

ROPES & GRAY LLP  
Mark I. Bane  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Telephone: (212) 596-9000  
Facsimile: (212) 596-9090

-and-

James A. Wright III  
Meredith S. Tinkham (*pro hac vice*)  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199-3600  
Telephone: (617) 951-7000  
Facsimile: (617) 951-7050

*Counsel for the Debtor*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, <sup>1</sup>	:	Case No. 15-10573 (SCC)
	:	
Debtor.	:	
-----X		

**MOTION OF THE DEBTOR FOR ENTRY OF (I) AN ORDER  
(A) APPROVING BIDDING PROCEDURES FOR THE SALE OF CERTAIN  
MORTGAGE LOANS AND REAL ESTATE OWNED PROPERTIES,  
(B) APPROVING THE PROPOSED BREAK-UP FEE, (C) APPROVING  
THE FORM AND MANNER OF NOTICE, AND (D) SCHEDULING  
AN AUCTION AND A SALE HEARING, AND (II) AN ORDER  
AUTHORIZING AND APPROVING THE SALE OF CERTAIN  
MORTGAGE LOANS AND REAL ESTATE OWNED PROPERTIES**

The debtor and debtor-in-possession in the above-captioned case (the “Debtor”) submits this motion (the “Motion”) for entry of the Bidding Procedures Order and Sale Order (as each term is defined herein) with respect to the sale of 78 performing and non-performing mortgage

---

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

loans and 38 real-estate owned or “REO” properties (collectively, the “Portfolio”). In support of the Motion, the Debtor submits the Declaration of Carol Flaton in Support of the Debtor’s Motion for an Order Approving Bid and Notice Procedures and an Order Approving an Asset Purchase Agreement Between the Debtor and the Successful Bidder, sworn to on September 22, 2015, and attached hereto as **Exhibit D** (the “Flaton Declaration”), and respectfully represents:

### **Jurisdiction**

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are sections 105(a), 363, 503, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and Rules 2002, 3007, 6004, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

### **Background**

2. On March 11, 2015 (the “Petition Date”), the Debtor filed a voluntary petition with this Court for relief under chapter 11 of the Bankruptcy Code. Sections 1107(a) and 1108 of the Bankruptcy Code authorize the Debtor to continue to operate its businesses and manage its properties as a debtor in possession. No request for the appointment of a trustee or examiner has been made in this chapter 11 case. An Official Committee of Unsecured Creditors (the “UCC”) was appointed on March 23, 2015.

3. A summary of the Debtor’s business, the Debtor’s capital structure, and the events leading to this chapter 11 case, are set forth in the *Declaration of Carol Flaton in Support of First Day Motions* [Dkt. No. 8] (the “First Day Declaration”).

4. The Debtor owns approximately 125 legacy loans and approximately 75 REO properties in Puerto Rico, acquired through foreclosures of loans. The loans are primarily collateralized by real estate in Puerto Rico. Most, though not all, of the real properties are residential. The majority of the loans are non-performing.

5. During July and August of this year, the Debtor engaged in a marketing process for the sale of the loans and REO. The Debtor, through Zolfo Cooper, contacted a variety of parties located both in Puerto Rico and elsewhere, all of whom were potentially interested in investing in financial or real estate assets in Puerto Rico. The Debtor compiled and made available “bid tapes,” which are electronic file compilations of basic data regarding the loans. The Debtor also compiled, and made available for onsite diligence purposes, the Debtor’s complete files on the loans and REO, to the extent they were available.

6. After engaging numerous possible purchasers and allowing time for diligence, the Debtor received a bid from RNPM, LLC, a Nevada limited liability company (the “Stalking Horse”), for a majority of the loans and REO assets.

7. Following extensive arm’s-length negotiations, the Debtor concluded that the offer being extended was the most attractive offer thus far received, and so the Debtor and the Stalking Horse entered into an Asset Purchase and Sale Agreement, a copy of which is attached hereto as **Exhibit B** (the “Stalking Horse Agreement”). As reflected in the summary of the proposed transaction set forth below, the Debtor proposes to pursue a sale of the loans and REO by a standard auction process pursuant to Bankruptcy Code section 363.

**Summary of Proposed Sale**

8. The principal terms of the Stalking Horse Agreement are summarized in the following chart:

SUMMARY DESCRIPTION	
Parties	<p>Seller: Doral Financial Corporation</p> <p>Purchaser: RNPM, LLC</p>
Purchased Assets	<p>78 performing and non-performing loans and 38 REO properties, to be sold free and clear of liens, claims, interest, and encumbrances, other than liens permitted by the Stalking Horse Agreement, <u>provided, however</u>, that if Seller accepts a bid in accordance with the Bidding Procedures (as defined below) from another bidder that includes any one or more of the assets in the Portfolio, then Purchaser may, in its sole discretion, either terminate the Stalking Horse Agreement and be paid the Breakup Fee (as defined below), or purchase the remaining assets in the Portfolio at a reduced price in accordance with the terms of the Stalking Horse Agreement (such purchase, the “<u>Alternative Purchased Assets</u>”).</p>
Purchase Price/All Cash Transaction	<p>The sum of (a) \$4,695,089.00 in cash, minus (b) the Outstanding Property Taxes (as set forth on Schedule 1 to the Stalking Horse Agreement) and \$88,600 (the “<u>Purchase Price</u>”). If, however, Purchaser purchases the Alternative Purchased Assets, then the Purchase Price will be reduced by an amount equal to the product of 105% and the sum of the prices (as set forth on <u>Exhibit A</u> to the Stalking Horse Agreement) for each of the Portfolio assets that are not being sold to the Purchaser.</p>
Breakup Fee	<p>\$150,000.00, which is approximately 3.2% of the Purchase Price. The Breakup Fee will be payable if the Debtor sells any of the loans or REO in the Portfolio to another bidder.</p>

Expense Reimbursement	Each party agrees to bear its respective costs and expenses (including the fees and expenses of counsel) incurred in conducting due diligence, participating in the auction, preparing the definitive agreements, and closing the sale. Accrued expenses for services rendered, insurance or taxes owed with respect to the Portfolio for periods prior to June 15, 2015 are the sole responsibility of the Debtor. Accrued expenses for services rendered, insurance or taxes owed with respect to the Portfolio for periods on or after June 15, 2015, are the sole responsibility of the Purchaser, should the Purchaser win at auction.
-----------------------	---

**Relief Requested**

9. By this Motion, the Debtor seeks entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Bidding Procedures Order”) and, at the conclusion of the Sale Hearing (as defined herein), an order, substantially in the form attached hereto as **Exhibit C** (the “Sale Order”) with respect to the sale of the Portfolio or the Auction Assets (as defined below) (such sale, the “Sale”).

10. While the Stalking Horse proposes to acquire only the 78 loans and 38 REO included in the Portfolio, the Debtor also proposes to list for sale, and accept bids at the auction, for any or all of the 125 loans and 75 REO owned by the Debtor (the “Auction Assets”). The Debtor further intends to accept bids for all of the loans and REO, or any portions thereof, and to accept the highest or otherwise best, or combinations of bids, at the auction.

11. The Debtor seeks entry of the Bidding Procedures Order:

- a. authorizing and approving the bidding procedures for competitive bidding in connection with the Sale (as defined herein), substantially in the form attached as Exhibit 1 to the Bidding Procedures Order (the “Bidding Procedures”);
- b. approving the form and manner of notice of the Sale by auction, the Sale Hearing and related matters, substantially in the form attached as Exhibit 2 to the Bidding Procedures Order (the “Auction and Sale Notice”);
- c. approving the terms and payment of the Breakup Fee; and

- d. establishing the following dates and deadlines, subject to modification:
  - i. Bid Deadline: October 26, 2015 at 4:00 p.m. (Eastern Time), as the deadline by which all binding bids must be actually received pursuant to the Bidding Procedures (the “Bid Deadline”).
  - ii. Auction: October 28, 2015 at 10:00 a.m. (Eastern Time), as the date and time the auction, if one is needed (the “Auction”), which will be held at the office of Ropes & Gray LLP, located at 1211 Avenue of the Americas, New York, New York 10036.
  - iii. Sale Objection Deadline: October 26, 2015 at 4:00 p.m. (Eastern Time), as the deadline to object to the Sale.
  - iv. Sale Hearing: November 2, 2015 at 2:00 p.m. (Eastern Time), as the date and time of the hearing to approve the Sale which will be held before Honorable Shelly C. Chapman, United States Bankruptcy Judge in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004.

12. The Debtor also seeks entry of the Sale Order following the conclusion of the Sale

Hearing:

- a. approving the Stalking Horse Agreement (or such other agreement or agreements as agreed to with respect to the Sale with the successful bidder(s) at the Auction); and
- b. approving the sale of the Auction Assets free and clear of all liens, claims, interests and encumbrances (collectively, “Encumbrances”) to the Stalking Horse or such other party that is the successful bidder at the Auction.

### **Bidding Procedures**

13. The Bidding Procedures are intended to permit a fair and efficient competitive sale process to confirm that the bid of the Stalking Horse is indeed the best offer for the Portfolio, or promptly identify the alternative bid, or collection of bids, that is higher or otherwise better. The proposed Bidding Procedures are attached hereto as **Exhibit 1**.

### **Form and Manner of Auction and Sale Notice**

14. Within two (2) business days of entry of the Bidding Procedures Order, the Debtor will serve the Auction and Sale Notice by email or first class mail upon the following

parties: (i) the Office of the United States Trustee for the Southern District of New York, (ii) the Internal Revenue Service, (iii) the United States Attorney for the Southern District of New York, (iv) counsel to the UCC, (v) the U.S. Securities and Exchange Commission, (vi) any party known or reasonably believed to have asserted any lien, claim, or encumbrance or other interest in the Portfolio, (vii) counsel to the indenture trustees for the Doral Notes and AFICA Bonds (each as defined in the First Day Declaration), (viii) parties required by Bankruptcy Rule 2002(a), and (ix) any parties who have expressed interest in the loans or REO.

15. The Debtor submits that the Auction and Sale Notice is reasonably calculated to provide all interested parties with timely and proper notice of the proposed Sale, including (a) the date, time and place of the Auction (if one is held); (b) the Bidding Procedures and the dates and deadlines related thereto; (c) the Sale Objection Deadline and the date, time and place of the Sale Hearing; and (d) instructions for promptly obtaining a copy of the Stalking Horse Agreement. The Debtor proposes that no other or further notice of the Sale shall be required. Accordingly, the Debtor requests that the form and manner of the Auction and Sale Notice be approved.

16. The Debtor also requests a waiver of the requirement that it serve its equity holders pursuant to Bankruptcy Rule 2002(d), on the grounds that the Sale is unlikely, as an economic matter, to impact their rights to a recovery. The Debtor seeks this waiver to avoid the substantial costs associated with service to the Debtor's public beneficial equity holders.

### **Basis for Relief**

#### **I. The Bid Procedures Are Appropriate and in the Best Interests of the Debtor and its Estate and Creditors**

17. Pursuant to Bankruptcy Rule 6004(f)(1), sales of property outside the ordinary course of business may be by private sale or by public auction. The Debtor believes that a sale of the Auction Assets pursuant to a public auction governed by the proposed Bidding Procedures

will maximize the sale proceeds received by the Debtor's estate, which is the paramount goal in any proposed sale of property of the estate. See, e.g., Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 659 (S.D.N.Y. 1992) (“‘It is a well-established principle of bankruptcy law that the . . . [debtors’] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.’”) (quoting Cello Bag Co. v. Champion Int’l Corp. (In re Atlanta Packaging Prods., Inc.), 99 B.R. 124, 130 (Bankr. N.D. Ga. 1988)); see also Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.), 107 F.3d 558, 564-65 (8th Cir. 1997) (stating that, in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”) (internal citation omitted). To that end, courts recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate and therefore are appropriate in the context of bankruptcy sales. See, e.g., Integrated Res., 147 B.R. at 659 (such procedures “encourage bidding and . . . maximize the value of the debtor’s assets”). The Debtor submits that the foregoing procedures are fair, transparent, and will derive the highest or otherwise best bid for the Auction Assets.



**II. The Proposed Process for the Debtor to Designate a Stalking Horse and Provide a Breakup Fee Should Be Approved**

18. The Debtor seeks authority to offer customary bid protections to the Stalking Horse, including a Breakup Fee, as part of the Bidding Procedures. The Stalking Horse has requested the enticement of a Breakup Fee if the Stalking Horse loses at auction or otherwise to another bidder. The use of a stalking horse in a public auction process for sales pursuant to section 363 of the Bankruptcy Code is a customary practice in chapter 11 cases, as the use of a stalking horse bid is, in many circumstances, the best way to maximize value in an auction process by locking in a price “floor” before exposing an asset to auction. As a result, stalking horse bidders virtually always require breakup fees and other forms of bid protections as an inducement for holding their offer open while it is exposed to overbids in an auction process. The use of bid protections, including breakup fees, has become an established practice in chapter 11 cases.

19. Bankruptcy courts have approved bidding incentives, similar to the Breakup Fee, under the business judgment rule, in other cases in this district. See, e.g., In re Aereo, Inc., Case No. 14-13200 (SHL) (Bankr. S.D.N.Y. Dec. 24, 2014) [Docket No. 110]; In re The Fuller Brush Co., Case No. 12-10714 (SHL) (Bankr. S.D.N.Y. Sept. 17, 2012) [Docket No. 178]; In re The Connaught Grp., Ltd., Case No. 12-10512 (SMB) (Bankr. S.D.N.Y. Mar. 6, 2012) [Docket No. 109]; In re Gen. Maritime Corp., Case No. 11-15285 (MG) (Bankr. S.D.N.Y. Dec. 15, 2011) [Docket No. 136]; In re Borders Grp., Inc., Case No. 11-10614 (MG) (Bankr. S.D.N.Y. Sept. 27, 2011) [Docket No. 1876].

20. The Debtor believes, based on its reasoned business judgment, that the presence of the Breakup Fee would enhance its ability to maximize value without chilling bidding. The presence of a Breakup Fee would first and foremost point to the existence of a contractually-

committed bidder at price believed to be fair and reasonable while providing the upside opportunity that the Debtor could potentially receive a higher or otherwise better offer which, absent such a bid floor, might not have otherwise been realized. The Breakup Fee will therefore maximize value to the Debtor's estate from the Sale of the Auction Assets.

**III. The Form and Manner of the Auction and Sale Notice Should be Approved**

21. As described above, the Debtor also seeks approval of the form of the Auction and Sale Notice. The Auction and Sale Notice will include, among other things, the date, time and place of the Auction and the Sale Hearing, as well as the deadline for filing any objections to the relief requested in this Motion once they are set by the Court.

22. The Debtor submits that the proposed timeline is appropriate under the circumstances.

**IV. The Sale of the Auction Assets Is Authorized by Section 363 of the Bankruptcy Code as a Sound Exercise of the Debtor's Business Judgment**

23. Section 363(b)(1) of the Bankruptcy Code provides that, after notice and a hearing, a Debtor may use, sell or lease property of the estate outside of the ordinary course of business. The Second Circuit requires that the sale of a debtor's assets be based upon the sound business judgment of the debtor. See, e.g., Official Comm. of Unsecured Creditors of LTV Aerospace & Def. Co. v. LTV Corp. (In re Chateaugay Corp.), 973 F.2d 141, 143 (2d Cir. 1992) (holding that a court reviewing an application under Bankruptcy Code section 363(b) must find, based upon the evidence presented, a good business reason to grant such application); Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983) (same).

24. A sound business purpose for use of property outside the ordinary course of business exists where the sale is necessary to preserve the value of assets for the estate, its

creditors or interest holders. See, e.g., In re Abbotts Dairies of Pa., Inc., 788 F.2d 143 (3d Cir. 1986); In re Lionel Corp., 722 F.2d 1063; In re GSC, Inc., 453 B.R. 132, 155 (Bankr. S.D.N.Y. 2011). In fact, the paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate. See In re Food Barn Stores, Inc., 107 F.3d at 564-65 (stating that, in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”); In re Integrated Res., 147 B.R. at 659 (“It is a well-established principle of bankruptcy law that the . . . [Debtor’s] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.”) (quoting Cello Bag Co. v. Champion Int’l Corp. (In re Atlanta Packaging Prods., Inc.), 99 B.R. 124, 130 (Bankr. N.D. Ga. 1988)).

25. If a “debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” Comm. of Asbestos-Related Litigants and/or Creditors v Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Indeed, when a valid business justification exists, there is a strong presumption that the debtor’s management and directors “acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” In re Integrated Res., 147 B.R. at 656 (internal citations omitted).

26. The Debtor submits that the proposed Sale satisfies section 363’s requirements. An Auction and Sale of the Auction Assets will determine the current value of the loans and REO and liquidate these assets for the benefit of the Debtor’s estate. The Sale of these assets is in the best interest of the Debtor’s estate and a valid exercise of the Debtor’s business judgment.

27. Bankruptcy Code section 105(a) also supplies ample authority for the relief requested. Section 105(a) empowers the court to “issue any order, process, or judgment that is

necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). This equitable power is granted to effect the policies and goals of chapter 11 reorganization, which are to rehabilitate the debtor, In re Ionosphere Clubs, Inc., 98 B.R. 174, 176-77 (Bankr. S.D.N.Y. 1989), and to “create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.” Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 287 (S.D.N.Y. 1987); see also In re Structurlite Plastics Corp., 86 B.R. 922, 932 (Bankr. S.D. Ohio 1998) (rejecting a bright line rule prohibiting payment of prepetition debts because it “may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code”). Accordingly, the Debtor respectfully submits that the relief requested herein should be granted in all respects and is in the best interests of the Debtor’s estate, its creditors, and other parties in interest.

