UNITED STATES BANKRUPTCY COURT

DISTRICT OF SOUTH CAROLINA

In re:

Foxwood Hills Property Owners Association, Inc.,

Debtor.

Foxwood Hills Property Owners Association, Inc.,

Plaintiff.

v.

783-C LLC; et al.,¹

Defendants.

Case No. 20-02092-hb

Chapter 11

Adv. Pro. No. 20-80049-HB

NOTICE AND APPLICATION FOR SETTLEMENT AND COMPROMISE BETWEEN THE ASSOCIATION AND JODY M. PATTERSON

TO: ALL PARTIES APPEARING IN THIS ADVERSARY PROCEEDING, AND ALL CREDITORS AND PARTIES IN INTEREST APPEARING IN THIS BANKRUPTCY CASE:

YOU ARE HEREBY NOTIFIED that Plaintiff Foxwood Hills Property Owners Association, Inc. (the "<u>Association</u>") and Defendant Jody M. Patterson ("<u>Ms. Patterson</u>"), by and through their undersigned attorneys, are applying for approval (the "<u>Application</u>") of the following compromise or settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure and SC LBR 9019-1.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not want the Court to approve the settlement or compromise between the Association and Ms. Patterson, or you want the Court to consider your views on the Application,

¹ Pursuant to Rule 10(a) of the Federal Rules of Civil Procedure, made applicable herein by Rule 7010 of the Federal Rules of Bankruptcy Procedure, Plaintiff Foxwood Hills Property Owners Association, Inc. is naming the first defendant in this caption, rather than listing all defendants, who number over 3,300 names and otherwise comprise a caption of over twenty-six pages.

then within twenty-one (21) days of service of this notice, you or your attorney must:

File with the Court a written response, return or objection at:

1100 Laurel Street Columbia, SC 29201

If you mail your response, return, or objection to the Court for filing, you must mail it early enough so the Court will <u>receive</u> it on or before the date stated above, *i.e.*, the Court must <u>receive</u> it within twenty-one (21) days after service of this notice. You must also serve a copy simultaneously on all parties in interest.

Responses returns or objections filed by an attorney must be electronically filed in ecf.scb.uscourts.gov.

If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the Application and may enter an Order granting that relief.

No hearing will be held on this application, except at the direction of the judge, unless a response, return and/or objection is timely filed and served, in which case, the Court will conduct a hearing on <u>June 15, 2021 at 10:30 a.m.</u>, at the Donald Stuart Russell Federal Courthouse, 201 Magnolia Street, Spartanburg, South Carolina. No further notice of this hearing will be given.

NATURE OF DISPUTE: In its <u>Amended Complaint</u> [Doc. 2] filed in this adversary proceeding on July 23, 2020, the Association seeks a declaratory judgment and equitable relief based on equitable principles and maxims, common law principles and statutory authority. Specifically, the Association seeks an Order from the Court declaring that (a) the defendants are members of the Association with equal voting rights, and (b) the defendants must pay annual budget-based dues, fees and assessments to the Association in order to enable it to remain solvent and meet its annual approved budget. On September 17, 2020, Ms. Patterson, along with numerous other defendants represented by Michael B. Dodd, Esquire, filed her <u>Answer to the Amended Complaint</u> [ECF 29], and on October 7, 2020, Ms. Patterson (along with the same group of defendants represented by Mr. Dodd) filed her <u>Amended Answer and Counterclaims to the Amended Complaint</u> [ECF 49]. Ms. Patterson denies and opposes the relief sought by the Association in the Amended Complaint, and counterclaims for declaratory relief.

Ms. Patterson owns property in areas that had been intended for development as part of the Foxwood Hills community, and which are identified as the Leland, Fontana, Bellhaven, Chapin, Dellwood, Granby and Woodcrest Sections (such sections, collectively, the "<u>Outparcel</u> <u>Property</u>"). The Association included Ms. Patterson in the Amended Complaint mistakenly, based on a misunderstanding by its attorneys that Ms. Patterson also owned one or two lots in the Community. Although the Outparcel Property was subdivided into lots for possible development and certain restrictions were recorded for it by Foxwood Corporation, the last developer of the Community, the developer never constructed or installed roads and infrastructure for the Outparcel Property. The Association provides no services to this property.

