular fees charged against each property. In addition to the previously briefed questions of whether the Receiver is entitled to charge the properties and to what extent he can allocate expenses among properties, the Receiver's schedules raise several questions, which deserve exploration and argument.

First, while the Receiver disavows an attempt to charge mortgaged properties with the general administrative expenses of the receivership, many of the specific fees which he seeks to charge the properties are general in nature. The Receiver's first category of expenses are "general allocation tasks" which the Receiver contends are work that benefited all of the secured properties equally but not general administrative or property specific tasks. Reply (ECF # 981) at 4 n.2 ("The Receiver's motion does not seek costs for the general administration of the receivership.") and at 10 (describing "general allocation" expenses).

The Mortgagees have not had an opportunity to review all 180 pages of time entries in this category. But, an examination of the first three pages, shows numerous time entries that appear to be general administrative expenses. For example, the Receiver seeks to charge the mortgaged properties with expenses related to communications with Equity Build's banks, communications with the defendants, litigation over the order appointing the Receiver, lawsuits involving Equity Build, and the creation of a receivership e-mail account and letterhead. To illustrate this problem, we have attached, as Exhibit 1, a copy of the first three pages of the Receiver's Exhibit 3 with the questionable time entries highlighted.

The Mortgagees will make specific objections to specific task entries in this category but require a reasonable opportunity to do so.

Second, almost all of the time entries in the Receiver's second category, specific allocation, appear to be allocated among numerous properties. For example, the "specific allocation" for property 16 does not contain a single task entry directly attributable to that property. Reply at Exh. 2-1, pp. 1128-1229 (ECF # 981-2). Similarly, the allocation for property 50 contains only about 54 task entries (out of more than 2,000) that relate to it or a small number of other properties. *Id.* at Exh. 2-2, pp. 1946-2077 (ECF # 981-3). This is particularly concerning as the Receiver contends that these are "task entries specifically identified as relating to [the] respective property." *Id.* at Exh. 2-1, p. 1127.

Moreover, the allocation ratios used appear to vary among tasks without explanation. An analysis of the first three pages of the detail for property 16 shows that the percentage attributed to that property ranges from 0.93% to 2.70% across various tasks. The Receiver provides no explanation as to how he calculated these percentages or why they vary based on the individual expense. To illustrate this issue, we have attached as Exhibit 2, an analysis of the first three pages of the detail for property 16 showing the various ratios used by the Receiver.

The Mortgagees need additional information from the Receiver as well as time to analyze that information in order to make specific objections to the allocation of tasks to specific properties.

Third, there are mathematical errors in some of the summaries. For properties 3, 7, 63-70 and 73, the total for the "general allocation" does not equal the sum of the three categories of expenses generally allocated to that property. In each case it appears that the Receiver moved the decimal to the right one place (for example, converting \$24,847.97 to \$2,484.79). We do not know whether similar errors exist for other properties or whether other mathematical errors are buried deeper in the

Receiver’s calculations.¹ Only a more detailed examination can determine the accuracy of the Receiver’s schedules.

In sum, the allocation schedules filed by the Receiver raise a number of questions. The Mortgagees need time to analyze the 11,000 pages of schedules filed by the Receiver so that they can prepare detailed objections to the Receiver’s specific requests and to work with the Receiver to narrow the issues. The Court should not rule on the Receiver’s motion until the Mortgagees have had a reasonable time to do so.

CONCLUSION

For the reasons set forth above, the Court should grant the Mortgagee’s leave to file a sur-reply objecting to the Receiver’s specific allocations giving them until June 2, 2021 to file the sur-reply.

Respectfully submitted,

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¹ In this regard, we note that a pre-motion conference would have been helpful here. Had the Receiver provided the Mortgagees with his proposed allocation prior to filing his motion (and in Excel rather than PDF format), these sorts of issues could have been resolved without the Court’s attention.