**V. The Sale of the Auction Assets Free and Clear of Claims and Interests Is Authorized by Section 363(f) of the Bankruptcy Code**

28. The Debtor requests approval to sell the mortgage loans and REO assets free and clear of any and all Encumbrances, in accordance with section 363(f) of the Bankruptcy Code. A debtor in possession may sell property under sections 363(b) and 363(f) “free and clear of any interest in such property of an entity other than the estate” if any one of the following conditions is satisfied:

- a. applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- b. such entity consents;
- c. such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- d. such interest is in bona fide dispute; or

- e. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f)(1)-(5); In re Dewey & LeBoeuf LLP, No. 12-12321 (MG), 2012 WL 5386276, at \*5 (Bankr. S.D.N.Y. Nov. 1, 2012) (noting that since Section 363(f) is written in the disjunctive, the court may approve a sale free and clear if any one subsection is met) (citing Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot), 94 B.R. 343, 345 (E.D. Pa. 1988)); In re Grubb & Ellis Co., No. 12-10685 (MG), 2012 WL 1036071, at \*10 (Bankr. S.D.N.Y. Mar. 27, 2012); In re Borders Grp., Inc., 453 B.R. 477, 483-84 (Bankr. S.D.N.Y. 2011).

29. Although the Debtor believes the loans and REO are largely unencumbered, other than potential small real property tax liens on certain REO properties, the Debtor seeks to sell the loans and REO free and clear of all Encumbrances to facilitate the Sale. Any sale of a loan or REO asset is expected to return a price that exceeds any liens on such asset, satisfying Bankruptcy Code section 363(f)(3). Further, the Debtor believes that any party holding liens against the Auction Assets could be compelled to accept a monetary satisfaction of such interests. In this jurisdiction, sales for value below the amount of a lien are permitted. See, e.g., In re Boston Generating, LLC, 440 B.R. 302, 333 (Bankr. S.D.N.Y. 2010) (“Section 363(f)(5) does not require that the sale price for the property exceed the value of the interests”). As is typical in 363 sales, the Sale Order provides that any Encumbrance on a sold loan or REO will attach to the net proceeds of the Sale. Accordingly, the Debtor believes that the Sale will satisfy the statutory prerequisites of section 363(f) of the Bankruptcy Code and the sale of the loans and REO should be approved free and clear of all Encumbrances.

### **Notice**

30. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the Stalking Horse; (c) counsel to the UCC;

(d) the indenture trustees for the Doral Notes and AFICA Bonds, and (e) parties required by Bankruptcy Rule 2002(a).

WHEREFORE, the Debtor respectfully requests that the Court enter the Bidding Procedures Order and the Sale Order, granting the relief requested in the Motion and such other and further relief for the Debtor as may be just or proper.

Dated: September 23, 2015  
New York, New York

/s/ James A. Wright III

ROPES & GRAY LLP  
Mark I. Bane  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Telephone: (212) 596-9000  
Facsimile: (212) 596-9090  
Email: mark.bane@ropesgray.com

-and-

James A. Wright III  
Meredith S. Tinkham (*pro hac vice*)  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199-3600  
Telephone: (617) 951-7000  
Facsimile: (617) 951-7050  
Email: james.wright@ropesgray.com  
meredith.parkinson@ropesgray.com

*Counsel to the Debtor*

**Exhibit A**

**Proposed Bidding Procedures Order**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
:   
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
:   
Debtor. :   
-----X

**ORDER (I) APPROVING BIDDING PROCEDURES FOR THE SALE  
OF CERTAIN MORTGAGE LOANS AND REAL ESTATE OWNED PROPERTIES,  
(II) APPROVING THE BREAKUP FEE,  
(III) APPROVING THE FORM AND MANNER AND NOTICE, AND  
(IV) SCHEDULING AN AUCTION AND A SALE HEARING**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtor and debtor-in-possession (the “Debtor”) for entry of an order (a) authorizing and approving the bidding procedures for the Sale, (b) approving the Breakup Fee, (c) approving the form and manner of notice of the Auction and Sale Hearing, and (d) scheduling an Auction and a Sale Hearing, as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that no other or further notice is needed or necessary; and the Court having reviewed the Motion and the Flaton Declaration and having heard statements in support of the Motion at a hearing held before the Court (the “Bid Procedures Hearing”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Bid Procedures Hearing establish just cause for the relief granted herein;

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.



and the relief requested in the Motion being in the best interests of the Debtor's estate, its creditors, and other parties in interest; and any objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby

**ORDERED, THAT:**

1. The Motion is GRANTED to the extent provided herein.
2. The Debtor's entry into the Stalking Horse Agreement with RNPM, LLC (the "Stalking Horse") is hereby approved.
3. Payment of the Breakup Fee in accordance with the Stalking Horse Agreement is hereby approved, and the Breakup Fee is authorized and directed to be paid at the time and under the circumstances set forth in the Stalking Horse Agreement, without further order of the Court. The Breakup Fee shall be entitled to priority under Bankruptcy Code sections 503(b) and 507(a)(2).
4. If the Stalking Horse elects to participate in bidding at the Auction, the amount of the Breakup Fee shall be considered as if added to the Stalking Horse's bid in determining whether the Stalking Horse's bid is a higher or better offer.
5. The Bidding Procedures, substantially in the form attached hereto as Exhibit 1, are hereby approved. The Bidding Procedures shall govern the submission, receipt and analysis of all bids relating to the Sale of the Portfolio and the Auction Assets, and any party desiring to submit a higher or better offer for the assets of the Portfolio shall do so strictly in accordance with the terms of the Bidding Procedures and this Order.
6. As described in the Bidding Procedures, if the Debtor does not receive any bids other than from the Stalking Horse, or if no bidder other than the Stalking Horse indicates its

intent to participate in the Auction, the Debtor will not hold the Auction, the Stalking Horse will be named the Successful Bidder and the Debtor will seek approval of the Stalking Horse Agreement at the Sale Hearing. If one or more bids is timely received from a bidder (other than the Stalking Horse) in accordance with the Bidding Procedures, the Debtor shall conduct the Auction as set forth herein.

7. If the Auction is conducted, each bidder participating in the Auction shall be required to confirm that it has not engaged in any collusion with respect to the bidding process or the proposed Sale. The Auction will be conducted openly and shall be transcribed, audiotaped or videotaped.

8. Any entity submitting a bid to the Debtor at or before the Auction shall be deemed to have reviewed the Bid Procedures and to have submitted to the jurisdiction of this Court, and the submission of such a bid shall be the submitting entity's consent to entry of a final order or judgment by the Court, for the adjudication of all disputes relating to the Motion, the Bid Procedures, this Order, or the sale of the Auction Assets.

9. The Auction and Sale Notice, substantially in the form attached hereto as Exhibit 2 is hereby approved.

10. Within two (2) business days of entry of this Bidding Procedures Order, the Debtor shall serve the Auction and Sale Notice by email or first class mail upon the following parties: (i) the Office of the United States Trustee for the Southern District of New York, (ii) the Internal Revenue Service, (iii) the United States Attorney for the Southern District of New York, (iv) counsel to the UCC, (v) the U.S. Securities and Exchange Commission, (vi) any party known or reasonably believed to have asserted any lien, claim, or encumbrance or other interest in the Portfolio, (vii) counsel to the indenture trustees for the Doral Notes and AFICA Bonds,

(viii) parties required by Bankruptcy Rule 2002(a), and (ix) any parties who have expressed interest in the loans or REO.

11. The Debtor is authorized and empowered to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

12. Notwithstanding any Bankruptcy Rules to the contrary, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

13. The Court retains jurisdiction with respect to all matters arising from, or related to, the implementation and interpretation of this Order.

Dated: \_\_\_\_\_, 2015  
New York, New York

---

UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1 to Bidding Procedures Order**

**Bidding Procedures**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, <sup>1</sup>	:	Case No. 15-10573 (SCC)
	:	
Debtor.	:	
-----X		

**BIDDING PROCEDURES**

The following bidding procedures shall apply in connection with counteroffers for certain performing and non-performing mortgage loans and real estate owned property of Doral Financial Corporation (the “Auction Assets”), including the portfolio of loans and real estate owned properties (the “Stalking Horse Assets”) described in the Asset Purchase and Sale Agreement between Doral Financial Corporation (“Seller” or the “Debtor”) and RPNM, LLC or one or more of its subsidiaries, affiliates or designees (“Purchaser”) (such agreement, the “Stalking Horse Agreement”):<sup>2</sup>

1. Any counteroffer or bid for any of the Stalking Horse Assets (a “Counteroffer”) shall comply with the following requirements:
  - 1.1. Any Counteroffer for the Auction Assets shall provide for a purchase price with a minimum cash or cash equivalent component payable at closing equal to the sum of (i) \$4,541,478.51 plus (ii) \$150,000.00, on account of the Breakup Fee, plus (iii) either (a) \$100,000, for the initial counteroffer, or (b) \$50,000, for each subsequent Counteroffer; *provided, however*, that the Debtor may accept counteroffers for a subset of the Stalking Horse Assets and for Auction Assets that are not included in the Stalking Horse Assets, and such counteroffers shall not be subject to the requirements set forth in this Section 1.1;
  - 1.2. Counteroffers may not include a requirement for a breakup fee, topping fee, expense reimbursement, or similar bid protection; and
  - 1.3. Any Counteroffer shall be accompanied by a deposit in the amount of ten percent of the initial bid, delivered to the Debtor, by certified or cashier’s check or wire

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the order approving these bidding procedures.

transfer, so as to be received on or before October 27, the last business day prior to the first scheduled date of the Auction (as defined below).

2. Any Counteroffer shall further comply with all of the following requirements; provided, that the Debtor may, in its discretion exercised in good faith and in consultation with counsel to the official committee of unsecured creditors (the "UCC") and without further order of the Court, waive any such requirements:

- 2.1. Any Counteroffer shall:

- 2.1.1. be in writing and be served on counsel to the Debtor, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Mark I. Bane; Ropes & Gray LLP, so as to be received on or before 12:00 noon (Prevailing Eastern Time) on October 26, 2015 (the "Bid Deadline"), two business days prior to the first scheduled date of the Auction; and

- 2.1.2. be accompanied by (ii) an executed asset purchase agreement (the "Counteroffer Asset Purchase Agreement") and executed copies of all other transaction documents necessary to effect the proposed transaction (including all schedules) and a copy of the Stalking Horse Agreement marked to show all changes requested by the bidder (including those related to purchase price); (ii) an executed confidentiality agreement; and (iii) written evidence of a commitment for financing or other evidence of the party's ability to consummate the transaction and payment of the purchase price at the Closing.

- 2.2. The terms and conditions of the Counteroffer must be, in aggregate, not materially more burdensome to Seller than provisions contained in the Stalking Horse Agreement.

- 2.3. Any entity submitting a Counteroffer shall demonstrate, to Debtor's satisfaction and in Debtor's sole discretion exercised in good faith, that such entity is able to consummate the transaction on the date and on the terms contemplated by the Counteroffer Asset Purchase Agreement.

3. An auction (the "Auction") for the Auction Assets will be conducted by the Debtors at the offices of their counsel, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY, on October 28, 2015 at 10:00 a.m. (Prevailing Eastern Time), or at such other date and time as determined by the Debtor in its sole discretion, exercised in good faith and after consultation with the UCC. The Debtor will send notice by electronic mail to the Notice Parties and counsel to any entity that has submitted a Counteroffer if the date, time, or place of the Auction changes.

- 3.1. The Debtor and its professionals will direct and preside over the Auction.

- 3.2. If the Debtor selects a Counteroffer as the highest and best bid at the commencement of the Auction, the Debtors must disclose such bid to the Stalking Horse no later than two (2) days before the Auction.

- 3.3. The Stalking Horse Agreement shall be deemed to be a qualified bid at the Auction.
- 3.4. At the Auction, the Debtor may announce additional procedural or bidding rules for the Auction so long as the rules are not inconsistent with these Bid Procedures. The Debtor shall maintain a transcript of all bids made and announced at the Auction. Bidding at the Auction shall be conducted on an open basis with all bidders entitled to be present.
- 3.5. Each bidder participating at the Auction must attend in person through a duly authorized representative and certify on record at the commencement of the Auction that it has not and will not engage in any collusion with respect to the bidding or the sale.
- 3.6. The Debtor will continue the Auction until there is one bid, or a collection of bids, for the Auction Assets that the Debtor determines in its sole discretion, exercised in good faith and after consultation with counsel to the UCC, is the highest or otherwise best bid for the Auction Assets.
- 3.7. The Breakup Fee will be credited to the Stalking Horse's bid.
- 3.8. Each subsequent bid at the Auction must comply with the requirements for a Counteroffer set forth herein and be at least \$50,000 greater than the preceding bid, or such other amount as designated by the Debtor, after consultation with the UCC.
4. A hearing to consider approval of the sale to Purchaser pursuant to the Stalking Horse Agreement or another bidder submitting a higher and better offer at the Auction and any objections to such sale will be held on November 2, 2015 at 2:00 p.m. (Prevailing Eastern Time) at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10002.

**Exhibit 2 to Bidding Procedures Order**

**Form of Auction and Sale Notice**



**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
:   
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
:   
Debtor. :   
-----X

**NOTICE OF SALE BY AUCTION AND SALE HEARING**

PLEASE TAKE NOTICE that, on September [-], 2015, Doral Financial Corporation (the “Debtor”) in the above-captioned chapter 11 case filed a motion [Docket No. [ ]] (the “Bid Procedures Motion”) with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) (a) authorizing and approving the bidding procedures for the sale of certain performing and non-performing mortgage loans and real estate owned properties, (b) approving the form and manner of notice of the Auction and Sale Hearing, and (c) scheduling an Auction and a Sale Hearing and setting other related dates and deadlines all as further described in the Bid Procedures Motion. On October [-], 2015, the Bankruptcy Court entered an order (the “Bidding Procedures Order”)<sup>2</sup> approving certain bidding procedures attached thereto as Exhibit 1 (the “Bidding Procedures”).

Copies of the Bid Procedures Motion, Bidding Procedures Order, and other documents related thereto are available free of charge on the website of the Debtor’s noticing and claims agent, Garden City Group, at <http://cases.gcginc.com/dor/>.

PLEASE TAKE FURTHER NOTICE that the Debtor is soliciting offers for the purchase of certain mortgage loan and REO assets. All interested bidders should carefully read the Bidding Procedures and Bidding Procedures Order. To the extent there are any inconsistencies between this notice and the Bidding Procedures, the latter shall govern in all respects.

PLEASE TAKE FURTHER NOTICE that, if the Debtor receives competing bids within the requirements and time frame specified by the Bidding Procedures, the Debtor will conduct an auction (the “Auction”) of the assets on October 28, 2015 at 10:00 a.m. (prevailing Eastern Time) at the offices of counsel to the Debtor: Ropes & Gray LLP, 1211 Avenue of the Americas, New York, New York 10036.

PLEASE TAKE FURTHER NOTICE that the Debtor will seek approval of the sale of the assets at a hearing scheduled to commence on November 2, 2015 at 2:00 p.m. (prevailing Eastern Time) (the “Sale Hearing”) or as soon thereafter as counsel may be heard, before the Honorable Shelley C. Chapman, United States Bankruptcy Judge in the United States

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order.

Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that objections to the proposed Sale if any, must: (i) be in writing; (ii) conform to the applicable provisions of the Bankruptcy Rules, the Local Bankruptcy Rules and the Case Management Order [Docket No. 74] entered in this chapter 11 case; (iii) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (iv) filed with the Court and served so the objection is actually received no later than 4:00 p.m. on Monday, October 26, 2015 (prevailing Eastern Time) (the “Sale Objection Deadline”) by the following parties (the “Notice Parties”): (i) counsel to the Debtor, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Mark I. Bane, (ii) counsel to the UCC, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, NY 10022, Attn: Brian D. Pfeiffer; and (iii) parties required by Bankruptcy Rule 2002(a).

#### **CONSEQUENCES OF FAILING TO TIMELY FILE AND SERVE AN OBJECTION**

Any party or entity who fails to timely file and serve an objection to the Sale of the Portfolio on or before the Sale Objection Deadline in accordance with the Bidding Procedures Order shall be forever barred from asserting any objection to such Sale, including with respect to the transfer of property free and clear of all liens, claims, encumbrances and other interests.

## **MASTER MORTGAGE LOAN PURCHASE AGREEMENT**

This MASTER MORTGAGE LOAN PURCHASE AGREEMENT (this “**Agreement**”), dated as of September 22, 2015 (the “**Execution Date**”), is entered into by and between, as seller, **DORAL FINANCIAL CORPORATION**, a Puerto Rico corporation (“**Doral**” or the “**Seller**”) and as purchaser, **RNPM, LLC**, a Nevada limited liability company (“**RNPM**” or “**Purchaser**”). Seller and Purchaser are each referred to herein as a “**Party**” and collectively as the “**Parties**.”

### **RECITALS**

**WHEREAS**, on March 11, 2015, the Seller commenced a chapter 11 case in the Bankruptcy Court, Case No. 15-10573 (SCC), and continues to administer its business as debtor-in-possession;

**WHEREAS**, the Purchaser has agreed to purchase from the Seller, and the Seller has agreed to sell to the Purchaser, free and clear of all Encumbrances except Permitted Encumbrances, pursuant to 11 U.S.C. § 363 and other applicable provisions of the Bankruptcy Code, on a servicing-released basis, a portfolio of residential mortgage loans and the REO properties identified on the respective schedules to **Exhibit A** attached hereto.