The "dispute" relates to what rights the Association and Ms. Patterson would have against each other if the restrictions recorded by Foxwood Corporation in contemplation of the

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development of the Outparcel Property were enforced. Arguably, the Association could seek to collect assessments from Ms. Patterson for the lots in the Outparcel Property; and Ms. Patterson could seek to compel the Association to provide the same services and access to amenities allowed for Association members. In actuality, both the Association and Ms. Patterson agree that the potential rights and obligations under the restrictions would be unenforceable against either of them.

Neither the developer nor the Association have ever provided property owners association services to the Outparcel Property, because it was never developed and never operated as part of the Community. With regard to assessments for the lots owned by Ms. Patterson, the Association has not charged her assessments on the Outparcel Property. Accordingly, the Association and Ms. Patterson are informed and believe that various doctrines and principles, such as waiver, estoppel, unjust enrichment, frustration of purpose, etc. would apply to preclude both the Association and Ms. Patterson from compelling the other to perform or pay assessments under the restrictions.

AMOUNT DISPUTED: No determined dollar amount is in dispute.

PROPOSED SETTLEMENT OR COMPROMISE: The proposed settlement is as follows:

1. The Association shall not seek to enforce, and releases, any right it has or may have to charge and/or collect assessments on account of the Outparcel Property.

2. With regard to the Outparcel Property she owns, Ms. Patterson shall not have and releases any right she has or may have to (a) use Association amenities, or (b) seek to compel services to the Outparcel Property by the Association, or (c) participate as a member in the Association. This release of rights shall be binding upon any successors in title to the Outparcel Property she now owns.

3. Ms. Patterson shall be dismissed as a defendant in this Adversary Proceeding upon entry of the Order approving this settlement.

4. This settlement is incorporated into the <u>Amended and Restated Chapter 11 Plan of</u> <u>Reorganization of the Association</u> filed by the Association on May 3, 2021 [ECF 275] (the "<u>Amended Plan</u>").

5. The Amended Plan filed includes these provisions for Ms. Patterson and other owners of the Outparcel Property, as Class 13 of the Amended Plan. Ms. Patterson agrees to vote to accept the Amended Plan by filing a ballot of acceptance of it when the time for plan voting occurs, provided that the provisions addressing her property and her interests remain the same as now stated in the Amended Plan.

This settlement formalizes that treatment between the Association and the Outparcel Property owners that has existed for many years. The Association is informed and believes that it would not be able to legally compel the owners of the Outparcel Property to pay assessments to the Association, and that, likewise, the owners of the Outparcel Property would not be able to legally compel the Association to provide services to the Outparcel

A copy of that certain [proposed] <u>Consent Order Approving Settlement Between the</u> <u>Association and Jody M. Patterson</u>, which serves as the settlement agreement, is attached to this

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notice.

BENEFITS TO THE ESTATE: The proposed settlement serves to (1) confirm the relationship and status of rights between the Association and Ms. Patterson, (2) formalize the treatment between the Association and Ms. Patterson that has existed for many years, and (3) prevent any further litigation costs by the Association in regard to Ms. Patterson's rights and interests.

MOVING PARTIES: The Association and Ms. Patterson jointly move for approval and authorization of this proposed settlement.

The Association and Ms. Patterson hereby certify that the terms set out above are complete and have been agreed upon by them.

WHEREFORE, the Association and Ms. Patterson request that the Court issue an order authorizing the settlement and compromise and granting such other and further relief as may be proper.

	<u>/s/ Julio E. Mendoza, Jr.</u>
	Julio E. Mendoza, Jr., Court ID No. 3365
	Kyle A. Brannon, Court ID No. 11509
	Carl H. Petkoff, Court ID No. 13447
	NEXSEN PRUET, LLC
	1230 Main Street, Suite 700 (29201)
	Post Office Box 2426
	Columbia, South Carolina 29202
	Telephone: 803-540-2026
	Email: rmendoza@nexsenpruet.com
	kbrannon@nexsenpruet.com
May 6, 2021	cpetkoff@nexsenpruet.com
Columbia, South Carolina	Attorneys for Plaintiff Foxwood Hills Property
	Owners Association, Inc.
	/s/ Michael B. Dodd
	Michael B. Dodd, Court ID No. 11830
	THE DODD LAW FIRM, LLC
	13 Sevier Street
	Greenville, South Carolina 29605
	Telephone: 864-747-5607
	Facsimile: 864-243-8255
May 6, 2021	Email: michael@thedoddlawfirm.com
	Attorney for Defendant Jody M. Patterson
Anderson, South Carolina	

UNITED STATES BANKRUPTCY COURT

DISTRICT OF SOUTH CAROLINA

In re:

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Defendants.

