



The Sunwest Management, Inc. Claims Process

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Introduction

- Michael Grassmueck, Principal of Grassmueck Group and Court Appointed Receiver for Sunwest et al.
- Geoff Winkler, Director of Case Management for Grassmueck Group
- The purpose of this call is to provide claimants with more information on the claims process
- There will be an opportunity to ask questions at the end of the call, but please do not ask specific questions about your claim.
- Please refer these questions to us at the contact information at the end of this presentation
- This call is being recorded and the call and presentation will be available to claimants after the completion of the call
- Nothing in this call should be taken as providing legal or tax advice and claimants should seek competent counsel when making legal or tax decisions

Plan of Distribution

- The Plan of Distribution is available on our website:

http://www.grassmueckgroup.com/client_files/Approved%20Distribution%20Plan.pdf

- The Plan of Distribution controls how all claims are processed (Section VI.B.)
- The Receiver encourages all claimants to carefully read the Plan of Distribution if you have not already done so

Claim Form

- The claim form was a result of mediation between the TIC, LLC and Management Committees and counsel for a number of investors
- The claim form was created in order to minimize the information claimants would need to provide to the Receiver
- Instead of requiring claimants to submit substantial amounts of information, the parties wanted the Receiver to use Sunwest Management records to audit claims
- The claim form was available in paper and electronic formats through the Noticing Agent – BMC Group

Submission to BMC

- Claim forms were first submitted to BMC for compiling, scanning and quality control
- The Receiver received the claims forms from BMC in four batches from April 13th to May 24th
- When a claimant amended their claim information with BMC, it created a new and distinct claim number
- Many claimants filed multiple claims for the same loss, creating duplicate claims
- If a claimant checked multiple claim types on one form, the claim was split by BMC Group in order to evaluate each claim type separately
- If a claimant filed one claim for investments in multiple properties, the claim was split by the Receiver in order to evaluate each investment separately

Audit Process

- The Plan of Distribution controls how claims are to be audited
 - Section VIII.B. provides for distributions to claimants
 - Section VIII.B.1. provides for Money In Money Out (MIMO) to be used as the basis for determining Tranche A (MIMO) claims
 - Section VIII.B.2. provides Tranche B (Benefit of the Bargain (BOB)) claims will only be audited after MIMO claims are paid in full
 - Section IV., page 10, provides, under the MIMO definition, the netting of refinanced properties against other claims
- The Receiver spent significant time working with Sunwest Management and the CRO to obtain all payment and investment records, which were then used to audit all claims
- The Receiver was required to recommend partial objection to claims that were duplicate, mis-categorized and non-MIMO claims in order to correct the claims register
- Many of these claims were still allowed for the MIMO portion of the claims
- Once all claims were initially audited for a particular claimant, the Receiver sent them a determination letter that described the proposed treatment of their claim

Reconciliation Process

- The Receiver has reserved 30-45 days to work with claimants that have questions about the proposed treatment of their claim
- Claimants may submit additional information to assist in reconciling claims issues
- Claimants may request additional information to help understand how the proposed determination was reached
- Claimants are encouraged to contact the Receiver through the Sunwest Claims Hotline at 1-866-674-6791 or via email at sunwestclaims@grassmueckgroup.com

Report to the Court Regarding Proposed Claim Treatment

- After the reconciliation process, the Receiver will submit the updated proposed claim treatment to the Court (between August 1st and August 15th)
- If any outstanding claims issues remain, claimants will be given the opportunity to present these issues to the Court
- The Court will make a final decision on all claims that are not resolved by the day of the hearing
- The vast majority of all proposed objections by the Receiver are administrative in nature
 - This includes an objection to any claims for Benefit of the Bargain claims, mis-categorized claims and duplicate claims
- Benefit of the Bargain claims, pursuant to the Distribution Plan, will be evaluated only after all MIMO claims are paid in full

Interim Distribution

- Assuming that the Plan of Reorganization is approved and the Blackstone sale closes as planned, the Receiver anticipates making an interim distribution by December 31, 2010
- There will likely be more than one distribution made to claimants
- The check will be issued in the name provided on the claim form
- The percentage of recovery each claimant will receive is not yet known and will change based upon the following:
 - The dollar amount of claims approved
 - The result of third party litigation and additional asset liquidation
 - The total funds received in the Blackstone sale
 - The remaining administrative fees and wind down costs

Contact Information

- Sunwest Claims Hotline: 1-866-674-6791
- Sunwest Claims Email:
sunwestclaims@grassmueckgroup.com
- Grassmueck Group Contact Information:
 - Phone: (503)294-9928
 - Fax: (503)334-1555
 - Address: P.O. Box 3649, Portland, Oregon 97208