**NOW, THEREFORE**, in consideration of the foregoing, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

**1. Definitions.** Capitalized terms used, but not otherwise defined, in this Agreement shall have the meanings ascribed to them below:

“Affiliate”: With respect to any specified Person, any other Person controlling, controlled by, or under common control with, such specified Person.

“Applicable Law”: means any law, regulation or order issued by a Governmental Authority exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, over the pertinent party, action or transaction, which law, regulation or order is applicable to the pertinent party, action or transaction, including, without limitation, the Truth-in-Lending Act, the Real Estate Settlement Procedures Act, the USA Patriot Act of 2001, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Credit Billing Act, the Gramm-Leach-Bliley Act and the Fair Debt Collection Practices Act and all other applicable usury, consumer credit protection, equal credit opportunity, anti-money laundering and disclosure laws and regulations and any amendments thereto.

“Assignment and Assumption Agreement”: A document in the form attached hereto as **Exhibit B** whereby the Seller assigns its right to the Mortgage Loans to the Purchaser.

“Auction” means an auction of the Mortgage Assets conducted by the Seller pursuant to the Bid Procedures Order.

“Bankruptcy Case” means the chapter 11 bankruptcy case, No. 15-10573 (SCC), pending in the Bankruptcy Court.

“Bankruptcy Code”: The United States Bankruptcy Code of 1978, as amended from time to time, or any successor federal statute, and any regulations promulgated thereunder.

“Bankruptcy Court”: The United States Bankruptcy Court for the Southern District of New York.

“Bid Procedures” means procedures substantially in the form attached as **Exhibit C**.

“Bid Procedures and Sale Motion” has the meaning set forth in Section 10(a).

“Bid Procedures Order” means an order of the Bankruptcy Court in substantially the form attached as **Exhibit C**.

“Break-Up Fee” has the meaning set forth in Section 10(b)(i).

“Business Day”: Any day other than (i) a Saturday, (ii) a Sunday or (iii) a day on which the Seller’s principal place of business in the Commonwealth is closed for business.

“Close of Business”: means 5:00 PM Atlantic Time on the relevant Business Day.

“Commonwealth”: means the Commonwealth of Puerto Rico.

“Cut-off Date”: June 15, 2015, which date shall be used to measure the aggregate Unpaid Principal Balance amount of the Mortgage Loans underlying a Mortgage Pool being sold under this Agreement, the date from which all principal and interest collections received by the Seller for any Mortgage Loan underlying a Mortgage Pool sold under this Agreement shall be credited to Purchaser, except as otherwise provided herein, and the date from which no Mortgage Loans shall be removed from the Mortgage Pool being sold under this Agreement other than as agreed by Seller and Purchaser in writing.

“Deed of Transfer” has the meaning set forth in Section 2(d).

“Encumbrances” means any claim (as defined in Section 101(5) of the Bankruptcy Code including, without limitation, claims for rejection damages under Section 365, claims under any successor liability law, claims under any bulk sale law, and claims for any acts or omissions of any servicer or sub-servicer), lien (as defined in Section 101(37) of the Bankruptcy Code), condition, pledge, option, charge, hypothecation, easement, security interest, right-of-way, encroachment, mortgage, deed of trust, covenant, restriction, reservation, agreement of record, restriction on use or voting (in the case of any security interest), or other encumbrance.

“FDIC”: The Federal Deposit Insurance Corporation or any successor thereto.

“Final Order” means an order or judgment of the Bankruptcy Court which has not

been reversed, stayed, modified or amended and: (i) as to which the time to appeal or seek reconsideration or rehearing thereof has expired; (ii) in the event of a motion for reconsideration or rehearing is filed, such motion shall have been denied by an order or judgment of the Bankruptcy Court; or (iii) in the event an appeal is filed and pending, a stay pending appeal has not been entered; provided, however that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

“Generally Accepted Accounting Principles” or “GAAP”: Means those principles of accounting set forth in Opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants or which have other substantial authoritative support generally followed by the public, as such principles are from time to time supplemented and amended.

“Governmental Authority”: means any federal, state, Commonwealth or other governmental department, agency, institution, authority, regulatory body, court or tribunal, foreign or domestic, and includes arbitration bodies, whether governmental, private or otherwise with jurisdiction.

“Initial REO Property”: A Mortgaged Property, which as of the Cut-off Date, has been acquired by Seller through foreclosure, deed in lieu of foreclosure, or otherwise in connection with a defaulted Mortgage Loan, as identified on Schedule III to **Exhibit A**.

“Interim REO Property”: Excluding any Initial REO Property, a Mortgaged Property, which as of the Purchase Date, has been acquired by Seller through foreclosure, deed in lieu of foreclosure, or otherwise in connection with a defaulted Mortgage Loan, as identified on Schedule II to **Exhibit A**.

“Minimum Initial Overbid” means the sum of the Purchase Price, plus the Break-Up Fee, plus \$100,000.

“Minimum Subsequent Overbid” means the sum of (a) the last bid announced by a Qualified Bidder at the Auction and (b) either (i) with respect to the Purchaser, \$50,000 or (ii) with respect to any Qualified Bidder other than the Purchaser, the sum of the Break-Up Fee and \$50,000.

“Mortgage”: A deed of mortgage or other security instrument creating a lien on the related Mortgaged Property securing the related Mortgage Note.

“Mortgage Assets”: The Mortgage Loans, the Mortgaged Properties and the REO Properties collectively, including, without limitation, all of the Seller’s rights, title and interest to all agreements, instruments, invoices, and other documents evidencing, or relating to the Mortgage Assets, including any actions, claims, lawsuits or rights of any nature whatsoever, whether against the Mortgagor or any other party, arising out of or in connection with the Mortgage Assets, including, without limitation, the Mortgagor’s rights to receive any cash, securities, instruments, real property and/or other property issued in connection with the Mortgage Assets to the Seller, including any insurance or guaranty payments received by Seller after the Cut-Off Date.

“Mortgage Loan”: The mortgage loans sold, assigned and transferred pursuant to this Agreement and identified on Schedule I to **Exhibit A**.

“Mortgage Loan Documents”: With respect to any Mortgage Loan, the related Mortgage Note, Mortgage and other Mortgage Loan documents and instruments required to be delivered pursuant to this Agreement.

“Mortgage Note”: A promissory note or other evidence of the indebtedness of a Mortgagor under a Mortgage Loan.

“Mortgage Pool”: The pool of Mortgage Loans described on Exhibit A.

“Mortgaged Property”: The real property subject to a Mortgage and constituting security for the repayment of the related Mortgage Note.

“Mortgagor”: The obligor on and any guarantor of a Mortgage Note.

“Outstanding Property Taxes”: the real property taxes due and payable as of the Purchase Date (after accounting for any payments prior to the Purchase Date) with respect to the Mortgage Assets listed on Schedule 1. The amount of such taxes as of the Cut-Off Date is \$65,010.49, as set forth in Schedule 1.

“Permitted Encumbrances” means, with respect to each REO Property, (a) the statutory lien of real property taxes and assessments not yet due and payable, (b) restrictive covenants or conditions, rights of way, easements, zoning and other land use restrictions, and other matters of public record as of the date of recording of the Deed of Transfer for each respective REO Property, and (c) any state of facts an accurate land survey of the REO Property might show which do not materially and adversely interfere with the use, enjoyment, value or marketability of the REO Property.

“Person”: Any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Puerto Rico”: means the Commonwealth of Puerto Rico.

“Purchase Date”: The date on which the Seller actually sells the Mortgage Loans and/or REO Properties to the Purchaser.

“Purchase Price”: has the meaning set forth in Section 2(c).

“Purchaser”: RNPM, LLC and its successors and assigns.

“Qualified Bid” means a bid, submitted on or before the Qualified Bid Deadline, for the purchase of the Mortgage Assets that (a) is memorialized in an executed master mortgage

loan purchase agreement that (i) uses the form of this Agreement and is marked to show any proposed alterations, amendments or modifications to this Agreement, (ii) does not provide for any break-up fee, topping fee, expense reimbursement, or similar bid protection, and (iii) states that the submission of the bid to the Seller subjects the bidder to the exclusive jurisdiction of the Bankruptcy Court for the resolution of all disputes relating to the bid and sale process and that the bidder consents to the entry of final orders and judgments by the Bankruptcy Court in respect of any such disputes; (b) is accompanied by a cash deposit in an amount equal to 10% of the purchase price thereunder; and (c) fully discloses the true identity of each entity participating in the bid and states whether the bid is a joint or collaborative bid.

“Qualified Bidder” means a person who, on or before the Qualified Bid Deadline, has delivered to the Seller (a) an executed confidentiality agreement in form and content acceptable to the Seller; (b) written evidence satisfactory to the Seller of the person’s financial capability to close; and (c) a Qualified Bid.

“Qualified Bid Deadline” has the meaning set forth in Section 10(b).

“REO Property”: Any Initial REO Property or Interim REO Property.

“Representatives”: Shall mean a Party’s Affiliates, or its Affiliates’ directors, managers, members, stockholders, equity owners, officers, employees, agents, investors and attorneys.

“Sale Order” means an order of the Bankruptcy Court in substantially the form attached as **Exhibit D**.

“Seller”: Doral Financial Corporation and its successors and assigns.

“TRM, LLC”: A Puerto Rico limited liability company and an Affiliate of the Purchaser.

“Unpaid Principal Balance” or “UPB”: The outstanding unpaid principal balance, as of the Cut-off Date, of each Mortgage Loan and each mortgage loan subsequently converted to an Interim REO Property (for the avoidance of doubt, in no case shall the unpaid principal balance of any additional mortgage loans which may have been issued in connection with any modifications of the original Mortgage Loans be included in the definition of “Unpaid Principal Balance” for purposes of determining the Purchase Price).

## **2. Purchase and Sale of Mortgage Assets.**

(a) Purchase and Sale. Subject to all of the terms and conditions of this Agreement and Section 2(d) below, on the Purchase Date, the Seller will sell, assign, deliver and transfer to the Purchaser, free and clear of all Encumbrances except Permitted Encumbrances, with such Encumbrances (except Permitted Encumbrances) to attach to the Purchase Price, and the Purchaser will purchase, assume, receive and accept all of the Seller’s right, title and interest in and to the Mortgage Assets; provided, however, that if the Seller accepts in accordance with the

Bid Procedures a bid from another bidder that includes any one or more of the Mortgage Assets, then the Purchaser, in its sole discretion, may either (i) terminate this Agreement in accordance with its Section 20(g) and be paid the Break-Up Fee in accordance with Section 10(b) of this Agreement, or (ii) purchase the remaining Mortgage Assets in accordance with the terms of this Agreement.

(b) **RESERVED.**

(c) **Payment of Purchase Price.** The price to be paid by the Purchaser for the Mortgage Loans and the REO Properties (the “**Purchase Price**”) shall be an amount equal to the sum of the prices per Mortgage Loan and REO Properties shown on Exhibit A, less (x) the Outstanding Property Taxes and (y) \$88,600; provided, however, that, if the Purchaser elects to proceed under Section 2(a)(ii) of this Agreement, then the Purchase Price shall be reduced by an amount equal to the product of 105% and the sum of the prices for each of the Mortgage Assets on Exhibit A that are not being sold to the Purchaser. Unless otherwise mutually agreed, all transfers of funds hereunder shall be by electronic transfer in immediately available funds. The Purchaser shall, subject to Section 6(c), pay to Seller the Purchase Price on the Purchase Date in accordance with the wire transfer instructions specified by the Seller. The Seller hereby covenants and agrees that any payments (other than payments related to the Outstanding Property Taxes) it receives with respect to the Mortgage Assets after the Cut-off Date, whether directly or indirectly, shall be turned over to Purchaser; provided, that Seller may remit any such payments received prior to the Purchase Date by reducing the cash to be delivered by Purchaser in payment of the Purchase Price at closing as reflected on Exhibit A.

(d) **Deed of Transfer.** As Purchaser has separately agreed to transfer its interests in the REO Properties hereunder to TRM, LLC, on the Purchase Date, and following confirmation that the Seller has received the full payment of the Purchase Price, the Seller shall execute with TRM, LLC, a Deed of Transfer, pursuant to which title to each REO Property shall be transferred to TRM, LLC, free and clear of all Encumbrances subject only to Permitted Encumbrances.

The Deed of Transfer with respect to each REO Property shall be in form attached as **Exhibit E** and shall be duly executed by an authorized representative of each Party, with the corresponding evidence of his authority to act in such capacity. The internal revenue stamps for the original and certified copy of the Deed of Transfer, as well as the respective Notarial fee and registry fees for the Deed of Transfer shall be for the account of Purchaser. The executed original Deed of Transfer with respect to each REO Property shall be delivered to the Purchaser by the Seller on the Purchase Date.

(e) **Delivery of Mortgage Loan Documents.** The Seller will, at Purchaser’s expense, within three (3) business days of the Purchase Date, deliver all Mortgage Loan Documents in Sellers custody or control to Purchaser or, at the Purchaser’s option and expense, to a custodian designated by the Purchaser.

(f) **Proration of Real Estate Taxes and Assessments and Expenses.**



(i) *Taxes.* Purchaser shall be responsible for all tax liabilities outstanding with respect to the Mortgage Assets; provided, however, that the Outstanding Property Taxes shall be deducted from the Purchase Price in accordance with Section 2(c) of this Agreement.

(ii) *Property Charges.* Water, sewer and utility charges of each REO Property accruing during the billing period in which the Cut-off Date occurs will be prorated as of the Cut-off Date based on the actual number of days in such billing period. Seller will be responsible for such amounts for the period before the Cut-off Date, and Purchaser will be responsible for such amounts for the period on or after the Cut-off Date. Seller shall be solely responsible for any water, sewer and utility charges of each REO Property accrued during or attributable to any billing period ended prior to the Cut-off Date.

(iii) *Condominium/PUD Charges.* Maintenance charges and assessments with respect to any REO Property that is a condominium unit or planned unit development shall be an assumed liability and the sole responsibility of the Purchaser.

(iv) *Prorations.* Prorations or other amounts that are the responsibility of Seller or Purchaser pursuant to this Section 2(f) shall be paid at closing on the Purchase Date by Purchaser to Seller (if such amounts result in a net credit to Seller) or by Seller to Purchaser (if such amounts result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in the payment of the Purchase Price at closing on the Purchase Date. If the actual amounts of the items to be prorated are not known as of the Purchase Date, the prorations will be made at closing on the basis of the best evidence then available; thereafter, when actual figures are received, re-prorations will be made on the basis of actual figures, and a final cash settlement will be made between Seller and Purchaser within ten (10) Business Days of the Parties determining the final cash settlement amount. If the final cash settlement is an obligation of the Seller to the Purchaser, then such obligation shall be treated as an administrative expense under Section 503(b) and Section 507(a)(2) of the Bankruptcy Code and shall be payable without further order of the Bankruptcy Court.

(v) *Errors.* If the event any prorations, apportionments or computations, including, without limitation, the property tax liabilities set forth in Schedule 2(f)(i), shall prove to be incorrect for any reason, either Party shall be entitled to an adjustment to correct the same. The Party benefitting from the error shall pay to the non-benefitting Party the amount sufficient to correct and reconcile such error within ten (10) Business Days of the benefitting Party's receipt of written notice of the error and such other documentation as reasonably necessary for the benefitting Party to reconcile such error.

(h) Legal and Other Expenses. Seller will be responsible for all legal expenses related to judicial proceedings (including, but not limited to, foreclosure attorney fees and related expenses), and, except as otherwise provided herein, all other expenses, that were accrued or incurred by Seller or any servicer, sub-servicer or other agent or representative of Seller prior to the Cut-off Date in connection with the Mortgage Assets, regardless of whether such expenses have been adequately invoiced to Seller; provided, however, that Seller shall be responsible for all expenses related to the servicing of the Mortgage Assets and REO Properties accrued or incurred

prior to the closing. Purchaser shall be responsible for all such expenses accrued or incurred by Purchaser on or after the Cut-off Date in connection with the Mortgage Assets.

**3. Intention of Parties.** The Seller and the Purchaser confirm their express intent that the transactions contemplated herein constitute sales by the Seller to the Purchaser of the Mortgage Assets for financial reporting purposes and each Party agrees to reflect such transactions as a purchase and sale of the Mortgage Assets on their, or, with respect to the REO Properties, TRM, LLC's, respective business records, tax returns, and financial statements. Accordingly, the Parties shall each treat such transaction for federal or Commonwealth income tax purposes, as applicable, as a sale by the Seller, and a purchase by the Purchaser, or, with respect to the REO Properties, TRM, LLC, of the Mortgage Assets. Each Party shall be responsible for obtaining any opinion of counsel it may deem advisable to the effect that the transactions contemplated herein constitute a sale under of the laws of Puerto Rico.

**4. INTENTIONALLY OMITTED.**

**5. Judicial Proceedings.** Subject to Section 2(i), Seller agrees that with respect to any Mortgage Loans for which any judicial proceedings have been commenced and are ongoing as of the Purchase Date, that Seller shall: (a) cooperate in good faith with Purchaser in making such filings in such judicial proceedings in order to substitute Purchaser as the party therein and shall deliver to Purchaser copies of such filings in order to comply with the provisions of this Section 5 within thirty (30) days following the Purchase Date; and (b) assign all of Seller's rights, title and interest in and to such judicial proceedings to Purchaser. In the event such substitutions are not completed for any judicial proceeding within such time period, Seller shall continue to use commercially reasonable efforts to: (i) complete such substitutions, and (ii) shall take all other actions in such judicial proceedings as reasonably directed by Purchaser; *provided, however*, that the third-party costs and expenses incurred by Seller (including, without limitation, reasonable attorneys' fees and expenses) in taking such other actions directed by Purchaser shall be paid by Purchaser; *provided, further*, that Purchaser shall indemnify, defend and hold harmless Seller for any losses, damages, penalties, fines, forfeitures, and judgments against Seller in connection with the taking of any actions directed by Purchaser.

