

CAUSE NO. D-1-GN-24-001018

SAJID MAQSOOD, TRUSTEE OF THE	§	IN THE DISTRICT COURT
SAJID & JOAN M. MAQSOOD REVOCABLE	§	
TRUST, ET. AL.,	§	
	§	
Plaintiffs,	§	TRAVIS COUNTY, TEXAS
	§	
v.	§	
	§	
PRIDE OF AUSTIN HIGH YIELD	§	
FUND I, LLC, ET. AL.	§	201 ST JUDICIAL DISTRICT
	§	

RECEIVER’S MOTION TO SELL CERTAIN MODULAR HOUSING UNITS

Gregory S. Milligan, in his capacity as the Court-appointed receiver (“**Receiver**”) for Defendant Pride of Austin High Yield Fund 1, LLC (“**POA**” or the “**Fund**”), files this Motion to Sell Certain Modular Housing Units (the “**Motion**”) and would respectfully show the Court as follows:

INTRODUCTION

A. Appointment of Receiver

1. POA is a Texas limited liability. POA has over 200 members, each of whom have subscribed to purchase membership interests in POA. POA raised investor capital for the purpose of making and arranging residential, commercial, and construction loans to the general public, acquiring existing loans, and selling loans, all of which are to be secured by deeds of trust and mortgages on real estate or personal property. Beginning in 2023, POA was hit with an onslaught of investor lawsuits after POA ceased distributions to investors. On February 9, 2024, the plaintiffs in the above-captioned lawsuit filed their original petition and application for the appointment of a receiver over POA. On April 30, 2024, the Court entered the Agreed Order Appointing Receiver

(the “**Receiver Order**”) and appointed Gregory S. Milligan as the Receiver¹. The Receivership Order was effective that day when the Receiver deposited the required bond and filed his oath.

2. The Receivership Order grants the Receiver the right and duty to manage all assets of POA (the “**Receivership Assets**” or “**Receivership Estate**”).

B. Property to be Sold

3. The property to be sold results from the Fund’s lending relationship with Guestwiser Joint Venture 1, LLC (“**Guestwiser**”). The Fund made a loan to Guestwiser in 2021, which was secured by (i) two lots, 1115 and 1117 Powhattan Street, Dallas, Texas 75215 (the “**Real Property**”); and (ii) certain modular housing units (the “**Modular Units**”), more particularly described in the Letter of Intent, attached as **Exhibit A**.

4. The Receiver has worked to gain control of the Real Property and Modular Units since the commencement of the Receivership. Those efforts have been described in the *Receiver’s Status Reports*. In February 2025, the Receiver took title to both the Real Property and the Modular Units. Now that the Receiver has ownership and control of the Real Property and Modular Units, the Receiver has undertaken efforts to market and sell both. The subject of this Motion is only the Modular Units.

C. The Proposed Transaction

5. On February 20, 2025, the Receiver executed a Letter of Intent (the “**LOI**” or “**Letter of Intent**”) with Modular Development Concepts, LLC (the “**Purchaser**”). Under the terms of the LOI, and subject to this Court’s approval, the Purchaser will purchase the Modular Units for a price of \$422,500.00 (the “**Purchase Price**”). The Purchaser will issue a promissory note to the Receiver in the amount of the Purchase Price (the “**Note**”). The Note will be secured by the

¹ The Receivership Order was amended on May 6, 2024.

Modular Units and the amounts due under the Note will accrue interest at 8% per annum. The Note will mature on the sixth month anniversary of its execution (the “**Maturity Date**”).

6. The Purchaser plans to resell the Modular Units to third parties (each a “**Third-Party Purchaser**”). Prior to the Maturity Date, upon the sale of each Modular Unit to a Third-Party Purchaser, the Purchaser will be obligated to pay the Receiver \$84,500, plus 8% accrued interest. The Purchaser will have the right to extend the Maturity Date for 30 days on up to three (3) occasions. A condition of each extension of the Maturity Date will be the payment of an extension fee to the Receiver (the “**Extension Fee**”). The Extension Fee shall be in an amount equal to 5% of the principal balance due on the Note at the time the extension is sought.

ARGUMENTS & AUTHORITIES

A. Legal Standard

7. A receiver’s authority is controlled by the appointing order and is flexible enough to encompass any action that helps the receiver’s purpose of rehabilitating or liquidating a business. *See* Tex. Bus. Orgs. Code §§ 11.402–11.406 (a receiver may be appointed to rehabilitate or liquidate an entity and the receiver “has the powers and duties that are stated in the order appointing the receiver or that the appointing court: (A) considers appropriate to accomplish the objectives for which the receiver was appointed; and (B) may increase or diminish at any time during the proceedings”).