<p><i>Registered Holders of Wells Fargo Commercial Mortgage Securities, Inc., Multifamily Mortgage Pass-Through Certificates, Series 2018-SB48; Federal National Mortgage Association; U.S. Bank National Association, as Trustee for the registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2017-SB41; U.S. Bank National Association, as Trustee for the registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2018-SB50; U.S. Bank National Association, as Trustee for the registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2017-SB30 Sabal TLI LLC; Midland Loan Services, a Division of PNC Bank, N.A. as servicer for Wilmington Trust, N.A., as Trustee for the Benefit of Corevest American Finance 2017-1 Trust Mortgage Pass-Through Certificates; Midland Loan Services, a Division of PNC Bank, N.A. as servicer for Wilmington Trust, N.A., as Trustee for the Registered Holders of Corevest American Finance 2017-2 Trust, Mortgage Pass-Through Certificates, Series 2017-2; BC57, LLC; UBS AG; 1111 Crest Dr., LLC, Pakravan Living Trust, Hamid Ismail, Farsaa, Inc; Thorofare Asset Based Lending REIT Fund IV LLC</i></p>	<p><i>Counsel for Citibank N.A., as Trustee for the Registered Holders of Wells Fargo Commercial Mortgage Securities, Inc., Multifamily Mortgage Pass-Through Certificates, Series 2018-SB48; U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2017-SB30; U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2017-SB41; U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2018-SB50; Wilmington Trust, National Association, as Trustee for the Registered Holders of Wells Fargo Commercial Mortgage Trust 2014-LC16, Commercial Mortgage Pass-Through Certificates, Series 2014-LC16; Federal National Mortgage Association; and Sabal TLI, LLC</i></p>
<p><u>s/Jay L. Welford</u> Jay L. Welford jwelford@jaffelaw.com JAFFE RAITT, HEUER & WEISS, P.C. Jay L. Welford (P34471) 27777 Franklin Road, Suite 2500 Southfield, Michigan 48034 (248) 351-3000</p>	<p><u>s/ William J. Serritella, Jr.</u> William J. Serritella, Jr. wserritella@taftlaw.com Zachary R. Clark zclark@taftlaw.com Taft Stettinius & Hollister LLP 111 East Wacker Drive, Suite 2800 Chicago, IL 60601 (312) 527-4000</p>

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EXHIBIT A

Freddie Mac; Citibank N.A., as Trustee for the Registered Holders of Wells Fargo Commercial Mortgage Securities, Inc., Multifamily Mortgage Pass-Through Certificates, Series 2018-SB48; U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2017-SB30; U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2017-SB41; U.S. Bank National Association, as Trustee for the Registered Holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Multifamily Mortgage Pass-Through Certificates, Series 2018-SB50; Wilmington Trust, National Association, as Trustee for the Registered Holders of Wells Fargo Commercial Mortgage Trust 2014-LC16, Commercial Mortgage Pass-Through Certificates, Series 2014-LC16; Wilmington Trust, National Association, as Trustee for the benefit of the registered holders of UBS Commercial Mortgage Trust 2017-C1, Commercial Mortgage Pass-Through Certificates, Series 2017-C1; Federal National Mortgage Association (“Fannie Mae”); BMO Harris Bank N.A.; Midland Loan Services, a Division of PNC Bank, National Association; Midland Loan Services, a Division of PNC Bank, N.A. as servicer for Colony American Finance 2015-1; Midland Loan Services, a Division of PNC Bank, N.A. as servicer for Wilmington Trust, N.A., as Trustee for the Registered Holders of Corevest American Finance 2017-2 Trust, Mortgage Pass-Through Certificates, Series 2017-2; Midland Loan Services, a Division of PNC Bank, N.A. as servicer for Wilmington Trust, N.A., as Trustee for the Benefit of Corevest American Finance 2017-1 Trust Mortgage Pass-Through Certificates; BC57, LLC; UBS AG; Thorofare Asset Based Lending REIT Fund IV, LLC; and Liberty EBCP, LLC.; 1111 Crest Dr., LLC, Pakravan Living Trust, Hamid Esmail, and Farsaa, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on May 6, 2021, I caused the foregoing document to be electronically filed with the Clerk of Court through the Court's CM/ECF system, which sent electronic notification of such filing to all parties of record.