**6. Conditions to Closing.**

(a) Seller's Conditions to Closing. The obligation of the Seller to consummate the transactions contemplated under this Agreement is subject to the satisfaction of the following conditions:

(i) the representations and warranties of the Purchaser contained in this Agreement (A) that are not qualified as to "materiality" or a "material adverse effect" shall be true and correct in all material respects on and as of the date hereof and the Purchase Date, and (B) that are qualified as to "materiality" or a "material adverse effect" shall be true and correct on and as of the date hereof and the Purchase Date, except to the extent such representations and warranties are made as of another date, in which case such representations and warranties shall be true and correct in all material respects or true and correct, as the case may be, on and as of such other date

(ii) the Purchaser shall have performed and complied with all of its covenants in this Agreement in all material respects through the Purchase Date;

(iii) there shall not be any injunction, judgment, order or decree in effect preventing consummation of any of the transactions contemplated by this Agreement;

(iv) the Purchase Price is delivered pursuant to the terms and conditions of the Section 2(c); and

(v) the Bankruptcy Court shall have entered the Sale Order, and the Sale Order shall have become a Final Order, unless such requirement is mutually waived by both parties.

The Seller may waive any condition specified in this Section 6(a) if it executes a writing so stating at or before the Purchase Date.

(b) Purchaser's Conditions to Closing. The obligation of the Purchaser to consummate the transactions contemplated under this Agreement is subject to the satisfaction of the following conditions:

(i) representations and warranties of the Seller contained in this Agreement (A) that are not qualified as to "materiality" or a "material adverse effect" shall be true and correct in all material respects on and as of the date hereof and the Purchase Date, and (B) that are qualified as to "materiality" or a "material adverse effect" shall be true and correct on and as of the date hereof and the Purchase Date, except to the extent such representations and warranties are made as of another date, in which case such representations and warranties shall be true and correct in all material respects or true and correct, as the case may be, on and as of such other date;

(ii) the Seller shall have performed and complied with all of its covenants in this Agreement in all material respects through the Purchase Date;

(iii) there shall not be any injunction, judgment, order or decree in effect preventing consummation of any of the transactions contemplated by this Agreement;

(iv) The Seller shall have executed and delivered all documents required to be executed and delivered pursuant to this Agreement including, without limitation, all of the Deeds of Transfer required by Section 2(d); and

(v) the Bankruptcy Court shall have entered the Sale Order, and the Sale Order shall have become a Final Order, unless such requirement is mutually waived by both parties.

The Purchaser may waive any condition specified in this Section 6(b) if it executes a writing so stating at or before the Purchase Date.

**7. Representations and Warranties of Seller.**

(a) General Representations and Warranties. The Seller hereby represents and warrants, for the benefit of the Purchaser and its successors and assigns, as of the Purchase Date, that:

(i) True, Correct and Complete Representations and Warranties. To Seller's knowledge, all representations and warranties made, and all documents furnished, by the Seller to the Purchaser pursuant to or in connection with this Agreement are and will be true, correct and complete in all material respects at the time when made or furnished or, if limited to a specific date, as of the date to which they refer;

(ii) Corporate Organization. The Seller is an entity duly organized, validly existing and in good standing under the laws of Puerto Rico, except where the failure to so qualify and be in good standing would not have a material adverse effect on the business, operation or financial condition of the Seller. The Seller is qualified to transact business in and is in compliance with any and all applicable licensing requirements under the laws of Puerto Rico and to the extent necessary to assure the enforceability of each Mortgage Loan and to permit its servicing and administration in accordance with the terms of this Agreement;

(iii) Power and Authority. Subject to approval of the Bankruptcy Court, the Seller has the full power and authority to hold each Mortgage Asset, to sell each Mortgage Asset, to execute and deliver this Agreement and to enter into and consummate all transactions contemplated by this Agreement, and the Seller has duly authorized the execution, delivery and performance of this Agreement, has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding obligations of the Seller, enforceable against it in accordance with its terms, except as enforcement may be limited by (A) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, and (B) general principles of equity (whether considered in a proceeding or action in equity or at law);

(iv) True Sale Accounting and Reporting. Under GAAP and for Puerto Rico income tax purposes, the Seller has accounted for and reported, or intends to account for and report, each sale of the Mortgage Loans to the Purchaser as a sale of mortgage loans;

(v) No Conflict; Compliance with Laws and Regulations. Subject to approval of the Bankruptcy Court, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of the constituent documents of the Seller or any legal restriction or any agreement or instrument to which the Seller is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any Applicable Law to which the Seller or its property is subject;

(vi) Consents and Approvals. Subject to approval of the Bankruptcy Court, no consents, approvals, authorizations or orders of any Governmental Authority are

required to be obtained by the Seller for the execution, delivery and performance by the Seller of or compliance with this Agreement or the consummation of the transactions contemplated by this Agreement, the failure to make or obtain any or all of which could prevent, materially delay or materially burden the transactions contemplated hereby;

(vii) Business in Ordinary Course. For the period from the Cut-off Date through the Purchase Date, Seller has conducted its business regarding the Mortgage Assets in the ordinary course of business utilizing normal policies and procedures and has not made any changes to policies and procedures that would have a material adverse effect on the Mortgage Assets.

(viii) No Material Action. Subject to approval of the Bankruptcy Court, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to Seller's knowledge, threatened against or affecting the Seller that, if determined adversely to the Seller, would, either individually or in the aggregate, adversely affect the execution, delivery, legality, validity, binding effect or enforceability of this Agreement or the ability of the Seller to perform its obligations under this Agreement in accordance with the terms thereof, or would have a material adverse effect on the business, operation or financial condition of the Seller;

(ix) No Bulk Transfer. No sale of Mortgage Loans by the Seller pursuant to this Agreement will be subject to the bulk transfer law or any similar statutory provisions in effect in the Commonwealth;

(x) Broker Fees. Neither the Purchaser nor the Seller nor any of their respective Affiliates, have entered into any agreement or arrangement obligating either Party or their respective Affiliates to pay any commission or other compensation to any broker, investment broker, agent or other Person as a result of the Purchaser's purchase of the Mortgage Assets;

(xi) Sophisticated Seller. The Seller (i) is sophisticated in transactions similar to the sale of the Mortgage Assets; (ii) has adequate information concerning the business and financial condition of the Mortgagors to make an informed decision regarding the sale of the Mortgage Assets; and (iii) has independently and without reliance upon the Purchaser, and based on such information as the Seller has deemed appropriate, made its own analysis and decision to enter into this Agreement. The Seller acknowledges that the Purchaser has not given the Seller any investment advice, credit information or opinion on whether the sale of the Mortgage Assets is prudent;

(xii) No Tax Withholding. No withholding in respect of taxes imposed by or for the account of any Governmental Authority of the Commonwealth is required to be made from the payment of the Purchase Price by Purchaser under this Agreement.

(b) Seller's Representations and Warranties Supersede Mortgage Note Endorsements. The representations and warranties of the Seller in this Section 7 shall not survive the Purchase Date.

(c) If Purchaser encounters problems in the recording of the fee simple title for any REO Property in favor of Seller or the recording of the title in favor of Purchaser, Seller and Purchaser agree to execute, at Purchaser's cost and expense, any and all documents, public or private, that are reasonably necessary in order to record said titles in the corresponding section of the Registry of the Property. This covenant shall survive the Purchase Date until the fee simple title of the Seller and Purchaser or its designee, respectively, are duly recorded in the corresponding Registry of the Property.

**8. Representation and Warranties of Purchaser.** The Purchaser represents and warrants to the Seller as of the date hereof and as of the Purchase Date that:

(a) Organization, Authority and Qualification. The Purchaser is duly formed or organized and in good standing under the laws of its jurisdiction of organization, has the requisite power and authority and has taken all institutional action necessary in order to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to own the Mortgage Loans and the Mortgage Notes. The Purchaser is qualified to transact business in and is in good standing and in compliance with any and all applicable licensing and other requirements under the laws of Nevada and each state or jurisdiction in which the nature of the business transacted by it or the character of the properties owned or leased by it requires such licensing or qualification. TRM, LLC is duly formed or organized and in good standing under the laws of its jurisdiction of organization, has the requisite power and authority and has taken all institutional action necessary in order to execute and deliver each Deed of Transfer, to consummate the transactions contemplated thereby and to own each REO Property. TRM, LLC is qualified to transact business in and is in good standing and in compliance with any and all applicable licensing and other requirements under the laws of Puerto Rico and each state or jurisdiction in which the nature of the business transacted by it or the character of the properties owned or leased by it requires such licensing or qualification.

(b) Enforceability. This Agreement is a valid and binding agreement of the Purchaser enforceable in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) True Sale Accounting and Reporting. Under GAAP and for Puerto Rico income tax purposes, the Purchaser has accounted for and reported, or intends to account for and report, each purchase of the Mortgage Loans by the Purchaser as a purchase of mortgage loans.

(d) No Conflict; Licenses and Permits; Compliance with Laws and Regulations. The execution, delivery and performance of this Agreement by the Purchaser does not, and will not, violate any provision of its constituent documents of Purchaser or constitute a breach or contravention of or default under any law, rule, regulation, order, judgment, decree or filing of any Governmental Authority to which the Purchaser is subject or under any agreement or instrument to which Purchaser is a party or to which Purchaser is otherwise bound, which violation, breach, contravention or default, individually or in the aggregate, (i) could be expected to prevent or impair the ability of the Purchaser to perform its obligations under this Agreement in any material respect, or (ii) could impair the validity or consummation of this Agreement or the transactions contemplated hereby.

(e) Approvals and Consents. No notices, reports or other filings are required to be made by the Purchaser (or TRM, LLC with respect to the REO Properties) with, and no consents, registrations, approvals, permits or authorizations are required to be obtained by the Purchaser (or TRM, LLC with respect to the REO Properties) from, any governmental regulatory authorities of the United States of America, Puerto Rico or any other jurisdiction in connection with the execution and delivery of this Agreement by Purchaser (or the execution and delivery of each Deed of Transfer by TRM, LLC) and the consummation of the transactions contemplated hereby, the failure to make or obtain any or all of which could prevent, materially delay or materially burden the transactions contemplated by this Agreement.

(f) Sophisticated Buyer. The Purchaser (i) is sophisticated in transactions similar to the purchase of the Mortgage Assets; (ii) has adequate information concerning the business and financial condition of the Mortgagors to make an informed decision regarding the purchase of the Mortgage Assets; and (iii) has independently and without reliance upon the Seller other than the representations and warranties of the Seller set forth in this Agreement, and based on such information as the Purchaser has deemed appropriate, made its own analysis and decision to enter into this Agreement, including such independent investigations as it deems to be warranted into the nature, validity, enforceability, collectability and value of the Mortgage Assets and all other facts it deems material to its purchase of the Mortgage Assets. The Purchaser acknowledges that the Seller has not given the Purchaser any investment advice, credit information or opinion on whether the purchase of the Mortgage Assets is prudent.

(g) Due Diligence. The Purchaser has had the opportunity to conduct such due diligence review and analysis of the due diligence materials as the Purchaser deemed necessary, proper or appropriate in order to make a complete informed decision with respect to the purchase and acquisition of the Mortgage Assets.

(h) Liquidity. The Purchaser acknowledges that the Mortgage Assets may have limited or no liquidity and the Purchaser has the financial wherewithal to own the Mortgage Assets for an indefinite period of time and to bear the economic risk of an outright purchase of the Mortgage Assets and a total loss of the Purchase Price for the Mortgage Assets.

**9. Disclaimer.** The Purchaser acknowledges and agrees that, except as expressly provided herein, the sale of the Mortgaged Assets shall be “as is and where is” and Seller makes no, and hereby disclaims any, representation or warranty to Purchaser with respect to the Mortgaged Assets or the transactions contemplated hereby, including, without limitation, any warranty of merchantability or fitness for a particular purpose.

**10. Seller’s Chapter 11 Bankruptcy Case.**

(a) Bankruptcy Court Approval of the Purchaser as “Stalking Horse” Bidder. Within three days following the date of execution of this Agreement by the Seller and the Purchaser, the Seller shall file a motion in substantially the form attached as **Exhibit F** (the “Bid Procedures and Sale Motion”). The Bid Procedures and Sale Motion shall request, among other things, (a) entry of the Bid Procedures Order; (b) designation of the Purchaser as the “stalking horse” bidder for the Purchased Assets and approval of this Agreement including the payment of

the Break-Up Fee as set forth in Section 10(b)(i); (c) approval of the Bid Procedures and Auction Procedures; and (d) entry of the Sale Order.

(b) Bankruptcy Court Milestones. The Seller shall:

(i) file the Bid Procedures and Sale Motion no later than three (3) days following the date of execution of this Agreement by the Seller and the Purchaser (as provided in Section 10(a), *supra*);

(ii) obtain entry of the Bid Procedures Order no later than October 8, 2015;

(iii) fix the deadline for the timely submission of Qualified Bids to be no later than October 26, 2015, at 4:30 p.m. prevailing Eastern time (the "Qualified Bid Deadline");

(iv) conduct the Auction no later than October 28, 2015;

(v) obtain a final sale hearing from the Bankruptcy Court no later than November 2, 2015;

(vi) obtain entry of the Sale Order no later than November 3, 2015; and

(vii) close on a sale of the Mortgage Assets to the Purchaser no later than November 24, 2015.

provided, however, that, with respect to subsections (iv) and (v) of this Section 10(b), if no Qualified Bid other than the Purchaser's Qualified Bid is submitted by the Qualified Bid Deadline, then the Debtor (A) shall disclose such fact to the Purchaser within 24 hours of the Qualified Bid Deadline, (B) shall cancel the Auction, (C) shall accept the Purchaser's Qualified Bid, and (D) shall obtain entry of the Sale Order at the earliest available opportunity at or before the final sale hearing.

(c) Break-Up Fee.

(i) If this Agreement is terminated for any reason except pursuant to Sections 20(a-f), then the Seller shall pay the Purchaser an amount equal to \$150,000 (the "Break-Up Fee"). The Break-Up Fee shall be due and payable immediately upon closing of a sale of the Mortgage Assets to an entity other than the Purchaser within twelve (12) months of the date of this Agreement and shall be paid from the cash proceeds of such sale. The Break-Up Fee shall be (i) allowed as an administrative claim pursuant to Sections 503(b) and 507(a)(2) of the Bankruptcy Code; and (ii) payable to Purchaser without necessity of an order of the Bankruptcy Court other than the Bid Procedures Order. For avoidance of doubt, this Section 10(c)(i) survives termination of this agreement unless such termination is pursuant to Sections 20(a-f).

(ii) The Seller and Purchaser agree that the Break-Up Fee is in consideration of the real and substantial benefits conferred by the Purchaser upon the Seller's bankruptcy estate by providing a minimum bid upon which the Seller, its creditors and the any



other bidders were able to rely, and in consideration of the time, expense, risks and opportunity costs associated with serving as the “stalking horse” bidder, including legal fees and expenses, overhead costs, due diligence expenses and other similar expenses related to the negotiation and preparation of this Agreement and of all related transactional documentation, due diligence and representation. The Seller and Purchaser further agree that that the Purchaser in serving as the “stalking horse” bidder has provided a mutual benefit to the Seller’s estate by increasing the likelihood that the best possible price for the Mortgage Assets shall be received and that the Break-Up Fee is reasonable and appropriate in light of the size and nature of the proposed sale transactions and comparable transactions, the commitments that have been made and the efforts that have and shall be expended by the Purchaser and were necessary to induce the Purchaser to pursue the transactions contemplated hereby under the terms of this Agreement.

(d) **RESERVED.**

(e) **Requests for Information.** From the date of the approval of the Bid Procedures Order if the Seller makes available any information regarding the Mortgage Assets to a potential bidder not previously made available to the Purchaser by the Seller, then the Sellers shall provide the Purchaser with a copy of such information within 24 hours of providing that information to any other potential bidder.

(f) **Defense of Orders.** Purchaser, at its sole cost and expense, and in cooperation with Seller, shall defend any appeal of the Sale Order if the Sale Order fails to provide for findings of Purchaser’s good faith under section 363(m) of the Bankruptcy Code, Purchaser has waived the requirement of this finding in the Sale Order as a condition to Closing, and the Closing has occurred. In all other cases, Seller, with the cooperation of Purchaser, shall defend any appeal of the Sale Order if the Closing has occurred as provided hereunder at Seller’s sole cost and expense.

**11. Seller as Witness.** If the Purchaser requests or subpoenas an official or employee of the Seller to appear at a trial, hearing or deposition to testify about any Mortgage Loan, the Seller shall use commercially reasonable efforts to provide an appropriate official or employee to so appear; and the Purchaser shall pay the Seller in advance for the official's or employee's time in traveling to, attending and testifying at the trial, hearing or deposition at the hourly rate established by Seller, which rate shall not exceed the Seller’s actual hourly cost for that official or employee. The Purchaser shall also reimburse the Seller for its official’s or employees reasonable out-of-pocket travel-related expenses. For avoidance of doubt, the obligations of the Purchaser under this Section 11 apply to only post-closing proceedings concerning a Mortgage Loan, and do not apply to proceedings before the Bankruptcy Court relating to this Agreement or the sale of the Mortgage Assets.