8. The Receivership Order provides that the Receiver is authorized:

Without further order of the Court . . . to liquidate, abandon, or otherwise dispose of Receivership Assets, including real estate, in the ordinary course of business. Without further order of the Court, the Receiver may liquidate, abandon, or otherwise dispose of Receivership Assets, including real estate, with a fair market value of \$25,000 or less, outside the ordinary course of business; [and] . . . To take such other action as may be approved by the Court.

Receivership Order, ¶¶ 8.i., 34.

9. Confirmation of a receiver's proposed sale or use of receivership property is subject to the trial court's discretion and depends on the facts and circumstances of the case. *Salaymeh v. Plaza Centro, LLC*, 258 S.W.3d 236, 240 (Tex. App.—Houston [1st Dist.] 2008, no pet.) (“The sale of property in receivership is generally not effective until the sale is reported by the receiver and confirmed by the court, after notice to the parties. . . . Confirmation of a receiver's sale is a matter for the trial court's discretion depending on the particular facts of each case, and we will reverse this decision only upon a showing that the trial court abused its discretion.”); *Gibson v. Smith*, 511 S.W.2d 327, 329 (Tex. Civ. App. – Tyler 1974, no writ.).

10. A proposed transaction should be approved if, after considering all circumstances and equities, the proposed transaction helps the receiver fulfill the goals of appointment. *Id.* A transaction will not be set aside unless there is fraud or other material irregularities in the process or unless the price is “so great as to shock the conscience of the court.” *Id.* (“We will not set aside a receiver's sale for inadequacy of the price alone, in the absence of facts and circumstances showing fraud or material irregularities. However, under the principles of equity, an abuse of discretion may be found, and the trial court's confirmation of the sale set aside, where there is a showing that the inadequacy of price received for the property is ‘so great as to shock the conscience of the court.’”); *see also Garcia v. Garcia*, No. 04-09-00054-CV, 2009 Tex. App. LEXIS 8711, at *6 (Tex. App.—San Antonio Nov. 11, 2009, no pet.) (“Confirmation of a receiver's sale is a matter for the trial court's discretion depending on the particular facts of each case, and we will reverse this decision only upon a showing that the trial court has abused its discretion.”); *Scheel v. Alfaro*, 406 S.W.3d 216, 222-23 (Tex. App.—San Antonio 2013, pet. denied) (“A receiver's sale should not be set aside based on the sales price being inadequate unless

there is a showing of fraud or material irregularities, or a showing that the inadequacy of the price received is so great as to shock the conscience of the court.”).

11. A court is within its discretion to approve a proposed transaction if the sale price is fair and reasonable. *Id.* A transaction will not be set aside based on “inadequacy of the price alone, in the absence of facts and circumstances showing fraud or material irregularities,” or unless the inadequacy of price received for the property is “so great as to shock the conscience of the court.” *Id.* (quoting *Gardner v. Union Bank & Trust Co. of Ft. Worth*, 176 S.W.2d 789, 793 (Tex. Civ. App.—Fort Worth 1943, no writ)) (internal quotations omitted); see *Scheel v. Alfaro*, 406 S.W.3d 216, 222–23 (Tex. App.—San Antonio 2013, pet. denied).

B. The Sale of the Modular Units is in the Best Interest of the Receivership Estate.

12. The Receiver believes that the sale of the Modular Units is in the best interest of the Receivership Estate and is consistent with his obligations under the Receivership Order. The Modular Units represent an asset of the Receivership Estate, and the Receiver believes that the transaction proposed for the sale of the Modular Units represents a fair and appropriate price for the Modular Units and will result in a material recovery to the Receivership Estate, which will ultimately be used to pay POA’s stakeholders. The Receiver, thus, seeks authority from the Court to sell the Modular Units, and enter into the necessary ancillary agreements, including the Note and accompanying security agreement, to consummate the sale of the Modular Units without further Court approval, under the terms proposed in the LOI. See **Exhibit A**.

C. Notice of Requested Relief

13. In order to ensure that all interest holders receive notice of the relief requested in this Motion, the Receiver will serve a copy of the Motion on: (a) all parties that have filed a notice of appearance in this case; and (b) will post copies of the Motion and notice of hearing on the

Receiver's website², and send out a notification to all investor email addresses that such Motion has been filed.