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CERTIFICATE OF SERVICE

I, Julio E. Mendoza, Jr., of Nexsen Pruet, LLC, do hereby certify that copies of the NOTICE AND APPLICATION FOR SETTLEMENT AND COMPROMISE BETWEEN THE ASSOCIATION AND JODY M. PATTERSON and the proposed CONSENT ORDER APPROVING SETTLEMENT BETWEEN THE ASSOCIATION AND JODY M. PATTERSON were served on the parties in interest listed on the attached <u>Exhibit A</u>, by depositing a copy of the same in the U.S. Mail, first class postage prepaid, on May 6, 2021, in Columbia, South Carolina, by ECF notice to those having filed notices of appearance and who receive

² Pursuant to Rule 10(a) of the Federal Rules of Civil Procedure, made applicable herein by Rule 7010 of the Federal Rules of Bankruptcy Procedure, Plaintiff Foxwood Hills Property Owners Association, Inc. is naming the first defendant in this caption, rather than listing all defendants, who number over 3,300 names and otherwise comprise a caption of over twenty-six pages.

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electronic notices in this case, and by posting on the webpage maintained by American Legal Claim Services for Foxwood Hills Property Owners Association, Inc. in this case.

> /s/ Julio E. Mendoza, Jr. Julio E. Mendoza, Jr., Court ID No. 3365 Kyle A. Brannon, Court ID No. 11509 Carl H. Petkoff, Court ID No. 13447 NEXSEN PRUET, LLC 1230 Main Street, Suite 700 (29201) Post Office Box 2426 Columbia, South Carolina 29202 Telephone: 803-540-2026 Email: rmendoza@nexsenpruet.com kbrannon@nexsenpruet.com

May 6, 2021

Columbia, South Carolina

Attorneys for Plaintiff Foxwood Hills Property Owners Association, Inc.

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Linda K. Barr, Esquire Office of the United States Trustee 1835 Assembly Street, Suite 953 Columbia, SC 29201 (by ECF/NEF System notification only)

Teri L. Callen, Esquire 3447 Blossom Street Columbia, SC 29205

Charles V. Burrell 6612 W Anthony Rd. Ocala, FL 34479

Lemuel J. Evans 806 Moore Drive Westminster, SC 29693

Candice C. Jordan 1707 Old Hoods Mill Rd. Commerce, GA 30529

Alvin Murphy 117 Chelsea Street Moore, SC 29369

Christopher A. Pierce 605 White Owl Lane Seneca, SC 29678

Jody Pope 4198 Liberty Pointe Lane Auburn, GA 30011

Robert Nicole Brynn, LLC 7102 28th St. E Sarasota, FL 34243 Michael B. Dodd, Esquire The Dodd Law Firm, LLC 13 Sevier Street Greenville, SC 29605

Wilma E. Black 6501 Queens Way Dr. Columbia, SC 29209

Jackie C. Busbee, Jr. 608 Loop Circle Westminster, SC 29693

Terri Gayheart 806 Moore Drive Westminster, SC 29693

Robin L. Jordan 1707 Old Hoods Mill Rd. Commerce, GA 30529

Judy Murphy 117 Chelsea Street Moore, SC 29369

Jim E. Pitt 43784 Fredericksburg St. Canton, MI 48188

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Tona Renee Busbee 608 Loop Circle Westminster, SC 29693

Jessica Havens 203 Rowe Road Greenville, SC 29611

William Murdock 425 Kingston Loop Dr. West Minister, SC 29693

Sheri Kimball, Trustee for Trust B Under the Will of James Perry Kimball 158 Seclusion Court Lexington, SC 29072

Tammy J. Pitt 43784 Fredericksburg St. Canton, MI 48188

Jih M. Wang 647 Polo Rd, Apt 101 Columbia, SC 29223

Richard R. Gleissner, Esquire Gleissner Law Firm, LLC 1237 Gadsden Street, Suite 200A Columbia, SC 29201

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Robert D. Watkins 7 Zoe Court Bluffton, SC 29910

South Carolina Dept of Revenue PO Box 122265 Columbia SC 29211-9979

Oconee County Treasurer 415 S. Pine Street Walhalla SC 29691

Kimberly Macaulay PO Box 239 206 Kingswood Drive Westminster, SC 29693

Dottie Lewis 156 Little Choestoea Rd Westminster, SC 29693

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John Fisher Beach, Esquire Adams and Reese, LLP 1501 Main Street, Fifth Floor Columbia, SC 29201