**12. Exclusive Benefit of Parties; Assignment.** This Agreement is for the exclusive benefit of the Parties (including TRM, LLC or any other Affiliate of the Purchaser) hereto and their respective successors and permitted assigns. Except for the Parties respective successors and permitted assigns, nothing expressed or referred to in this Agreement shall be construed to give any person other than the Parties (including TRM, LLC or any other Affiliate of the Purchaser) any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement may not be assigned by any Party without the prior

written consent of the other Party.

**13. Sale or Assignment of Mortgage Loans.** The Purchaser shall have the right to assign, sell or otherwise transfer all or any portion of the Mortgage Assets.

**14. Amendments; Waivers.** This Agreement may be amended from time to time only by written agreement of the Parties. Any forbearance, failure, or delay by any of the Parties in exercising any right, power, or remedy hereunder shall not be deemed to be a waiver thereof; and any single or partial exercise by any of them of any right, power or remedy hereunder shall not preclude the further exercise thereof. Every right, power and remedy of each Party shall continue in full force and effect until specifically waived by such Party in writing.

**15. Severability.** In case any one or more of the provisions contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

**16. Governing Law; Waiver of Jury Trial; Dispute Resolution.**

(a) This Agreement shall be governed by and construed in accordance with the laws of Puerto Rico, which is the place of execution of this Agreement, without regard to conflict of laws rules. Each Party hereto hereby irrevocably agrees that any action or proceeding against it arising out of or in any manner relating to this Agreement may be brought in the Bankruptcy Court or any court of the Commonwealth of Puerto Rico, or in the United States District Court for the District of Puerto Rico, and by the execution and delivery of this Agreement, each Party expressly and irrevocably assents and submits to the nonexclusive jurisdiction of any such courts in any such action or proceeding. ALL PARTIES IRREVOCABLY AGREE TO WAIVE ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN ANY ACTION OR PROCEEDING AGAINST IT, ARISING OUT OF OR RELATING IN ANY MANNER TO THIS AGREEMENT.

(b) The Parties shall use their respective best efforts to settle amicably all disputes or differences concerning the interpretation or application of any provision of this Agreement. If any such dispute or difference is not so settled within a commercially reasonable time, however, each Party shall have the right to refer it to avail itself of any remedies provided for in this Agreement.

**17. Notices.** All demands, notices, instructions and communications hereunder shall be in writing and shall be sent to the Parties at the addresses listed below (or such other address as may hereafter be furnished to the other Party by notice given hereunder): (a) by hand delivery, with receipt of delivery acknowledged; (b) by registered or certified mail, return receipt requested; (c) by reputable overnight courier service, with receipt of delivery acknowledged; or (d) by facsimile or electronic communication. Any such demand, notice, instruction or communication hereunder shall be deemed to have been given on the date received or on the date delivered and refused:

*If to the Seller:* Doral Financial Corporation

Attn: Enrique Ubarri, General Counsel  
999 Ponce de Leon Blvd.  
Suite 730  
Coral Gables, FL 33134  
Electronic Mail: [Enrique.ubarri@dfcmain.com](mailto:Enrique.ubarri@dfcmain.com)

*With copy to:*

Mark I. Bane  
Ropes & Gray LLP  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Electronic Mail: [mark.bane@ropesgray.com](mailto:mark.bane@ropesgray.com)

*If to Purchaser:*

RNPM, LLC  
c/o Credigy Solutions Inc.  
3715 Davinci Court  
Suite 200  
Norcross, Georgia 30092  
Attention: General Counsel  
Electronic Mail: [paul.libretta@credigy.net](mailto:paul.libretta@credigy.net)

*With copy to:*

RNPM, LLC  
c/o TRM, LLC.  
221 Plaza  
221 Ave. Ponce de León,  
Hato Rey, Puerto Rico 00918  
Attention: Ismenia Isidor  
Facsimile No.: (787) 759-1935  
E- Mail: [ismenia.isidor@americasop.com](mailto:ismenia.isidor@americasop.com)

*With copy to:*

Jeffrey M. Wolf  
Greenberg Traurig, LLP  
One International Place  
Boston, MA 02110  
[wolfje@gtlaw.com](mailto:wolfje@gtlaw.com)

**18. Entire Agreement.** This Agreement, together with all exhibits and schedules hereto and thereto, contains the entire and final agreement between the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior and contemporaneous agreements between the parties, oral or written, of any nature whatsoever with respect to the subject matter hereof and thereof.

**19. Expenses and Taxes.** Except as otherwise expressly provided in this Agreement, the Purchaser and the Seller each shall bear its own out-of-pocket expenses and taxes in connection with the transactions contemplated by this Agreement.

**20. Termination.** This Agreement shall be terminated as follows:

- (a) At any time by mutual written agreement of the Seller and the Purchaser;
- (b) By the Seller, at its sole election, in the event of a material breach of this Agreement by the Purchaser that has not been cured after 20 days written notice of such breach;
- (c) By the Purchaser, at its sole election, in the event that the Break-Up Fee and the provisions of Section 10(c) are not approved in their entirety by the Bid Procedures Order; provided that the Purchaser shall not be entitled to terminate this Agreement pursuant to this Section 20(c) if such failure within such time period results from the Purchaser itself materially breaching any representation, warrant or covenant contained in this agreement;
- (d) By the Purchaser, at its sole election, in the event that the Seller fails to meet any milestone set forth in Section 10(b) on or before such milestone's respective deadline; provided that the Purchaser shall not be entitled to terminate this Agreement pursuant to this Section 20(d) if such failure results solely from the Purchaser itself materially breaching any representation, warrant or covenant contained in this agreement;
- (e) **RESERVED;**
- (f) By the Purchaser, at its sole election, upon the (i) entry of an order (A) providing relief from stay relating to the Mortgage Assets, (B) converting the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code, (C) appointing a trustee or an examiner with managerial powers, and such trustee or examiner takes any action to interfere with or impair the transaction contemplated by this Agreement; or (ii) request to liquidate or sell the Purchased Assets other than as contemplated in this Agreement and such request is not dismissed within 30 days.
- (g) By the Purchaser, at its sole election, upon the closing of a sale of any one or more of the Mortgage Assets to a party other than the Purchaser, in which instance the Purchaser shall be entitled to the Break-Up Fee in accordance with Section 10(c) of this Agreement.

**21. Counterpart and Facsimile Signatures.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts shall be deemed a single original of this Agreement. A facsimile or electronic mail transmission by one Party to the other Party of an executed Agreement (the signature page duly signed and the rest of the pages duly initialed) shall be deemed to be equivalent to delivery of an original Agreement, and the transmitting Party shall forward the original Agreement upon request of the receiving Party.

**22. Exhibits, Schedules and Annexes.** The exhibits, schedules and annexes to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

**23. References; General Interpretive Principles.** For the purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) whenever the context of this Agreement requires, references to the singular number shall

include the plural, and the plural shall include the singular, where appropriate; (b) words denoting gender shall be construed to include the masculine, feminine and neuter where appropriate; (c) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with U.S. generally accepted accounting principles; (d) references herein to "Sections" and other subdivisions without reference to a document are to designated Sections and other subdivisions of this Agreement; (e) reference to an "Exhibit" or "Schedule" without reference to a document are to designated Exhibits or Schedules to this Agreement; (f) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision; (g) the term "include" or "including" shall mean without limitation by reason of enumeration; and (h) reference to this Agreement or any other document referenced herein shall include all exhibits, schedules or other supplements thereto and shall refer to such document as amended, restated or modified from time to time. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

**24. Further Assurances.** Each Party shall execute and deliver to the other Party all further documents or instruments reasonably requested by any such other party in order to effect the intent of this Agreement and to obtain the full benefit of this Agreement. Any request by any Party under this Section 24 shall be accompanied by the document proposed for signature by the Party requesting it, in form and substance satisfactory to the Party of whom the request is made and its attorneys. The Party making the request shall bear and discharge any fees or expenses incident to the preparation, filing or recording of documents requested pursuant to this Section 24.

**25. Headings.** Headings are for reference only, and will not affect the interpretation or meaning of any provision of this Agreement.

**26. Servicing Transfer.** At the closing, Seller and Purchaser shall jointly direct Seller's servicer, E.M.I. Equity Mortgage, Inc., to reflect on its books and records that the Mortgage Assets are, as of the closing, property of Purchaser and subject to Purchaser's agreements with Equity Mortgage regarding the servicing of loans.

**27. Interpretation.** The Parties hereby agree that (a) any Person interpreting or construing this Agreement shall not apply a presumption that the terms hereof shall be more strictly construed against any Person by reason of the rule of construction that a document is to be construed more strictly against the Person who itself or through its agent prepared the same, (b) all Parties have participated in the preparation of this Agreement, and (c) in the event of any conflict between the terms and conditions of this Agreement and those of the Deed of Assignment contemplated by Section 2(d) of this Agreement, the terms and conditions of the latter shall prevail with respect to the REO Properties transferred pursuant thereto.

**[THIS SPACE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, each Party has caused its respective duly authorize representative(s) to execute this Agreement as of the Execution Date.


**Seller:**

**DORAL FINANCIAL CORPORATION**

By:   
Name: CAROL FLATEN  
Title: CRO

Affidavit Number \_\_\_\_\_

Acknowledged and subscribed to before me by [Carol Flaten], of legal age, single, executive and resident of [\_\_\_\_], in his representative capacity described above, in [\_\_\_\_], this [22] day of [Sept], 2015.

[SEAL]   
Notary Public

ANDREW T GETTLER  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01GE6254819  
Qualified in Bronx County  
My Commission Expires January 23, 2016

**Purchaser:**

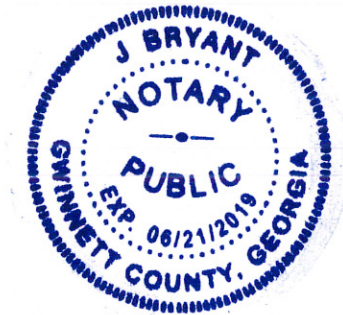
**RNPM, LLC**

CREDIGY USA CORP.,  
a Nevada corporation, its Sole Member

By:   
Brett M. Samsky  
Chief Executive Officer

STATE OF GEORGIA  
COUNTY OF GWINNETT

Acknowledged and subscribed to before me by Brett M. Samsky, of legal age, married,  
executive and resident of Atlanta, Georgia in his representative capacity described above, in  
Norcross, Georgia, this 22<sup>nd</sup> day of September, 2015.



[SEAL]

  
Notary Public

[SIGNATURE PAGE 2 OF 2 TO MASTER MORTGAGE LOAN PURCHASE AGREEMENT]

**SCHEDULE 1**  
**(Outstanding Property Taxes)**

<b>Loan Number</b>	<b>Outstanding Property Taxes</b>
10005900	\$1,536.21
30025104	\$85.23
30043473	\$303.51
30058003	\$702.57
30066709	\$1,937.21
30072691	\$556.01
30073030	\$2,671.09
30074778	\$1,531.51
30076665	\$177.24
30077065	\$91.27
30077627	\$631.88
30080167	\$5,166.42
50026194	\$691.39
50027781	\$9,748.87
50037774	\$2,355.37
50037996	\$246.37
50038384	\$695.90
50041862	\$608.44
50045681	\$527.61
50045702	\$3,656.81
50048205	\$716.80
70000549	\$278.95
70001696	\$547.75
70009315	\$593.23
70012974	\$4,303.79
70014675	\$185.84
70026959	\$477.58
70027428	\$940.76
70028369	\$2,288.56
70029410	\$361.58
70029829	\$2,238.99
70029870	\$855.29
80012862	\$5,009.43
80013431	\$497.10
80017846	\$1,228.52
80019608	\$455.00
80019873	\$777.32

[SCHEDULE 1 TO MASTER MORTGAGE LOAN PURCHASE AGREEMENT]



Loan Number	Outstanding Property Taxes
80019962	\$452.41
80021821	\$1,907.52
80021868	\$210.63
80022688	\$101.34
3002001389	\$582.72
3002001598	\$528.80
3002002072	\$2,323.77
8671040080	\$340.04
9100002221	\$643.71
9100006736	\$383.71
9100007240	\$1,225.32
9100007613	\$633.12
Total:	<b>\$65,010.49</b>

**EXHIBIT A**

**List of Mortgage Loans and REO Properties**

**SEE ATTACHED**

**SCHEDULE I TO EXHIBIT A – MORTGAGE LOANS**

	Loan Number	Asset Type	Purchase Price
1	86883	Mortgage Loan	\$18,850
2	104183	Mortgage Loan	\$120,051
3	105611	Mortgage Loan	\$13,565
4	106267	Mortgage Loan	\$25,151
5	209805	Mortgage Loan	\$3,668
6	30073030	Mortgage Loan	\$29,056
7	30076660	Mortgage Loan	\$41,442
8	30079607	Mortgage Loan	\$28,443
9	50029827	Mortgage Loan	\$21,825
10	50045222	Mortgage Loan	\$43,179
11	70001696	Mortgage Loan	\$88,274
12	70026299	Mortgage Loan	\$29,860
13	70029670	Mortgage Loan	\$42,593
14	80000510	Mortgage Loan	\$62,143
15	80019206	Mortgage Loan	\$771
16	80021528	Mortgage Loan	\$28,206
17	80022044	Mortgage Loan	\$25,755
18	872023549	Mortgage Loan	\$50,246
19	3002001797	Mortgage Loan	\$20,678
20	8671000494	Mortgage Loan	\$15,146
21	9871476978	Mortgage Loan	\$1,555
22	21524	Mortgage Loan	\$46,679
23	51098	Mortgage Loan	\$2,113
24	63204	Mortgage Loan	\$1,245
25	79598	Mortgage Loan	\$13,100
26	10005900	Mortgage Loan	\$77,897
27	20004107	Mortgage Loan	\$36,721
28	30025104	Mortgage Loan	\$64,681
29	30043473	Mortgage Loan	\$16,306
30	30058003	Mortgage Loan	\$38,277
31	30066709	Mortgage Loan	\$33,795
32	30074778	Mortgage Loan	\$15,650
33	30076665	Mortgage Loan	\$36,989
34	30077065	Mortgage Loan	\$40,897
35	30077627	Mortgage Loan	\$46,570
36	30079831	Mortgage Loan	\$13,170
37	30080167	Mortgage Loan	\$1,505
38	50024191	Mortgage Loan	\$18,595
39	50027781	Mortgage Loan	\$37,212
40	50028647	Mortgage Loan	\$27,629

	Loan Number	Asset Type	Purchase Price
41	50037774	Mortgage Loan	\$26,617
42	50038384	Mortgage Loan	\$54,932
43	50041862	Mortgage Loan	\$21,675
44	50043506	Mortgage Loan	\$50,528
45	50044410	Mortgage Loan	\$48,029
46	50045681	Mortgage Loan	\$29,224
47	50045702	Mortgage Loan	\$48,809
48	50045860	Mortgage Loan	\$42,580
49	70012974	Mortgage Loan	\$87,777
50	70014675	Mortgage Loan	\$63,544
51	70015587	Mortgage Loan	\$17,182
52	70019795	Mortgage Loan	\$49,033
53	70022040	Mortgage Loan	\$45,837
54	70026792	Mortgage Loan	\$38,544
55	70026920	Mortgage Loan	\$43,223
56	70027016	Mortgage Loan	\$39,881
57	70027104	Mortgage Loan	\$50,662
58	70028369	Mortgage Loan	\$44,870
59	70028786	Mortgage Loan	\$39,650
60	80012739	Mortgage Loan	\$20,144
61	80012862	Mortgage Loan	\$27,508
62	80014801	Mortgage Loan	\$66,330
63	80017846	Mortgage Loan	\$51,797
64	80018296	Mortgage Loan	\$101,297
65	80021821	Mortgage Loan	\$26,313
66	80021942	Mortgage Loan	\$47,295
67	80022688	Mortgage Loan	\$66,774
68	80023108	Mortgage Loan	\$25,619
69	80023382	Mortgage Loan	\$27,717
70	3002001389	Mortgage Loan	\$27,072
71	3002001598	Mortgage Loan	\$13,275
72	3002002072	Mortgage Loan	\$59,076
73	8671040080	Mortgage Loan	(\$880)
74	9100006736	Mortgage Loan	\$27,342
75	9100006890	Mortgage Loan	\$36,153
76	9100007302	Mortgage Loan	\$50,207
77	9100007518	Mortgage Loan	\$22,317
78	9500000410	Mortgage Loan	\$43,694
		Total:	\$2,861,135

**SCHEDULE II TO EXHIBIT A – INTERIM REO PROPERTIES**

**None**

**SCHEDULE III TO EXHIBIT A – INTIAL REO PROPERTIES**

	<b>Loan Number</b>	<b>Asset Type</b>	<b>Purchase Price</b>
1	10002146	REO Property	\$47,980
2	30022306	REO Property	\$27,811
3	30033145	REO Property	\$22,767
4	30043786	REO Property	\$74,812
5	30047732	REO Property	\$161,146
6	30072691	REO Property	\$21,048
7	50013954	REO Property	\$13,247
8	50025024	REO Property	\$17,836
9	50026194	REO Property	\$98,846
10	50037996	REO Property	\$14,968
11	50042506	REO Property	\$26,543
12	50043970	REO Property	\$53,466
13	50045677	REO Property	\$47,583
14	50048205	REO Property	\$30,402
15	50049612	REO Property	\$93,320
16	70000549	REO Property	\$73,098
17	70009315	REO Property	\$49,000
18	70026900	REO Property	\$66,133
19	70026959	REO Property	\$49,641
20	70027244	REO Property	\$15,294
21	70027428	REO Property	\$44,471
22	70027984	REO Property	\$37,066
23	70029410	REO Property	\$15,293
24	70029829	REO Property	\$63,631
25	70029870	REO Property	\$68,740
26	75000093	REO Property	\$29,269
27	80007408	REO Property	\$46,625
28	80013431	REO Property	\$37,638
29	80019608	REO Property	\$14,929
30	80019873	REO Property	\$81,770
31	80019962	REO Property	\$15,300
32	80021868	REO Property	\$15,414
33	80022150	REO Property	\$118,726
34	9100002221	REO Property	\$42,837
35	9100004742	REO Property	\$57,453
36	9100005623	REO Property	\$72,914
37	9100007240	REO Property	\$27,022
38	9100007613	REO Property	\$39,915
		Total:	\$1,833,954

**EXHIBIT B**

**Form of Assignment and Assumption Agreement**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**, dated \_\_\_\_\_, 2015, by and between, RNPM, LLC (“Purchaser”) and DORAL FINANCIAL CORPORATION (“Seller”):

For value received the receipt and sufficiency of which hereby are acknowledged, and of the mutual covenants herein contained, the Parties hereby agree as follows:

The Seller hereby sells, transfers, conveys and assigns to Purchaser all of the right, title and interest (free and clear of any liens and encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement (defined below))) of Seller, in to and under the Mortgage Loans (and the related Mortgage Assets) described in Schedule A attached hereto (and incorporated herein by reference) pursuant to that certain Master Mortgage Loan Purchase Agreement dated as of \_\_\_\_\_, 2015 (the “Purchase Agreement”) between Seller and Purchaser, and the Purchaser hereby receives, accepts and assumes all of Seller’s rights, title, interest and obligations in and to the Mortgage Loans (and the related Mortgage Assets).