/s/ Thomas B. Fullerton

Exhibit 1

Invoice Month	Billing Category	Entry Date	Time Keeper	Time Keeper Rate	Task Hours	Task Description	Task Cost
Aug-18	Asset Disposition	8/27/2018	KBD	\$ 390.00	0.1	Review correspondence from potential purchaser's counsel. .	\$ 39.00
Aug-18	Asset Disposition	8/29/2018	KBD	\$ 390.00	0.2	Office conference with E. Duff regarding institutional lenders and global strategy for disposition of receivership assets (.2)	\$ 78.00
Aug-18	Asset Disposition	8/29/2018	KBD	\$ 390.00	0.1	exchange correspondence with counsel for potential purchase (.1).	\$ 39.00
Aug-18	Asset Disposition	8/30/2018	KBD	\$ 390.00	0.2	Office conference with M. Rachlis regarding global resolution options for receivership (.2)	\$ 78.00
Aug-18	Asset Disposition	8/30/2018	KBD	\$ 390.00	0.3	exchange correspondence regarding expression of interest in property acquisition (.3).	\$ 117.00
Aug-18	Business Operations	8/20/2018	KBD	\$ 390.00	3.5	Conferences with EquityBuild employees, contractor and A. Porter regarding operations, property management, institutional knowledge, assembling of information, employees, corporate structure, litigation, construction, expenses, and various related matters and issues (3.5)	\$ 1,365.00
Aug-18	Business Operations	8/20/2018	KBD	\$ 390.00	0.2	office conference with M. Adler regarding communication with insurance broker and study correspondence regarding same (.2)	\$ 78.00
Aug-18	Business Operations	8/21/2018	KBD	\$ 390.00	2.5	Numerous telephone conferences with EquityBuild employee and independent contractors regarding receivership, communications from third parties requiring response, and various issues relating to properties (2.5)	\$ 975.00
Aug-18	Business Operations	8/21/2018	KBD	\$ 390.00	0.2	review correspondence from and office conferences with N. Mirjanich regarding EquityBuild outside counsel, status of cases, and notice issues (.2)	\$ 78.00
Aug-18	Business Operations	8/21/2018	KBD	\$ 390.00	0.1	review message from and information relating to insurance broker (.1).	\$ 39.00
Aug-18	Business Operations	8/22/2018	KBD	\$ 390.00	0.3	review correspondence from and office conference with M. Adler regarding communications with insurance broker (.3)	\$ 117.00
Aug-18	Business Operations	8/23/2018	KBD	\$ 390.00	2.2	study property management records, rent rolls, and profit and loss statements (2.2)	\$ 858.00
Aug-18	Business Operations	8/24/2018	KBD	\$ 390.00	0.1	Study correspondence from counsel for potential property management or purchase (.1)	\$ 39.00
Aug-18	Business Operations	8/24/2018	KBD	\$ 390.00	0.2	office conference with A. Porter regarding EquityBuild prior counsel and recovery of records (.2)	\$ 78.00
Aug-18	Business Operations	8/24/2018	KBD	\$ 390.00	0.2	study profit and loss spreadsheet (.2)	\$ 78.00
Aug-18	Business Operations	8/24/2018	KBD	\$ 390.00	0.2	review correspondence from M. Adler regarding payment of insurance premium and properties covered under general liability policy (.2).	\$ 78.00
Aug-18	Business Operations	8/25/2018	KBD	\$ 390.00	0.1	draft correspondence to M. Adler regarding property insurance issues (.1)	\$ 39.00
Aug-18	Business Operations	8/25/2018	KBD	\$ 390.00	0.1	review correspondence from property manager regarding retail space lease and projected cash flow (.1)	\$ 39.00
Aug-18	Business Operations	8/25/2018	KBD	\$ 390.00	0.1	draft correspondence to A. Watychowicz regarding same (.1).	\$ 39.00
Aug-18	Business Operations	8/27/2018	KBD	\$ 390.00	0.1	Telephone conference with property management representative regarding meeting with property manager (.1)	\$ 39.00
Aug-18	Business Operations	8/27/2018	KBD	\$ 390.00	0.2	telephone conference with A. Porter regarding meetings with property managers (.2)	\$ 78.00
Aug-18	Business Operations	8/27/2018	KBD	\$ 390.00	0.1	review correspondence from property manager regarding lockbox payments (.1)	\$ 39.00
Aug-18	Business Operations	8/27/2018	KBD	\$ 390.00	1.2	conferences with A. Porter regarding strategy for property management, expenses, and institutional lender debt (1.2)	\$ 468.00
Aug-18	Business Operations	8/27/2018	KBD	\$ 390.00	0.2	exchange correspondence with M. Adler regarding insurance broker communication and coverage issues (.2)	\$ 78.00
Aug-18	Business Operations	8/27/2018	KBD	\$ 390.00	0.1	study correspondence from property manager representative regarding compensation structure (.1)	\$ 39.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.1	Office conference with N. Mirjanich regarding pending litigation against EquityBuild and City of Chicago administrative hearing and defendants' assets (.1)	\$ 39.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.1	review correspondence from M. Adler regarding outstanding insurance deductible (.1)	\$ 39.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.1	review correspondence from accounting firm representative regarding unpaid mortgage (.1)	\$ 39.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.1	study correspondence from property manager regarding unpaid real estate taxes and CHA move-ins (.1)	\$ 39.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.1	review correspondence from accounting firm representative regarding past due real estate taxes (.1)	\$ 39.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.8	prepare for and attend hearing before Judge Lee and conference with M. Rachlis regarding same and investigation into financial status of EquityBuild (.8)	\$ 312.00
Aug-18	Business Operations	8/28/2018	KBD	\$ 390.00	0.1	draft correspondence to bank regarding availability of funds for expenses (.1).	\$ 39.00
Aug-18	Business Operations	8/29/2018	KBD	\$ 390.00	0.2	office conference with N. Mirjanich regarding housing court hearings and status of communications with City counsel regarding alleged property violation issues (.2)	\$ 78.00
Aug-18	Business Operations	8/29/2018	KBD	\$ 390.00	0.1	study correspondence from property manager regarding open court cases and inspection issues (.1)	\$ 39.00
Aug-18	Business Operations	8/29/2018	KBD	\$ 390.00	0.1	exchange correspondence with property manager regarding payment of real estate taxes to allow CHA move-ins (.1)	\$ 39.00
Aug-18	Business Operations	8/29/2018	KBD	\$ 390.00	0.3	prepare for hearing before Judge Lee and study correspondence regarding postponement of hearing (.3)	\$ 117.00
Aug-18	Business Operations	8/29/2018	KBD	\$ 390.00	0.1	office conference with K. Pritchard regarding communication with bank regarding limited access to funds (.1)	\$ 39.00