Donna Watkins 7 Zoe Court Bluffton, SC 29910

John Deere Financial Attn: Amber Mitchell 6400 NW 86th Street Johnston, IA 50131-6600

TIAA Commercial Finance, Inc. 10 Waterview Boulevard Parsippany, NJ 0705

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Internal Revenue Service Centralized Insolvency Operation PO Box 7346 Philadelphia PA 19101-7346

Hugh H. Macaulay, IV PO Box 239 206 Kingswood Drive Westminster, SC 29693

Bill H. Lewis 156 Little Choestoea Rd Westminster, SC 29693

UNITED STATES BANKRUPTCY COURT

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783-C LLC; et al.,¹

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CONSENT ORDER APPROVING SETTLEMENT AND COMPROMISE BETWEEN THE ASSOCIATION AND JODY M. PATTERSON

This matter comes before the Court upon the <u>Notice and Application for Settlement and</u> <u>Compromise Between the Association and Jody M. Patterson</u> (the "<u>Notice and Application</u>") filed on May 6, 2021 jointly by Foxwood Hills Property Owners Association, Inc. (the "<u>Association</u>"), the plaintiff in this adversary proceeding and the debtor-in-possession in this Chapter 11 case, and Jody M. Patterson ("<u>Ms. Patterson</u>"), a named defendant in this adversary proceeding, for approval of a settlement between them pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure and SC LBR 9019-1. The Notice and Application describe the nature of the matters being settled, it states the proposed terms of settlement, and it describes the benefits of

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the settlement to the estate. The terms of the settlement are also stated below in this Order, which also serves as the settlement agreement between the Association and Ms. Patterson.

It appears that the Notice and Application and this Consent Order, attached to the Notice and Application as a proposed Order, were served upon creditors and parties in interest on May 6, 2021, that more than twenty-one (21) days have elapsed since such service and that no objections were timely filed, or any filed objections have been withdrawn or overruled by the Court. It further appears from the Notice and Application that the settlement terms are reasonable for the matters between the Association and Ms. Patterson, and that the settlement should be approved.

Therefore, it is ORDERED, ADJUDGED AND DECREED that the following settlement terms between the Association and Ms. Patterson are hereby approved:

1. The Association shall not seek to enforce, and releases, any right it has or may have to charge or collect assessments on account of property Ms. Patterson (and her successors in title to such property) owns in the Leland, Fontana, Bellhaven, Chapin, Dellwood, Granby and Woodcrest Sections (collectively, the "<u>Outparcel Properties</u>") in or near the area of Foxwood Hills, which Foxwood Corporation, the last developer of the Foxwood Hills community intended to develop but for which no roads or infrastructure were constructed or installed.

2. With regard to the Outparcel Property she owns, Ms. Patterson shall not have and releases any right she has or may have to (a) use the Association amenities, or (b) seek to compel services to the Outparcel Property by the Association, or (c) participate as a member in the Association. This release of rights shall be binding upon any successors in title to the Outparcel Property she now owns.

3. Ms. Patterson shall be dismissed as a defendant in this adversary proceeding upon entry of this Order approving the settlement.

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4. This settlement is incorporated into the <u>Amended and Restated Chapter 11 Plan of</u> <u>Reorganization</u> the Association filed on May 3, 2021 [ECF 275] (the "<u>Amended Plan</u>").

5. The Amended Plan includes the settlement provisions stated above for Ms. Patterson, and for other owners of the Outparcel Property, as Class 13 of the Amended Plan. Ms. Patterson agrees to vote to accept the Amended Plan by filing a ballot of acceptance of it when the time for plan voting occurs, provided that the provisions addressing her property and her interests remain the same as now stated in the Amended Plan.

AND IT IS SO ORDERD.

[Consent signatures appear on the next page.]

WE CONSENT:

<u>/s/ Julio E. Mendoza, Jr.</u> Julio E. Mendoza, Jr., Court ID No. 3365 NEXSEN PRUET, LLC 1230 Main Street, Suite 700 (29201) Post Office Box 2426 Columbia, South Carolina 29202 Telephone: 803-540-2026 Email: rmendoza@nexsenpruet.com

Attorneys for Plaintiff Foxwood Hills Property Owners Association, Inc., Debtor-in-Possession

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Attorney for Jody M. Patterson