Capitalized terms set forth herein and not defined shall have the meanings set forth in the Purchase Agreement.

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be executed by their duly authorized officers as of the date first above written,

**Purchaser**

**Seller**

CREDIGY USA CORP.,  
a Nevada corporation, its Sole Member

DORAL FINANCIAL CORPORATION  
a Puerto Rico Corporation

By: \_\_\_\_\_  
Name: Brett M. Samsky  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Taxpayer  
Identification No.

Taxpayer  
Identification No.

**EXHIBIT C**

**BID PROCEDURES ORDER**



**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
 :  
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
 :  
Debtor. :  
-----X

**ORDER (I) APPROVING BIDDING PROCEDURES FOR THE SALE  
OF CERTAIN MORTGAGE LOANS AND REAL ESTATE OWNED PROPERTIES,  
(II) APPROVING THE BREAKUP FEE,  
(III) APPROVING THE FORM AND MANNER AND NOTICE, AND  
(IV) SCHEDULING AN AUCTION AND A SALE HEARING**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtor and debtor-in-possession (the “Debtor”) for entry of an order (a) authorizing and approving the bidding procedures for the Sale, (b) approving the Breakup Fee, (c) approving the form and manner of notice of the Auction and Sale Hearing, and (d) scheduling an Auction and a Sale Hearing, as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that no other or further notice is needed or necessary; and the Court having reviewed the Motion and the Flaton Declaration and having heard statements in support of the Motion at a hearing held before the Court (the “Bid Procedures Hearing”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Bid Procedures Hearing establish just cause for the relief granted herein;

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

and the relief requested in the Motion being in the best interests of the Debtor's estate, its creditors, and other parties in interest; and any objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby

**ORDERED, THAT:**

1. The Motion is GRANTED to the extent provided herein.
2. The Debtor's entry into the Stalking Horse Agreement with RNPM, LLC (the "Stalking Horse") is hereby approved.
3. Payment of the Breakup Fee in accordance with the Stalking Horse Agreement is hereby approved, and the Breakup Fee is authorized and directed to be paid at the time and under the circumstances set forth in the Stalking Horse Agreement, without further order of the Court. The Breakup Fee shall be entitled to priority under Bankruptcy Code sections 503(b) and 507(a)(2).
4. If the Stalking Horse elects to participate in bidding at the Auction, the amount of the Breakup Fee shall be considered as if added to the Stalking Horse's bid in determining whether the Stalking Horse's bid is a higher or better offer.
5. The Bidding Procedures, substantially in the form attached hereto as Exhibit 1, are hereby approved. The Bidding Procedures shall govern the submission, receipt and analysis of all bids relating to the Sale of the Portfolio and the Auction Assets, and any party desiring to submit a higher or better offer for the assets of the Portfolio shall do so strictly in accordance with the terms of the Bidding Procedures and this Order.
6. As described in the Bidding Procedures, if the Debtor does not receive any bids other than from the Stalking Horse, or if no bidder other than the Stalking Horse indicates its

intent to participate in the Auction, the Debtor will not hold the Auction, the Stalking Horse will be named the Successful Bidder and the Debtor will seek approval of the Stalking Horse Agreement at the Sale Hearing. If one or more bids is timely received from a bidder (other than the Stalking Horse) in accordance with the Bidding Procedures, the Debtor shall conduct the Auction as set forth herein.

7. If the Auction is conducted, each bidder participating in the Auction shall be required to confirm that it has not engaged in any collusion with respect to the bidding process or the proposed Sale. The Auction will be conducted openly and shall be transcribed, audiotaped or videotaped.

8. Any entity submitting a bid to the Debtor at or before the Auction shall be deemed to have reviewed the Bid Procedures and to have submitted to the jurisdiction of this Court, and the submission of such a bid shall be the submitting entity's consent to entry of a final order or judgment by the Court, for the adjudication of all disputes relating to the Motion, the Bid Procedures, this Order, or the sale of the Auction Assets.

9. The Auction and Sale Notice, substantially in the form attached hereto as Exhibit 2 is hereby approved.

10. Within two (2) business days of entry of this Bidding Procedures Order, the Debtor shall serve the Auction and Sale Notice by email or first class mail upon the following parties: (i) the Office of the United States Trustee for the Southern District of New York, (ii) the Internal Revenue Service, (iii) the United States Attorney for the Southern District of New York, (iv) counsel to the UCC, (v) the U.S. Securities and Exchange Commission, (vi) any party known or reasonably believed to have asserted any lien, claim, or encumbrance or other interest in the Portfolio, (vii) counsel to the indenture trustees for the Doral Notes and AFICA Bonds,

(viii) parties required by Bankruptcy Rule 2002(a), and (ix) any parties who have expressed interest in the loans or REO.

11. The Debtor is authorized and empowered to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

12. Notwithstanding any Bankruptcy Rules to the contrary, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

13. The Court retains jurisdiction with respect to all matters arising from, or related to, the implementation and interpretation of this Order.

Dated: \_\_\_\_\_, 2015  
New York, New York

---

UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1 to Bidding Procedures Order**

**Bidding Procedures**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
 :  
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
 :  
Debtor. :  
-----X

**BIDDING PROCEDURES**

The following bidding procedures shall apply in connection with counteroffers for certain performing and non-performing mortgage loans and real estate owned property of Doral Financial Corporation (the “Auction Assets”), including the portfolio of loans and real estate owned properties (the “Stalking Horse Assets”) described in the Asset Purchase and Sale Agreement between Doral Financial Corporation (“Seller” or the “Debtor”) and RPNM, LLC or one or more of its subsidiaries, affiliates or designees (“Purchaser”) (such agreement, the “Stalking Horse Agreement”):<sup>2</sup>

1. Any counteroffer or bid for any of the Stalking Horse Assets (a “Counteroffer”) shall comply with the following requirements:
  - 1.1. Any Counteroffer for the Auction Assets shall provide for a purchase price with a minimum cash or cash equivalent component payable at closing equal to the sum of (i) \$4,541,478.51 plus (ii) \$150,000.00, on account of the Breakup Fee, plus (iii) either (a) \$100,000, for the initial counteroffer, or (b) \$50,000, for each subsequent Counteroffer; *provided, however*, that the Debtor may accept counteroffers for a subset of the Stalking Horse Assets and for Auction Assets that are not included in the Stalking Horse Assets, and such counteroffers shall not be subject to the requirements set forth in this Section 1.1;
  - 1.2. Counteroffers may not include a requirement for a breakup fee, topping fee, expense reimbursement, or similar bid protection; and
  - 1.3. Any Counteroffer shall be accompanied by a deposit in the amount of ten percent of the initial bid, delivered to the Debtor, by certified or cashier’s check or wire

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the order approving these bidding procedures.

transfer, so as to be received on or before October 27, the last business day prior to the first scheduled date of the Auction (as defined below).

2. Any Counteroffer shall further comply with all of the following requirements; provided, that the Debtor may, in its discretion exercised in good faith and in consultation with counsel to the official committee of unsecured creditors (the "UCC") and without further order of the Court, waive any such requirements:

- 2.1. Any Counteroffer shall:

- 2.1.1. be in writing and be served on counsel to the Debtor, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Mark I. Bane; Ropes & Gray LLP, so as to be received on or before 12:00 noon (Prevailing Eastern Time) on October 26, 2015 (the "Bid Deadline"), two business days prior to the first scheduled date of the Auction; and

- 2.1.2. be accompanied by (ii) an executed asset purchase agreement (the "Counteroffer Asset Purchase Agreement") and executed copies of all other transaction documents necessary to effect the proposed transaction (including all schedules) and a copy of the Stalking Horse Agreement marked to show all changes requested by the bidder (including those related to purchase price); (ii) an executed confidentiality agreement; and (iii) written evidence of a commitment for financing or other evidence of the party's ability to consummate the transaction and payment of the purchase price at the Closing.

- 2.2. The terms and conditions of the Counteroffer must be, in aggregate, not materially more burdensome to Seller than provisions contained in the Stalking Horse Agreement.

- 2.3. Any entity submitting a Counteroffer shall demonstrate, to Debtor's satisfaction and in Debtor's sole discretion exercised in good faith, that such entity is able to consummate the transaction on the date and on the terms contemplated by the Counteroffer Asset Purchase Agreement.

3. An auction (the "Auction") for the Auction Assets will be conducted by the Debtors at the offices of their counsel, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY, on October 28, 2015 at 10:00 a.m. (Prevailing Eastern Time), or at such other date and time as determined by the Debtor in its sole discretion, exercised in good faith and after consultation with the UCC. The Debtor will send notice by electronic mail to the Notice Parties and counsel to any entity that has submitted a Counteroffer if the date, time, or place of the Auction changes.

- 3.1. The Debtor and its professionals will direct and preside over the Auction.

- 3.2. If the Debtor selects a Counteroffer as the highest and best bid at the commencement of the Auction, the Debtors must disclose such bid to the Stalking Horse no later than two (2) days before the Auction.

- 3.3. The Stalking Horse Agreement shall be deemed to be a qualified bid at the Auction.
- 3.4. At the Auction, the Debtor may announce additional procedural or bidding rules for the Auction so long as the rules are not inconsistent with these Bid Procedures. The Debtor shall maintain a transcript of all bids made and announced at the Auction. Bidding at the Auction shall be conducted on an open basis with all bidders entitled to be present.
- 3.5. Each bidder participating at the Auction must attend in person through a duly authorized representative and certify on record at the commencement of the Auction that it has not and will not engage in any collusion with respect to the bidding or the sale.
- 3.6. The Debtor will continue the Auction until there is one bid, or a collection of bids, for the Auction Assets that the Debtor determines in its sole discretion, exercised in good faith and after consultation with counsel to the UCC, is the highest or otherwise best bid for the Auction Assets.
- 3.7. The Breakup Fee will be credited to the Stalking Horse's bid.
- 3.8. Each subsequent bid at the Auction must comply with the requirements for a Counteroffer set forth herein and be at least \$50,000 greater than the preceding bid, or such other amount as designated by the Debtor, after consultation with the UCC.
4. A hearing to consider approval of the sale to Purchaser pursuant to the Stalking Horse Agreement or another bidder submitting a higher and better offer at the Auction and any objections to such sale will be held on November 2, 2015 at 2:00 p.m. (Prevailing Eastern Time) at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10002.



**Exhibit 2 to Bidding Procedures Order**

**Form of Auction and Sale Notice**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
 :  
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
 :  
Debtor. :  
-----X

**NOTICE OF SALE BY AUCTION AND SALE HEARING**

PLEASE TAKE NOTICE that, on September [-], 2015, Doral Financial Corporation (the “Debtor”) in the above-captioned chapter 11 case filed a motion [Docket No. [ ]] (the “Bid Procedures Motion”) with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) (a) authorizing and approving the bidding procedures for the sale of certain performing and non-performing mortgage loans and real estate owned properties, (b) approving the form and manner of notice of the Auction and Sale Hearing, and (c) scheduling an Auction and a Sale Hearing and setting other related dates and deadlines all as further described in the Bid Procedures Motion. On October [-], 2015, the Bankruptcy Court entered an order (the “Bidding Procedures Order”)<sup>2</sup> approving certain bidding procedures attached thereto as Exhibit 1 (the “Bidding Procedures”).

Copies of the Bid Procedures Motion, Bidding Procedures Order, and other documents related thereto are available free of charge on the website of the Debtor’s noticing and claims agent, Garden City Group, at <http://cases.gcginc.com/dor/>.

PLEASE TAKE FURTHER NOTICE that the Debtor is soliciting offers for the purchase of certain mortgage loan and REO assets. All interested bidders should carefully read the Bidding Procedures and Bidding Procedures Order. To the extent there are any inconsistencies between this notice and the Bidding Procedures, the latter shall govern in all respects.

PLEASE TAKE FURTHER NOTICE that, if the Debtor receives competing bids within the requirements and time frame specified by the Bidding Procedures, the Debtor will conduct an auction (the “Auction”) of the assets on October 28, 2015 at 10:00 a.m. (prevailing Eastern Time) at the offices of counsel to the Debtor: Ropes & Gray LLP, 1211 Avenue of the Americas, New York, New York 10036.

PLEASE TAKE FURTHER NOTICE that the Debtor will seek approval of the sale of the assets at a hearing scheduled to commence on November 2, 2015 at 2:00 p.m. (prevailing Eastern Time) (the “Sale Hearing”) or as soon thereafter as counsel may be heard, before the Honorable Shelley C. Chapman, United States Bankruptcy Judge in the United States

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order.

Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004.

PLEASE TAKE FURTHER NOTICE that objections to the proposed Sale if any, must: (i) be in writing; (ii) conform to the applicable provisions of the Bankruptcy Rules, the Local Bankruptcy Rules and the Case Management Order [Docket No. 74] entered in this chapter 11 case; (iii) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (iv) filed with the Court and served so the objection is actually received no later than 4:00 p.m. on Monday, October 26, 2015 (prevailing Eastern Time) (the “Sale Objection Deadline”) by the following parties (the “Notice Parties”): (i) counsel to the Debtor, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attn: Mark I. Bane, (ii) counsel to the UCC, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, NY 10022, Attn: Brian D. Pfeiffer; and (iii) parties required by Bankruptcy Rule 2002(a).

#### **CONSEQUENCES OF FAILING TO TIMELY FILE AND SERVE AN OBJECTION**

Any party or entity who fails to timely file and serve an objection to the Sale of the Portfolio on or before the Sale Objection Deadline in accordance with the Bidding Procedures Order shall be forever barred from asserting any objection to such Sale, including with respect to the transfer of property free and clear of all liens, claims, encumbrances and other interests.

**EXHIBIT D**

**PROPOSED SALE ORDER**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
 :  
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
 :  
Debtor. :  
-----X

**ORDER AUTHORIZING AND APPROVING THE SALE OF CERTAIN MORTGAGE  
LOANS AND REAL ESTATE OWNED PROPERTIES, OUTSIDE THE ORDINARY  
COURSE OF BUSINESS, FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES  
AND INTERESTS; AND GRANTING RELATED RELIEF**

Upon the motion (the “Motion”) of the above-captioned debtor and debtor-in-possession (the “Debtor”) for entry of an order approving the sale of certain performing and non-performing mortgage loans and real estate owned properties; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the Debtor has provided all notices required by the title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and that no other or further notice is needed or necessary; and the Court having reviewed the Motion and the Declaration of Carol Flaton in Support of the Debtor’s Motion for an Order Approving Bid and Notice Procedures and an Order Approving an Asset Purchase Agreement Between the Debtor and the Successful Bidder, sworn to on September 22, 2015 (the “Flaton Declaration”), and having heard the proffers and other statements in support of the Motion at a hearing held before the Court (the “Sale Hearing”); and the Court having determined that the

---

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and the relief requested in the Motion being in the best interests of the Debtor's estate, its creditors, and other parties in interest; and any objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby

**FOUND AND DETERMINED THAT:**

A. Certain Definitions.

(i.) The term "APA" means the Master Mortgage Loan Purchase Agreement, dated as of September 22, 2015, attached hereto as Exhibit A.

(ii.) The term "Purchaser Parties" means the Purchaser, its affiliates, members, managers, agents, partners, investors, and each of their respective directors, officers, employees, principals, servants, attorneys, and all of their respective successors and assigns.

(iii.) The term "Transactions" means the transactions contemplated under the APA.

(iv.) All terms capitalized but not defined in this Order shall have the meanings ascribed to them in the APA.