Invoice Month	Billing Category	Entry Date	Time Keeper	Time Keeper Rate	Task Hours	Task Description	Task Cost
Aug-18	Business Operations	8/29/2018	KBD	\$ 390.00	0.1	exchange correspondence with counsel for defendant regarding same and communications with bank (.1)	\$ 39.00
Aug-18	Business Operations	8/30/2018	KBD	\$ 390.00	0.2	Office conference with M. Adler regarding efforts to replace insurance coverage and related requests for information relating to corporate, property, and individual defendants (.2)	\$ 78.00
Aug-18	Business Operations	8/30/2018	KBD	\$ 390.00	0.2	exchange correspondence with property manager regarding meeting to discuss net rent cash flow (.2)	\$ 78.00
Aug-18	Business Operations	8/30/2018	KBD	\$ 390.00	0.2	office conference with N. Mirjanich regarding housing court and administrative hearings, communication with city officials with respect to alleged violation issues, and communications with property managers regarding same (.2)	\$ 78.00
Aug-18	Business Operations	8/30/2018	KBD	\$ 390.00	0.1	study report on status of real estate taxes (.1)	\$ 39.00
Aug-18	Business Operations	8/30/2018	KBD	\$ 390.00	0.2	office conference with E. Duff and A. Porter regarding cash flow and lockbox issue (.2)	\$ 78.00
Aug-18	Business Operations	8/31/2018	KBD	\$ 390.00	0.1	study correspondence regarding insurance premiums (.1)	\$ 39.00
Aug-18	Business Operations	8/31/2018	KBD	\$ 390.00	0.1	review correspondence with bank representatives regarding wire transfer request (.1)	\$ 39.00
Aug-18	Business Operations	8/31/2018	KBD	\$ 390.00	0.1	study correspondence from N. Mirjanich regarding communications with City counsel regarding status of court cases and potential repair work (.1)	\$ 39.00
Aug-18	Claims Administration & Objections	8/20/2018	KBD	\$ 390.00	1.1	Exchange correspondence with various financial institution representatives and investors.	\$ 429.00
Aug-18	Claims Administration & Objections	8/22/2018	KBD	\$ 390.00	0.2	Telephone conference with contractor regarding priority issues involving properties and investors (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/22/2018	KBD	\$ 390.00	0.2	prepare for and telephone conference with counsel for institutional lender (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/22/2018	KBD	\$ 390.00	0.1	study correspondence from lender counsel regarding collateral (.1).	\$ 39.00
Aug-18	Claims Administration & Objections	8/27/2018	KBD	\$ 390.00	0.2	Office conference with and study correspondence from E. Duff regarding institutional lenders (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/27/2018	KBD	\$ 390.00	0.1	telephone conference with E. Duff regarding institutional lenders and income to debt ratio and service issues (.1).	\$ 39.00
Aug-18	Claims Administration & Objections	8/29/2018	KBD	\$ 390.00	0.1	Telephone conference with A. Porter regarding institutional lender foreclosure threat (.1)	\$ 39.00
Aug-18	Claims Administration & Objections	8/29/2018	KBD	\$ 390.00	0.1	review correspondence regarding unpaid invoices for creditor providing vacant property services (.1)	\$ 39.00
Aug-18	Claims Administration & Objections	8/29/2018	KBD	\$ 390.00	0.1	exchange correspondence with M. Rachlis regarding lender foreclosure threat (.1).	\$ 39.00
Aug-18	Claims Administration & Objections	8/30/2018	KBD	\$ 390.00	0.2	Office conference with E. Duff regarding communications with institutional lenders regarding request for information (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/30/2018	KBD	\$ 390.00	0.5	legal research regarding secured creditors interests and exchange correspondence with A. Porter regarding same (.5)	\$ 195.00
Aug-18	Claims Administration & Objections	8/30/2018	KBD	\$ 390.00	0.2	telephone conference and office conference with E. Duff regarding draft email to institutional lender and review same (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/30/2018	KBD	\$ 390.00	0.2	office conference with M. Rachlis regarding lender's threat of foreclosure and preclusion of same by order appointing receiver (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/30/2018	KBD	\$ 390.00	0.2	office conference with K. Pritchard regarding accounting firm request for information as to outstanding debt obligation and draft correspondence regarding same (.2)	\$ 78.00
Aug-18	Claims Administration & Objections	8/30/2018	KBD	\$ 390.00	0.1	study draft correspondence to vendors and service providers and office conference with K. Pritchard regarding same (.1).	\$ 39.00
Aug-18	Claims Administration & Objections	8/31/2018	KBD	\$ 390.00	1.3	Office conference with M. Rachlis, A. Porter, and E. Duff regarding EquityBuild transaction structures, secured interests, investor fund flow, and various related issues.	\$ 507.00
Aug-18	Asset Disposition	8/30/2018	AEP	\$ 390.00	0.8	Legal research regarding sale of assets.	\$ 312.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.1	Attention to information regarding defendants' counsel (.1)	\$ 14.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.2	prepare notices of motions (.2)	\$ 28.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.1	email N. Mirjanich regarding revisions to same (.1)	\$ 14.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.3	prepare copies of motions, proposed order appointing receiver, and temporary restraining order for upcoming hearing (.3)	\$ 42.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.1	prepare copies of revised orders (.1)	\$ 14.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.1	communicate with K. Duff and N. Mirjanich regarding postponed hearing (.1)	\$ 14.00

