

TO: USA COMMERCIAL MORTGAGE UNSECURED CREDITORS

FROM: COUNSEL FOR USA COMMERCIAL MORTGAGE UNSECURED  
CREDITORS COMMITTEE

**REPORT AS OF NOVEMBER 7, 2006**

**United States Trustee's Motion to Convert Cases to Chapter 7**

On Wednesday, October 25, 2006, the United States Trustee's Office filed a motion to convert the 5 jointly administered bankruptcy cases to Chapter 7. Notice of the Motion and a hearing set for November 28, 2006 were sent to creditors and parties in interest. The Bankruptcy Court expedited the hearing on the motion and heard oral argument on Monday, October 30, 2006. Judge Linda Riegler found that there was not a legal or factual basis for the requested conversion of the cases to Chapter 7, and she made extensive findings of fact and conclusions of law on the record. Those can be obtained by obtaining a transcript of the hearing. On November 1, 2006, Judge Riegler entered an Order denying the motion. Consequently, the hearing on November 28, 2006 is vacated as moot and the cases will not be converted to Chapter 7 and a trustee will not be appointed as a result of the motion. The United States Trustee has 10 days from entry of the Order on the docket to decide whether to appeal the Order, and if an appeal is taken, whether to seek a stay pending appeal.

**Extension of Proof of Claim Bar Date for Direct Lenders Only –  
January 13, 2007**

After dissemination of the June and August statements, it became clear to the Debtors that there were a significant number of Direct Lenders who were still confused about the balances owed them on the loan. In order to address the continuing confusion and misunderstandings of the Direct Lenders about the balances owed them on the loans, the Debtors agreed to provide additional explanations to assist Direct Lenders in reading and understanding the June and August Statements and the information contained in those statements and to conduct an informational session for Direct Lenders as a means of providing these additional explanations. Debtors and the four official Committees agreed to ask the Court to extend the Bar Date to file Proofs of Claim through and including January 13, 2007 for the Direct Lenders only. The Order approving the extension was signed on November 2, 2006.

## **Amended Disclosure Statement and Amended Plan of Reorganization**

On November 6, 2006, the Debtors filed their Second Amended Joint Chapter 11 Plan of Reorganization. The Debtors incorporated additional technical changes and re-filed the Plan on November 7, 2006. Debtors then filed a Disclosure Statement for the Plan on November 7, 2006. A copy of the Second Amended Plan, the Disclosure Statement and a summary of the plan have been posted to this website.