PRAYER

WHEREFORE, the Receiver requests that upon final consideration of this Motion, the Court enter an order consistent with the foregoing requested relief and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

Respectfully submitted,

KANE RUSSELL COLEMAN & LOGAN, PC

By: /s/ Trip Nix
William R. "Trip" Nix
Texas Bar No. 24092902
401 Congress Ave., Ste. 2100
Austin, Texas 78701
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tnix@krcl.com

ATTORNEYS FOR RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that, on March 4, 2025, a true and correct copy of the foregoing Motion was served electronically upon all counsel of record via eFileTexas. The Motion will, as soon as practicable, be served on all known POA investors via the methods set forth above.

/s/ Trip Nix
Trip Nix

² <https://www.prideofaustinreceivership.com>

EXHIBIT A

Letter of Intent

*Pending in the 201st Judicial District
In the District Court of Travis County, Texas
Case No. D-1-GN-24-001018*

February 20, 2025

Modular Development Concepts, LLC
Attn: Royce Tolley
7403 SE 31st Avenue
Portland, Oregon 97202

Mr. Tolley:

This letter of intent sets forth our agreement and understanding as to the essential terms of the sale to **MODULAR DEVELOPMENT CONCEPTS, LLC** (the “Purchaser”) by **GREGORY S. MILLIGAN, RECEIVER FOR PRIDE OF AUSTIN HIGH YIELD FUND 1, LLC** (the “Seller”) of certain modular housing units. The parties intend this letter agreement to be binding and enforceable, and that it will inure to the benefit of the parties and their respective successors and assigns.

1. ***Purchased Assets.*** At the closing, the Purchaser will purchase five (5) modular housing units owned by the Seller with the following serial numbers: MM-KRB-(0001)-0000-TX, MM-KRB-(0002)-0000-TX, MM-KRB-(0003)-0000-TX, MM-KRB-(0004)-0000-TX, MM-KRB-(0005)-0000-TX, MM-KRB-(0006)-0000-TX, MM-KRB-(0007)-0000-TX, MM-KRB-(0008)-0000-TX, MM-KRB-(0009)-0000-TX, MM-KRB-(0010)-0000-TX (collectively, the “Modular Units”).


2. ***Purchase Price/Seller Financing.*** The Purchaser will purchase the Modular Units for a price of \$422,500.00 (the “Purchase Price”). The Purchaser will issue a promissory note to the Seller in the amount of the Purchase Price (the “Note”). The Note will be secured by the Modular Units and the amounts due under the Note will accrue interest at 8% per annum. The Note will mature on the sixth month anniversary of its execution (the “Maturity Date”). The Purchaser plans to resell the Modular Units third parties (each a “Third-Party Purchaser”). Prior to the Maturity Date, upon the sale of each Modular Unit to a Third-Party Purchaser, the Purchaser will be obligated to pay Seller \$84,500, plus 8% accrued interest. The Purchaser will have the right to extend the Maturity Date for 30 days on up to three (3) occasions. A condition of each extension of the Maturity Date will be the payment of an extension fee to Seller (the “Extension Fee”). The Extension Fee shall be in an amount equal to 5% of the principal balance due on the Note at the time the extension is sought.

3. ***Court Approval.*** The buyer acknowledges that Seller is required to obtain court approval from the 201st Judicial District Court in Travis County, Texas (the “Court”) ¹, in order to consummate the transactions contemplated in this letter of intent. Upon execution of this letter of intent, the Seller will promptly seek Court approval and will keep Purchaser apprised of his efforts in doing so.

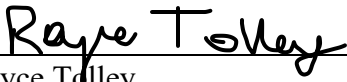

4. ***Expenses.*** Each party will pay all of its expenses, including legal fees, incurred in connection with the acquisition of the Modular Units.

¹ The Court is presiding over the case styled *In Re: Sajid Maqsood, Trustee of the Sajid Maqsood & Joan M. Maqsood Revocable Trust, et al, Plaintiffs vs. Pride of Austin High Yield Fund, I, LLC; CCG Capital Group, LLC and Robert J. Buchanan, Defendants*, Cause No. D-1-GN-24-001018, in which the Seller has been appointed as Receiver.

PRIDE OF AUSTIN HIGH YIELD FUND 1, LLC

By: 
Name: Gregory S. Milligan
Title: Court Appointed Receiver

MODULAR DEVELOPMENT CONCEPTS, LLC

By: 
Name: Royce Tolley
Title: 

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Ann Marie Jezisek on behalf of William Nix

Bar No. 24092902

ajejisek@krcl.com

Envelope ID: 98026052

Filing Code Description: Motion (No Fee)

Filing Description: RECEIVER'S MOTION TO SELL CERTAIN MODULAR HOUSING UNITS

Status as of 3/4/2025 2:26 PM CST

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