Invoice Month	Billing Category	Entry Date	Time Keeper	Time Keeper Rate	Task Hours	Task Description	Task Cost
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.1	attention to email account set up by IT (.1)	\$ 14.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.4	design signature block and adjust appearance of email address in incoming emails (.4)	\$ 56.00
Aug-18	Business Operations	8/17/2018	AW	\$ 140.00	0.2	telephone conversation with N. Mirjanich regarding afternoon hearing (.2).	\$ 28.00
Aug-18	Business Operations	8/17/2018	ED	\$ 390.00	2.8	Draft forms of notices to banks, mortgage holders and investors (2.8)	\$ 1,092.00
Aug-18	Business Operations	8/17/2018	ED	\$ 390.00	0.3	calls with A. Porter regarding interviews and document review at EquityBuild office (.3).	\$ 117.00
Aug-18	Business Operations	8/17/2018	KMP	\$ 140.00	0.5	Revise and finalize forms and file appearances with the court for M. Rachlis and N. Mirjanich on behalf of the Receiver.	\$ 70.00
Aug-18	Business Operations	8/17/2018	MR	\$ 390.00	3	Prepare for and attend hearings on appointment of Receiver and presentation of various motions (3.0)	\$ 1,170.00
Aug-18	Business Operations	8/17/2018	MR	\$ 390.00	1	attention to draft and revised orders on appointment and related issues (1.0).	\$ 390.00
Aug-18	Business Operations	8/20/2018	NM	\$ 260.00	4.6	Research Illinois and federal court dockets for attorneys and pending Equitybuild lawsuits, correspond with counsel for same, draft letters to same, and correspond with K. Duff on same (4.6)	\$ 1,196.00
Aug-18	Business Operations	8/20/2018	NM	\$ 260.00	0.3	correspond with E. Duff regarding lender letter and institutional lender contact information (.3)	\$ 78.00
Aug-18	Business Operations	8/20/2018	NM	\$ 260.00	0.1	correspond with E. Duff and K. Pritchard regarding notices (.1)	\$ 26.00
Aug-18	Business Operations	8/20/2018	NM	\$ 260.00	1.7	office conferences with K. Duff, A. Porter, E. Duff regarding updates, status of case and notices, and task list (1.7).	\$ 442.00
Aug-18	Business Operations	8/30/2018	AEP	\$ 390.00	1.5	Meeting with property managers regarding general background of property management functions being performed, scope of assets under management, and immediate action items (1.5)	\$ 585.00
Aug-18	Business Operations	8/30/2018	AEP	\$ 390.00	0.8	teleconference with other property managers regarding general background of property management functions being performed, scope of assets under management, and immediate action items (.8)	\$ 312.00
Aug-18	Business Operations	8/30/2018	AEP	\$ 390.00	0.5	second meeting with property managers regarding outstanding invoices (.5)	\$ 195.00
Aug-18	Business Operations	8/30/2018	AEP	\$ 390.00	0.5	teleconference with Mr. Duff regarding results of discussion with property managers regarding necessity of funding continuing operations at all properties, and additional financial issues relating to EquityBuild (.5).	\$ 195.00
Aug-18	Business Operations	8/30/2018	AW	\$ 140.00	0.1	Meeting with N. Mirjanich regarding additional information about investors (.1)	\$ 14.00
Aug-18	Business Operations	8/30/2018	AW	\$ 140.00	0.1	communicate with IT person regarding issues with email dedicated to receivership (.1)	\$ 14.00