B. Notice. As shown by the certificates of service filed with the Court and the representations or proffers made on the record at the Sale Hearing, proper, timely, adequate, due and sufficient notice of the Motion, the Bid Procedures Order, the Auction, the Sale Hearing, and the Transactions has been provided in accordance with sections 102(1) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 9006 and 9007, the procedural due process requirements of the United States Constitution, and the Bid Procedures Order to all persons and entities entitled to such notice, including, without limitation: (i) the Office of the United States

Trustee for the Southern District of New York, (ii) the Internal Revenue Service, (iii) the United States Attorney for the Southern District of New York, (iv) counsel to the Official Committee of Unsecured Creditors, (v) the U.S. Securities and Exchange Commission, (vi) any party known or reasonably believed to have asserted any lien, claim, or encumbrance or other interest in the Mortgage Assets, (vii) counsel to the indenture trustees for the Doral Notes and AFICA Bonds, (viii) parties required by Bankruptcy Rule 2002(a), and (ix) any parties who have expressed interest in any of the Mortgage Assets. No other or further notice of the relief granted herein, including, without limitation, with respect to the Motion, the Bid Procedures Order, the Auction, the Sale Hearing or the Transactions, is necessary or shall be required.

C. Opportunity to Object. A reasonable opportunity to object or be heard regarding the relief requested in the Motion has been afforded to all parties in interest.

D. Title to Assets. The Mortgage Assets constitute property of the Debtor's estate and title thereto is vested in the Debtor's estate within the meaning of section 541(a) of the Bankruptcy Code.

E. Opportunity to Bid. The Debtor and its professionals marketed the Mortgage Assets and conducted the marketing and sale process as set forth in the Sale Motion and the Flaton Declaration and in accordance with the Bid Procedures Order. Any party interested in bidding on the Mortgage Assets was provided, upon request, sufficient information by the Debtor and its professionals to make an informed judgment as to whether to bid on the Mortgage Assets, subject only to entry into a reasonable confidentiality agreement. The Auction was conducted in accordance with the procedures set forth in the Bid Procedures Order. Based upon the record of these proceedings, all parties in interest and all prospective bidders or purchasers have been afforded a full, fair, and reasonable opportunity to bid for the Mortgage Assets, and

the process employed by the Debtor and its professionals, including, without limitation the process set forth in the Bid Procedures Order, in connection with the sale was adequate and reasonable to obtain the highest and best price for the Mortgage Assets.

F. Highest and Best Bid. The Purchaser submitted the highest and best bid for the Mortgage Assets at the Auction. The total consideration provided by the Purchaser for the Mortgage Assets is the highest and best bid received by the Debtor.

G. Business Justification. The Debtor has demonstrated good and sufficient cause to sell the Mortgage Assets to the Purchaser, enter into the APA, and consummate the Transactions. Such action is an appropriate and reasonable exercise of the Debtor's business judgment, and is in the best interests of the Debtor, its estate, its creditors and all other parties in interest. Such reasons and interests include (but are not limited to) the following: (i) the Debtor has adequately marketed the Mortgage Assets; (ii) the Purchase Price constituted the highest and best bid for the Mortgage Assets and provides fair and reasonable consideration for the Mortgage Assets; (iii) the sale contemplated under the APA will provide greater recovery for the Debtor's creditors than would be provided by any other practically available alternative; (iv) no other party has offered to purchase the Mortgage Assets for greater economic value to the Debtor or its estate; (v) the APA and closing thereon will present the best opportunity to realize the value of the Assets pursuant to an orderly sale process and avoid decline and devaluation of the Assets; (vi) the consideration to be paid under the APA constitutes reasonably equivalent value and fair consideration; and (vii) entry of an order approving the APA and all provisions thereof is a condition precedent to the Purchaser consummating the Transactions. Accordingly, the Debtor has demonstrated a sound business purpose to sell the Mortgage Assets, enter into the APA, and to consummate the Transactions, other than in the ordinary course of business, pursuant to



section 363(b) of the Bankruptcy Code.

H. Good Faith Purchaser; Sale Price Not Controlled. The APA and the Transactions have been negotiated by the Debtor and the Purchaser and entered into in good faith, at arm's length, and without collusion or fraud. None of the Purchaser Parties are "insiders" of the Debtor as that term is defined in section 101 of the Bankruptcy Code. The Mortgage Assets were fully marketed, all interested bidders had a full and fair opportunity to bid on the Mortgage Assets, and the Debtor was free to deal with any other party interested in purchasing the Mortgage Assets. The Purchase Price was determined at the Auction. The terms and conditions of the APA and the Transactions, including the total consideration realized by the Debtor pursuant to the APA, are fair and reasonable, and the Transactions are in the best interests of the Debtor, its estate, and its creditors. All payments to be made by the Purchaser in connection with the Transactions have been disclosed. The Purchaser is a purchaser for value and in "good faith," as that term is used in the Bankruptcy Code and the decisions thereunder, will be acting in good faith pursuant to section 363(m) in closing the Transactions at any time on or after entry of this Order, and is entitled to the protections of section 363(m) of the Bankruptcy Code with respect to all of the Mortgage Assets.

I. The sale price of the Mortgage Assets was not controlled by an agreement between potential or actual bidders within the meaning of section 363(n) of the Bankruptcy Code. The Debtor and the Purchaser have not engaged in any conduct that would cause or permit the APA or the consummation of the Transactions to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code.

J. None of the Purchaser Parties has engaged in any conduct that would prevent the application of section 363(m), or cause the application of section 363(n), of the Bankruptcy Code

to any of the Purchaser Parties, the APA , or the Transactions.

K. Free and Clear. Except with respect to Permitted Encumbrances, the sale of the Mortgage Assets to the Purchaser will be, as of the Purchase Date, a legal, valid and effective transfer of such assets, and each such transfer and assignment vests or will vest the Purchaser with all right, title and interest of the Debtor to the Mortgage Assets free and clear of all Encumbrances with any Encumbrances to attach to the consideration to be received by the Debtor in the same priority and subject to the same defenses and avoidability, if any, as of the Purchase Date. Except with respect to Permitted Encumbrances, the Purchaser would not enter into the APA to acquire the Mortgage Assets if the sale of the Mortgage Assets were not free and clear of all Encumbrances, or if the Purchaser would, or in the future could, be liable for any such Encumbrances. A sale of the Mortgage Assets other than one free and clear of all Encumbrances (except Permitted Encumbrances) would adversely impact the Debtor's estate, and would likely yield substantially less value for the Debtor's estate, with less certainty than this sale. Therefore, the sale contemplated by the APA is in the best interests of the Debtor, its estate and creditors, and all other parties in interest. Without an expeditious sale of the Mortgage Assets free and clear of all Encumbrances (except Permitted Encumbrances), there will be a substantial diminution in the value of the Mortgage Assets to the detriment of the Debtor, its estate and creditors.

L. The Debtor may sell the Mortgage Assets free and clear of Encumbrances (except Permitted Encumbrances) as provided in this Order and the APA, because one or more of the provisions set forth in section 363(f) of the Bankruptcy Code have been satisfied with respect to each of the Encumbrances. Those holders of Encumbrances who did not object or who withdrew their objections to the Motion, the Transactions or the sale of the assets are deemed to have

consented to the Motion, the sale of the Mortgage Assets, and the consummation of the Transactions pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of Encumbrances who did object, if any, fall within one or more of the other subsections of section 363(f) of the Bankruptcy Code, and are adequately protected by having their Encumbrances, if any, attach to the proceeds of the Transactions ultimately attributable to the Mortgage Assets in which such holders allege Encumbrances, in the same order of priority, with the same validity, force and effect that such holder had before the Transactions, and subject to any claims and defenses the Debtor and its estate may possess with respect thereto.

M. No Assumed Liabilities; No Successor Liability. Except as expressly set forth in the APA, the Purchaser is not assuming any of the debts, liabilities or obligations of the Debtor, its affiliates or any third parties. The Purchaser shall not in any way be liable or responsible for any liabilities, commitments or obligations in any way related to the Debtor or the Mortgage Assets arising before the Purchase Date, and the Purchaser shall not be liable or obligated for any liability or obligation relating to any servicer or subservicer agreements of the Debtor, whether such liability or obligation arises before or after the Purchase Date. Except as expressly provided for in the APA or this Order, none of the Debtor or its estate shall in any way be liable or responsible for any liabilities, commitments or obligations in any way related to the Mortgage Assets arising from and after the Purchase Date; provided, however, that, the Debtor and its estate shall remain liable or obligated for any liability or obligation relating to any servicer or subservicer agreements of the Debtor, whether such liability or obligation arises before or after the Purchase Date.

N. The Debtor and the Purchaser Parties do not have any common controlling shareholders or senior management. The Purchaser Parties are not insiders, as that term is

defined in section 101 of the Bankruptcy Code and the decisions thereunder. The Purchaser is not merely a continuation of the Debtor; there is no continuity of enterprise between the Debtor on the one hand, and the Purchaser on the other hand; the Purchaser is not a successor to the Debtor; and the transactions under the APA do not amount to, or otherwise constitute, a consolidation, merger, or de facto merger of the Purchaser on the one hand and the Debtor on the other hand.

O. Fair Consideration; No Fraudulent Transfer. The Transactions are not for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession or the District of Columbia. None of the Debtor and the Purchaser Parties is or will be entering into the Transactions fraudulently.

P. The terms and conditions of the APA, including the total consideration to be realized by the Debtor's estate pursuant to the APA, are fair and reasonable, and constitute full and adequate consideration and reasonably equivalent value for the Mortgage Assets. The Transactions are in the best interests of the Debtor, its estate and creditors.

Q. Final Order; No Stay. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). The sale of the Mortgage Assets, and the consummation of the Transactions, must be approved and completed promptly so as to maximize the value of the assets to the Debtor's estate. Therefore, time is of the essence. Consistent with Bankruptcy Rule 6004(h), and to the extent necessary under Bankruptcy Rule 9014 and any rule of procedure made applicable thereby, the Court finds that there is no just reason for delay in implementation of this Order and that waiver of any applicable stay or other waiting period is appropriate, and expressly directs that this Order is immediately effective upon its entry.

R. Compliance with Bankruptcy Code. The consummation of the Transactions is

legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including without limitation sections 363(b), 363(f), and 363(m), and all of the applicable requirements of such sections have been or will be complied with in respect of the Transactions.

Based on the foregoing findings and conclusions, it is

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. Relief Granted. The Motion is GRANTED to the extent provided herein.
2. Approval and Authorization. The APA and the Transactions are approved in all respects. The Debtor is authorized to enter into the APA, to perform its obligations under the APA, and to execute such other documents and take such other actions as are necessary to effectuate the terms of the APA, without further order of the Court.
3. Valid Transfer. Pursuant to sections 105(a) and 363 of the Bankruptcy Code, the sale and transfer of the Mortgage Assets on the Purchase Date to the Purchaser pursuant to the APA is, and shall be, a legal, valid and effective disposition and transfer of the Mortgage Assets notwithstanding any requirement for approval or consent by any person, and vests the Purchaser with all right, title and interest of the Debtor and its estate to and in the Mortgage Assets, free and clear of all Encumbrances (except Permitted Encumbrances).
4. Transfer of Title and Interests. On the Purchase Date, this Order shall be considered and constitute for any and all purposes a full and complete general assignment, conveyance, and transfer of the Mortgage Assets, and/or a bill of sale or assignment transferring indefeasible title and interest in the Mortgage Assets to the Purchaser.
5. Free and Clear. Pursuant to section 363(f) of the Bankruptcy Code, the sale of the Mortgage Assets pursuant to the APA and this Order shall be free and clear of any and all Encumbrances except the Permitted Encumbrances. All such Encumbrances (except the

Permitted Encumbrances) on and in respect of the Mortgage Assets shall attach to the proceeds of the sale of the Mortgage Assets pursuant to this Order to the same extent and with the same priority as such Encumbrances existed in respect of the Mortgage Assets immediately before the Purchase Date. Without limiting the generality of any provision in this Order, the transfer of the Mortgage Assets is free and clear of any servicer or subservicer agreement.

6. Following the Purchase Date, no holder of any Encumbrance (except Permitted Encumbrances) on the Mortgage Assets may interfere with the Purchaser's use and enjoyment of the Mortgage Assets based on or related to such Encumbrance, and no interested party may take any action to prevent, interfere with or otherwise enjoin consummation of the Transactions.

7. The provisions of this Order authorizing the sale of the Mortgage Assets free and clear of Encumbrances (except Permitted Encumbrances) shall be self-executing, and neither the Debtor nor the Purchaser shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Order.

8. Good Faith Purchaser. The sale of the Mortgage Assets has been undertaken by the Purchaser Parties and the Debtor at arm's length, without collusion, in good faith and for value. The Purchaser shall acquire the Mortgage Assets pursuant to the APA in good faith within the meaning of 11 U.S.C. § 363(m), and is granted all of the protections in accordance therewith. Accordingly, unless stayed pending appeal, the reversal or modification on appeal of the authorization provided herein shall not affect the validity or enforceability of the APA, the sale of the Mortgage Assets to the Purchaser, or the consummation of the Transactions, and notwithstanding any reversal or modification on appeal, any sale of the Mortgage Assets and

consummation of the Transactions shall be governed in all respects by the original provisions of the APA or this Order, as the case may be.

9. No Avoidance; No Damages. The sale of the Mortgage Assets pursuant to the APA or the consummation of the Transactions may not be avoided, or constitute grounds for the imposition or recovery of damages, under (i) section 363(n) of the Bankruptcy Code, (ii) the fraudulent transfer provisions of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, Uniform Fraudulent Transfer Act, or any similar laws of any state, territory or other jurisdiction whose law is applicable to the APA, or (iii) any other provision of the Bankruptcy Code or other applicable non-bankruptcy law.

10. No Assumed Liabilities; No Successor Liability. Except as expressly set forth in the APA or this Order, none of the Purchaser Parties shall be liable or obligated, or assume or in any way be responsible, for any liabilities or obligations of the Debtor, its estate or the Mortgage Assets (whether direct or indirect, liquidated or unliquidated, choate or inchoate, or contingent or fixed) arising before the Purchase Date. For avoidance of doubt, the assumption by the Purchaser of any liabilities or obligations pursuant to the APA or this Order in accordance with the foregoing sentence are assumed with any and all defenses or claims of the Debtor to the payment or performance of such liabilities or obligations. In addition, and without limiting the generality of any provision in this Order, none of the Purchaser Parties shall be liable or obligated for any liability or obligation relating to any servicer or subservicer agreements of the Debtor, whether such liability or obligation arises before or after the Purchase Date.

11. None of the Purchase Parties is or shall be (a) deemed a “successor” in any respect to the Debtor or its estate as a result of the consummation of the Transactions contemplated by the Agreement or any other event occurring in the chapter 11 case under any

theory of law or equity, (b) deemed to have, de facto or otherwise, merged or consolidated with or into the Debtor or its estate, (c) deemed to have a common identity with the Debtor, (d) deemed to have a continuity of enterprise with the Debtor, or (e) deemed to be a continuation or substantial continuation of the Debtor or any enterprise of the Debtor; and the Purchaser shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtor and/or its estate including, but not limited to, any bulk sales law, successor liability, liability or responsibility for any claim against the Debtor or against an insider of the Debtor, or similar liability except as otherwise expressly provided in the APA and this Order.

12. No Bulk Sales. No bulk sales law or any similar law of any state or other jurisdiction shall apply in any way to the sale of the Mortgage Assets or the Transactions.

13. Certain Additional Authorizations. If any person or entity that has filed a financing statement or other documents or agreements evidencing an Encumbrance on the Assets shall not have delivered, in proper form for filing, termination statements, instruments of satisfaction, releases, and other documents to the Debtor before the Purchase Date, then the Debtor and the Purchaser shall be and hereby are authorized to execute such termination statements, instruments of satisfaction, releases, and other documents on behalf of the person or entity and to file the same with any appropriate registry or public filing office. Notwithstanding the foregoing, the provisions of this Order authorizing the sale and assignment of the Assets free and clear of Encumbrances shall be self-executing, and notwithstanding the failure of Purchaser, the Debtor, or any other party to execute, file, or obtain releases, termination statements, assignment consents, or other instruments to effectuate, consummate, and/or implement the provisions hereof or the APA with respect to the sale of the Assets, all Encumbrances on the Assets shall be and hereby are deemed to be divested, terminated, and discharged.



14. This Order shall be binding upon all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, including governmental officials in Puerto Rico, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets. Each and every federal, state, Puerto Rico, and local governmental agency or department or office is hereby authorized to accept this Order and any and all documents and instruments necessary and appropriate to consummate the Transaction contemplated by the APA.

15. The Debtor and the Purchaser are authorized and empowered to take all actions and execute and deliver any and all documents and instruments that either the Debtor or the Purchaser deem necessary or appropriate to implement and effectuate the terms of the APA and this Order, including without limitation, bills of sale, assignments, releases, affidavits and similar documents required of the Debtor pursuant to the APA. The Debtor and each other person having duties or responsibilities under the APA, any agreements related thereto or this Order, and their respective directors, officers, managing partners or members, general partners, agents, representatives, and attorneys, are authorized and empowered, subject to the terms and conditions contained in the APA and the schedules annexed thereto, to carry out all of the provisions of the APA and any related agreements; to issue, execute, deliver, file, and record, as appropriate, the documents necessary to effect closing under the APA, and any related agreements; and to take any and all actions contemplated by the APA, any related agreements or this Order.

16. Binding Order. This Order and the APA shall inure to the benefit of and be binding on the Purchaser, the Debtor, its estate, its creditors, and their respective successors and assigns, and any trustees, if any, subsequently appointed in the Debtor's chapter 11 case or upon a conversion to Chapter 7 under the Bankruptcy Code.

17. Interpretation; Headings. To the extent of any inconsistency between this Order and the APA, this Order shall control. Headings of the provisions of this Order are included for reference purposes only and are not to be given any substantive effect.