Aug-18	Business Operations	8/30/2018	AW	\$ 140.00	0.1	attention to notice of defendants' motion for allowance and docket update (.1)	\$ 14.00
Aug-18	Business Operations	8/30/2018	AW	\$ 140.00	0.4	communicate with M. Adler regarding service of notice on insurance company and serve as per her request (.4)	\$ 56.00
Aug-18	Business Operations	8/30/2018	AW	\$ 140.00	0.2	attention to motions filed by defendants' counsel and SEC (.2)	\$ 28.00
Aug-18	Business Operations	8/30/2018	AW	\$ 140.00	0.4	attention to emails from EquityBuild employee (.4).	\$ 56.00
Aug-18	Business Operations	8/30/2018	MBA	\$ 390.00	0.2	Revise letter to Insurance Broker regarding order appointing receivership (.2)	\$ 78.00
Aug-18	Business Operations	8/30/2018	MBA	\$ 390.00	0.1	conference with Mr. Duff regarding same (.1)	\$ 39.00
Aug-18	Business Operations	8/30/2018	MBA	\$ 390.00	0.1	conference with Ms. Watychowicz regarding instructions as to delivering same by email, fax, and U.S. mail (.1).	\$ 39.00
Aug-18	Business Operations	8/30/2018	NM	\$ 260.00	2.9	Draft and revise notices to counsel in EquityBuild lawsuits, correspond with K. Duff on same, correspond with attorneys regarding same, and serve notices on counsel of record for EquityBuild lawsuits (2.9)	\$ 754.00
Aug-18	Business Operations	8/30/2018	NM	\$ 260.00	0.1	study draft motion for approval of forensic consultant rates (.1).	\$ 26.00
Aug-18	Business Operations	8/22/2018	NM	\$ 260.00	0.5	correspond with K. Duff and E. Duff regarding updates in notices and employees and email monitoring and responses (.5)	\$ 130.00
Aug-18	Business Operations	8/22/2018	NM	\$ 260.00	0.3	office conferences with K. Duff, A. Watychowicz, and M. Adler regarding updates in case (.3)	\$ 78.00
Aug-18	Business Operations	8/22/2018	NM	\$ 260.00	1	office conferences with A. Watychowicz and K. Pritchard regarding case updates, notices, and email monitoring (1.0)	\$ 260.00
Aug-18	Business Operations	8/22/2018	NM	\$ 260.00	0.2	study correspondence regarding investors, notices, and other issues (.2)	\$ 52.00
Aug-18	Business Operations	8/22/2018	NM	\$ 260.00	0.1	study draft employee termination letter (.1).	\$ 26.00
Aug-18	Business Operations	8/23/2018	AEP	\$ 390.00	0.4	Teleconference with EquityBuild employee regarding difficulties interfacing with property managers and scheduling of meeting to discuss critical issues (.4)	\$ 156.00
Aug-18	Business Operations	8/23/2018	AEP	\$ 390.00	1	numerous discussions with colleagues regarding status of pending administrative and judicial litigation, management of receivership accounts, legal issues pertaining to competing claims of creditor classes, nature and extent of ponzi scheme as revealed through facts revealed to date, going forward operating strategy, continued employee tenures, and other matters (1.0)	\$ 390.00
Aug-18	Business Operations	8/23/2018	AEP	\$ 390.00	0.5	teleconference with EquityBuild employee regarding need to pay property tax arrearages to ensure passage of CHA inspections, building code violations, and other pressing issues (.5).	\$ 195.00
Aug-18	Business Operations	8/31/2018	AW	\$ 140.00	0.1	Attention to email from insurance broker (.1)	\$ 14.00

Exhibit 2

1017 W 102nd Street EquityBuild - Specific Property Allocation Task Detail

Specific Allocation Hours: 18.60

Specific Allocation Fees: \$ 6,405.81

Invoice Month	Billing Category	Entry Date	Time Keeper	Rate	Task Description	Task Hours	Allocated Hours	Allocated Fees	Allocated Percentage
August 2018	Business Operations	8/22/18		390	Prepare for and meet with property manager and A. Porter (1.7)	1.7	0.025	\$9.75	1.470588%
August 2018	Business Operations	8/22/18		390	telephone and office conferences with A. Porter regarding property management issues (.4)	0.4	0.0037380	\$1.46	0.934500%
August 2018	Business Operations	8/23/18		390	Telephone conference with property manager regarding buildout at commercial space, cash flow model, and process and study correspondence regarding same (.3)	0.3	0.0044120	\$1.72	1.470667%
August 2018	Business Operations	8/23/18		390	telephone conference and exchange correspondence with property manager regarding payment of real estate taxes, source of cash, accounting of transfer, and repayment (.3)	0.3	0.0044120	\$1.72	1.470667%
August 2018	Business Operations	8/25/18		390	office conferences with A. Porter regarding various property and business management issues (.6)	0.6	0.0056070	\$2.19	0.934500%
August 2018	Business Operations	8/25/18		390	study various additional financial and property management information from property managers (.7)	0.7	0.0065420	\$2.55	0.934571%
August 2018	Business Operations	8/27/18		390	prepare for meetings with property managers (.9)	0.9	0.0084110	\$3.28	0.934556%
August 2018	Business Operations	8/27/18		390	conferences with A. Porter regarding same (.8)	0.8	0.0074770	\$2.92	0.934625%
August 2018	Business Operations	8/27/18		390	meet with property manager (1.5)	1.5	0.0220590	\$8.60	1.470600%
August 2018	Business Operations	8/28/18		390	telephone conference with counsel for property manager (.2)	0.2	0.0029410	\$1.15	1.470500%
August 2018	Business Operations	8/28/18		390	study and revise proposed order from property manager's counsel (.3)	0.3	0.0044120	\$1.72	1.470667%
August 2018	Business Operations	8/28/18		390	second telephone conference with property managers counsel re same (.2)	0.2	0.0029410	\$1.15	1.470500%
August 2018	Business Operations	8/28/18		390	office conference with A. Porter regarding same (.1)	0.1	0.0014710	\$0.57	1.471000%
August 2018	Business Operations	8/28/18		390	study correspondence from N. Mirjanich regarding same (.2)	0.2	0.0029410	\$1.15	1.470500%
August 2018	Business Operations	8/29/18		390	Office conference with K. Pritchard regarding EquityBuild invoices property management issues (.4)	0.4	0.0037380	\$1.46	0.934500%
August 2018	Business Operations	8/30/18		390	study correspondence from contractor regarding various property management issues (.1)	0.1	0.0009350	\$0.36	0.935000%
August 2018	Business Operations	8/30/18		390	draft correspondence to A. Porter and N. Mirjanich regarding same (.3)	0.3	0.0028040	\$1.09	0.934667%
August 2018	Business Operations	8/31/18		390	Office conference with A. Porter regarding the property manager compensation (.7)	0.7	0.0065420	\$2.55	0.934571%
August 2018	Business Operations	8/31/18		390	conference with property manager regarding property management and compensation issues (.9)	0.9	0.0132350	\$5.16	1.470556%
August 2018	Business Operations	8/31/18		390	draft correspondence to property manager regarding escrow and compensation issues (.7)	0.7	0.0102940	\$4.01	1.470571%
August 2018	Business Operations	8/31/18		390	exchange correspondence with property manager regarding escrow issue and conference with A. Porter and N. Mirjanich regarding same (.2)	0.2	0.0029410	\$1.15	1.470500%

Invoice Month	Billing Category	Entry Date	Time Keeper	Rate	Task Description	Task Hours	Allocated Hours	Allocated Fees	Allocated Percentage
August 2018	Claims Administration & Objections	8/22/18		390	analysis of records and information, including incomplete nature of same, regarding institutional lenders in relation to properties (1.9)	1.9	0.0213480	\$8.33	1.123579%
August 2018	Claims Administration & Objections	8/25/18		390	Study documents regarding lenders and exchange correspondence with E. Duff regarding same.	0.3	0.0033710	\$1.31	1.123667%
August 2018	Claims Administration & Objections	8/28/18		390	Telephone conference with and study correspondence from E. Duff regarding institutional lenders, rental income, debt service, and communication with institutional lenders (.5)	0.5	0.005618	\$2.19	1.123600%
August 2018	Claims Administration & Objections	8/28/18		390	review correspondence from property manager regarding lender request for property access and office conference with E. Duff regarding same (.2).	0.2	0.0022470	\$0.88	1.123500%
August 2018	Claims Administration & Objections	8/29/18		390	numerous conferences with E. Duff regarding various communications with institutional lenders (.4)	0.4	0.0044940	\$1.75	1.123500%
August 2018	Claims Administration & Objections	8/29/18		390	review correspondence from counsel for investor and draft correspondence to E. Duff regarding same (.1)	0.1	0.0011240	\$0.44	1.124000%
August 2018	Asset Disposition	8/31/18		260	Correspond with K. Duff and A. Porter regarding potential asset disposition issue and study emails regarding same.	0.5	0.0046730	\$1.21	0.934600%
August 2018	Business Operations	8/22/18		390	Meeting with property managers regarding roles and responsibilities, background of properties under management, accounting issues, cash management, and action items (2.0)	2	0.0294120	\$11.47	1.470600%
August 2018	Claims Administration & Objections	8/27/18		390	create spreadsheet to reflect documents received (.7)	0.7	0.0078650	\$3.07	1.123571%
August 2018	Claims Administration & Objections	8/27/18		390	prepare checklist of necessary follow-up with lenders from which information is missing (.5)	0.5	0.005618	\$2.19	1.123600%
August 2018	Claims Administration & Objections	8/27/18		390	summarize information regarding escrows and reserve amounts for review by Receiver (.7).	0.7	0.0078650	\$3.07	1.123571%
August 2018	Claims Administration & Objections	8/28/18		390	Prepare checklist with information to obtain and provide in calls with lenders (.9)	0.9	0.0101120	\$3.94	1.123556%
August 2018	Claims Administration & Objections	8/28/18		390	review documentation received to date for debt service details (.7)	0.7	0.0078650	\$3.07	1.123571%

Invoice Month	Billing Category	Entry Date	Time Keeper	Rate	Task Description	Task Hours	Allocated Hours	Allocated Fees	Allocated Percentage
August 2018	Claims Administration & Objections	8/29/18		390	Review and reply to emails and review of documents from lenders, counsel, review documents relating to mortgage loans (.5)	0.5	0.005618	\$2.19	1.123600%
August 2018	Claims Administration & Objections	8/29/18		390	emails to seven lenders requesting copies of loan documents and related information (1.6)	1.6	0.0372090	\$14.51	2.325563%
August 2018	Claims Administration & Objections	8/30/18		390	update working lists regarding loan information and issues for follow-up (.6)	0.6	0.0067420	\$2.63	1.123667%
August 2018	Claims Administration & Objections	8/30/18		390	confer with Receiver regarding responses to lenders (.3)	0.3	0.0033710	\$1.31	1.123667%
August 2018	Claims Administration & Objections	8/30/18		390	draft letter to lenders with updates regarding property taxes and debt service payments (1.1).	1.1	0.0123600	\$4.82	1.123636%
August 2018	Claims Administration & Objections	8/31/18		390	Assist Receiver in preparation of letter sent to institutional lenders (5.4)	5.4000000	0.0606740	\$23.66	1.123593%
August 2018	Claims Administration & Objections	8/31/18		390	confer with Receiver's counsel regarding requirements for receipt of lenders' documents via drive and regarding information pertaining to institutional loans from records of EquityBuild counsel (.3).	0.3	0.0081080	\$3.16	2.702667%

Calculated by mortgagees