18. No Stay; Order Immediately Effective. Notwithstanding the provisions of Bankruptcy Rule 6004(h) or any other rule providing for a stay of the effectiveness of this Order, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. The Debtor and the Purchaser are free to close under the APA in accordance herewith. Any party objecting to this Order must exercise due diligence in filing an appeal and pursuing a stay, or risk its appeal being rendered moot.

19. Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction to (a) interpret, implement and enforce the terms and provisions of this Order, the Bid Procedures Order, and the APA, including all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith, in all respects; and (b) to decide any disputes concerning this Order and the APA, or the rights and duties of the parties hereunder or thereunder or any issues relating to the APA and this Order including, but not limited to, the interpretation of the terms, conditions and provisions hereof and thereof, the status, nature and extent of the Mortgage Assets and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the assets free and clear of all Encumbrances.

Dated: \_\_\_\_\_, 2015  
New York, New York

---

UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT E**

**DEED OF TRANSFER**

---On the same date of its execution, I issued the first certified copy of this Deed in San Juan, Puerto Rico, at the request of DORAL FINANCIAL CORPORATION I ATTEST.-----

**NOTARY PUBLIC**

-----**DEED NUMBER** \_\_\_\_\_ (\_\_\_\_)-----

-----**DEED OF PURCHASE AND SALE**-----

---In the Municipality of San Juan, Commonwealth of Puerto Rico, this \_\_\_\_\_ (\_\_\_\_) day of \_\_\_\_\_, two thousand fourteen (2014).-----

-----**BEFORE ME**-----

---\_\_\_\_\_, Attorney-at-Law and Notary Public in and for the Commonwealth of Puerto Rico, with an office located in \_\_\_\_\_ San Juan, Puerto Rico, and residence in \_\_\_\_\_, Puerto Rico.-----

-----**APPEAR**-----

---**AS PARTY OF THE FIRST PART:**

\_\_\_\_\_, a \_\_\_\_\_ duly organized and existing under the laws of \_\_\_\_\_ (hereinafter, the “Buyer”), herein represented by its Authorized Representative, \_\_\_\_\_, of legal age, \_\_\_\_\_, \_\_\_\_\_ and resident of \_\_\_\_\_, Puerto Rico, who has been duly authorized to appear herein on behalf of the Buyer pursuant to a Certificate of \_\_\_\_\_ Resolutions of the Buyer, executed by \_\_\_\_\_, as \_\_\_\_\_ of the Buyer, on \_\_\_\_\_ (\_\_\_\_), two thousand fourteen (2014), authenticated under affidavit number \_\_\_\_\_ (\_\_\_\_) of Notary Public \_\_\_\_\_ and duly protocolized pursuant to Deed Number \_\_\_\_\_ (\_\_\_\_), executed on \_\_\_\_\_ (\_\_\_\_), two thousand fourteen (2014), before Notary Public \_\_\_\_\_, a certified copy of which has been filed in the Registry of Faculties of the Registry of the Property of Puerto Rico, Section of \_\_\_\_\_ (hereinafter, the “Registry”), prior to the date hereof.-----

---**AS PARTY OF THE SECOND PART: DORAL FINANCIAL**

**CORPORATION**, a corporation duly organized and existing under the laws of the Commonwealth of Puerto Rico (hereinafter, the “Seller”), herein represented by its Authorized Representative, \_\_\_\_\_, of legal age, \_\_\_\_\_, executive and resident of \_\_\_\_\_, Puerto Rico, who has been duly authorized to

appear herein on behalf of the Seller pursuant to a Certificate of Resolution of the Seller executed by \_\_\_\_\_, as \_\_\_\_\_ of the Seller, on \_\_\_\_\_ (\_\_\_\_), two thousand fifteen (2015), authenticated under affidavit number \_\_\_\_\_ (\_\_\_\_\_) of Notary Public \_\_\_\_\_, an original of which has been filed in the Registry of Faculties of the Registry prior to the date hereof.--

-----  
---I, the undersigned Notary Public, do hereby certify that I am personally acquainted with the natural persons appearing on behalf of the appearing parties, and, from their statements, I also attest as to their age, civil status, occupation and place of residence. They assure me that they have, and in my judgment they do have, the legal capacity and knowledge of the English language necessary to execute this instrument, and, therefore, they freely and of their own will and accord:-----

-----**STATE**-----

---FIRST: The Property. The Seller is the owner in fee simple title (pleno dominio) of certain real estate properties (each, the “Property”) described in Schedule I attached hereto and made a part hereof.-----

---The Property is subject to the liens and encumbrances of record that are described in Schedule I.-----

---SECOND: Sale and Purchase of the Property. The Seller has agreed with the Buyer on the sale to the Buyer of the Property in accordance with the following terms and conditions:-----

---Purchase-Sale. The Seller hereby sells to the Buyer, and the Buyer hereby purchases from the Seller, the Property, together with all its rights, easements, servitudes and appurtenances, without any limitation whatsoever.-----

---1. The Purchase Price. The purchase price (hereinafter, the “Purchase Price”) of the Property is the purchase price set forth in Schedule II attached hereto and made a part hereof, which is paid by the Buyer to the Seller in this act, and receipt of which is hereby acknowledged by the Seller. The Buyer and the Seller hereby represent, acknowledge and agree that due to the Seller having acquired the

Property at a judicial sale by foreclosure or in payment in lieu of foreclosure, and thus may have acquired the Property for consideration that exceeds the Purchase Price, due to a general deterioration of the housing market in Puerto Rico, the Purchase Price represents the current market value of the Property, and no buyer is willing to pay a higher price. Therefore, in the event that the Purchase Price is less than the last recorded value of the Property, the Buyer and the Seller herein state that it is not their intention that the sale of the Property effectuated hereby be construed as a gift or donation.-----

---2. The Purchase Agreement. This Deed is executed pursuant to that certain Master Mortgage Loan Purchase Agreement, dated as of \_\_\_\_\_ (\_\_\_\_), two thousand fifteen (2015) (hereinafter, the "Purchase Agreement"), entered into by and between, among other parties, the Seller and the Buyer, who become a party to the Purchase Agreement by assignment. The appearing parties hereby express and acknowledge that there are representations, warranties, agreements and indemnities of the Seller and the Buyer in the Purchase Agreement, which provides certain contractual rights, obligations and remedies of the parties to this Deed with respect to the status and condition of the Property, which are personal in nature, and thus, not recordable, and that it is not the intent of the appearing parties that the execution of this Deed in any way modifies, alters or amends any such rights, remedies and obligations and for such reason there are various references to the Purchase Agreement in this Deed. Therefore, the parties hereby agree and clarify that any such references to the Purchase Agreement in this Deed are not intended to be and shall not affect in any way the in rem rights ("derechos reales") that any third party may acquire in the Property.-----

-----  
---3. Property Taxes. Property taxes due on the Property shall be apportioned as provided in the Purchase Agreement.-----

---4. Possession. This Deed shall entitle the Buyer to enter into possession of the Property without any additional formality or request.----

---5. Expenses. The notarial tariff applicable to the execution of this Deed, the cost of the Internal Revenue Stamps and Legal Assistance Stamps required for the original and the first certified copy of this Deed, as well as the recording expenses thereof, shall be as set forth in the Purchase Agreement. The Seller shall select the Notary Public who will draft this Deed and before whom the same will be executed by the appearing parties.-----

---6. Successors and Assignees. All of the terms, conditions and provisions of this paragraph SECOND shall apply to, and be binding upon, the successors and assignees of the Buyer and the Seller, and all the persons claiming under or through them.-----

---7. AS IS Purchase. Seller and Buyer acknowledge that the sale of the Property is made "AS IS". All of the representations, warranties, agreements and indemnities of the Seller and the Buyer are provided in the Purchase Agreement and shall survive the execution of this Deed to the extent provided in the Purchase Agreement. References herein to the Purchase Agreement shall not affect the rights of third parties.-----

---**THIRD:** Additional Documentation. The parties hereto agree to execute and deliver any additional instruments and documents public or private which may be necessary to record the transactions effected hereby.-----

---**FOURTH:** Request to the Registrar. The Honorable Registrar of the Property is respectfully requested to record the transfer of title to the Property in fee simple title (pleno dominio) in the name of the Buyer, without any reference to the Purchase Agreement.-----

-----**ACCEPTANCE, WARNINGS AND EXECUTION**-----

---The appearing parties to this Deed hereby accept the same as drafted, since it has been drawn up in accordance with their stipulations, terms and conditions. -----

---I, the undersigned Notary Public, made to the appearing parties the necessary legal warnings concerning the execution of this Deed and they were fully advised by me thereon. I advised the appearing parties as to



their right to read this Deed by themselves, which they did, and to have witnesses present at the execution thereof, which right they waived.-----

---Specifically, I advised the appearing parties with respect to: (a) the meaning and legal effects of the acts consummated pursuant to this Deed, having asked each of the persons appearing herein whether they had any further questions and allowing each of them ample time and opportunity to understand and comprehend the meaning and legal nature and effects of their acts; (b) that any liens or encumbrances, or any other matter affecting the title to the Property, that may be filed for recordation in the Registry prior to the filing of this Deed may be legally binding and could take precedence over this Deed; (c) that if the Property subject to this transaction is located in a flood prone area, any present or future title holder or occupant thereof may be compelled by law to observe and comply with the requirements and provisions of the Flood Zone Regulations, and the appearing parties are hereby warned that failure to comply therewith may result in an unlawful act pursuant to the provisions of Section thirty (30) of Act Number Eleven (11) of March eight (8), nineteen eighty eight (1988), regarding flood zones; (d) the advisability of the appearing parties having a person with appropriate expertise conduct an investigation to determine the environmental condition of the Property; (e) the need to file an Informative Return with the Puerto Rico Department of Treasury and Change of Ownership Petitions with the Municipal Revenues Collection Center (hereinafter, the "CRIM") in connection with the execution of this Deed; (f) that real property taxes, including, without limitation, taxes assessed pursuant to Act Number Seven (7) of March nine (9), two thousand nine (2009), as amended (hereinafter, "Act Seven"), corresponding to the preceding five (5) tax years and the current tax year constitute a senior, preferred statutory lien on the Property; and (g) of the advisability of verifying the payment status of such real property taxes and Act Seven taxes in the records of the CRIM and the Puerto Rico Department of Treasury.-----

---I also advised the appearing parties that a title search report in relation to the Property was prepared by an independent third party and not by the

undersigned Notary Public, and that the certified copy of this Deed will be filed for recordation in the Registry by an independent third party and not by the undersigned Notary Public.-----

---In addition, I, the undersigned Notary Public, do hereby certify that, pursuant to the provisions of the Residential Lead-Based Paint Hazard Reduction Act of Nineteen Ninety Two (1992), as codified in forty two United States Code Section four thousand eight hundred fifty one et sequitur (42 U.S.C. § 4851 et seq.) (hereinafter, the “Act”), I have advised the appearing parties as follows: Every purchaser of any interest in residential real property on which a residential dwelling was built prior to nineteen seventy eight (1978) is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller’s possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazard is recommended prior to purchase. To the extent that the Act is applicable to the purchase and sale transaction consummated herein, the Act imposes on the Seller, its agents and realtors, if any, before the Buyer is to be bound by a contract for the purchase and sale of residential real property, the obligation to: (i) disclose its knowledge of the presence of lead-based paint or any other known hazard in the Property related to lead-based paint; (ii) provide a ten (10) day period to allow the Buyer to inspect the Property for possible lead-based paint hazards; and (iii) provide an information booklet (“Protect Your Family From Lead in Your Home”) prepared by the Environmental Protection Agency. To the extent the Act is applicable hereto, the Act requires that a document signed by the Buyer and the Seller acknowledging compliance with the abovementioned requirements

be attached to the purchase and sale contract. To the extent the Act is applicable hereto, the Seller and its agents should keep a copy of said contract and its attachments (with the disclosures stated above) for a period of not less than three (3) years. Non-compliance with the requirements of the Act exposes the Seller to possible liability. The Buyer hereby acknowledges that, to the extent the Act is applicable hereto, it has been given the opportunity to inspect the Property and that it was informed more than ten (10) days prior to the execution of this Deed of its right to assess the risk of lead-based paint in the Property. The Buyer and the Seller acknowledge and accept that, to the extent the Act is applicable hereto, they: (i) have complied with the requirements of the Act; (ii) have examined the information related to the possibility of the presence of lead-based paint in the Property; and (iii) certify that, to the best of their knowledge, all the information they have provided in this paragraph is true and accurate. With full knowledge of the contents of the present warning, the Buyer and the Seller proceed with the execution of this Deed as hereinafter provided.-----

----Should the Property be subject to Act Number twenty one (21) of May Twenty (20), Nineteen Hundred and Eighty Seven (1987) as amended, known as the Access Control Act, and/or Act Number one hundred three (103) of April five (5) Two thousand Three (2003), as amended, known as the Horizontal Property Act, as may be applicable. Buyer hereby acknowledges being warned that it must comply with the precepts of the Regulations set forth by the Council Board or Association of Residents. Seller states that no maintenance fees or apportionment of expenditure approved prior to the date of this deed are due, and if any arise hereon, they will be for the account of Buyer. -----

---After having read the contents of this Deed, as stated in all preceding paragraphs, the appearing parties fully ratified and confirmed the statements contained herein as the true and exact embodiment of their stipulations, terms and conditions, whereupon the appearing parties signed this Deed before me, the undersigned Notary Public, and placed their initials on each and every page of this Deed.-----

---I, the undersigned Notary Public, do hereby certify as to everything  
stated or contained in this instrument.-----

---TO ALL OF WHICH, under my signature, seal, mark and flourish, I,  
the undersigned Notary Public, do hereby ATTEST.-----

-----**SCHEDULE I**

---The Property is described in the Registry, in the Spanish language, as follows:-----

----“\_\_\_\_\_”-----

---The Property is recorded in the Registry at page \_\_\_\_ of volume \_\_\_\_ of \_\_\_\_\_, property number \_\_\_\_\_-----

---The Seller hereby states that, to its knowledge, the tax identification number assigned to the Property by the CRIM, as it appears in the CRIM’s records, is \_\_\_\_\_ (\_\_\_\_\_)-----

---The Seller acquired the Property pursuant to Deed Number \_\_\_\_\_ (\_\_\_\_) of \_\_\_\_\_, executed on \_\_\_\_\_ (\_\_\_\_), \_\_\_\_\_ (\_\_\_\_), before Notary Public \_\_\_\_\_, recorded in the Registry at page \_\_\_\_ of volume \_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ (\_\_\_\_) inscription.-----

---1. The Property is subject to the following liens and encumbrances of record:-----

---2. (a) By its origin: \_\_\_\_\_-----

----(b) By itself: \_\_\_\_\_-----

-----**SCHEDULE II**

---The Purchase Price of the Property is  
\_\_\_\_ (\$\_\_\_\_\_).-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

-----

---**SIGNED:** \_\_\_\_\_, as Authorized  
Representative of \_\_\_\_\_; and  
\_\_\_\_\_ as Authorized Representative of  
\_\_\_\_\_.

---**SIGNED, SEALED, MARKED AND FLOURISHED:**  
\_\_\_\_\_, Notary Public.

---The corresponding internal revenue, legal assistance and notarial  
stamps have been canceled on the original.

---The appearing parties signed the original of this Deed and affixed their  
initials to each and every page (folio) of the original.

---I, the Notary, certify that the foregoing is a true and exact copy of Deed  
Number \_\_\_\_\_ (\_\_\_\_), the original of which forms part of my  
protocol of public instruments for the year two thousand fourteen (2014),  
which contains, including the copy of the documents attached to the  
original, \_\_\_\_\_ (\_\_\_\_) folios.

---I, the Notary certify that the copy of the documents herein attached are  
a true and faithful copy of the documents attached to the original of this  
Deed.

---**IN WITNESS WHEREOF**, and at the request of  
\_\_\_\_\_, I issue the **FIRST CERTIFIED**  
**COPY** of this Deed, in San Juan, Puerto Rico, this \_\_\_\_\_  
(\_\_\_\_) day of July, two thousand fourteen (2014).

NOTARY PUBLIC

**EXHIBIT F**

**BID PROCEDURES AND SALE MOTION**



ROPES & GRAY LLP  
 Mark I. Bane  
 1211 Avenue of the Americas  
 New York, NY 10036-8704  
 Telephone: (212) 596-9000  
 Facsimile: (212) 596-9090

-and-

James A. Wright III  
 Meredith S. Tinkham (*pro hac vice*)  
 Prudential Tower  
 800 Boylston Street  
 Boston, MA 02199-3600  
 Telephone: (617) 951-7000  
 Facsimile: (617) 951-7050

*Counsel for the Debtor*

UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK

-----X	
In re	:
	:
Doral Financial Corporation, <sup>1</sup>	:
	:
Debtor.	:
-----X	

Chapter 11  
 Case No. 15-10573 (SCC)

**MOTION OF THE DEBTOR FOR ENTRY OF (I) AN ORDER  
 (A) APPROVING BIDDING PROCEDURES FOR THE SALE OF CERTAIN  
 MORTGAGE LOANS AND REAL ESTATE OWNED PROPERTIES,  
 (B) APPROVING THE PROPOSED BREAK-UP FEE, (C) APPROVING  
 THE FORM AND MANNER OF NOTICE, AND (D) SCHEDULING  
 AN AUCTION AND A SALE HEARING, AND (II) AN ORDER  
 AUTHORIZING AND APPROVING THE SALE OF CERTAIN  
MORTGAGE LOANS AND REAL ESTATE OWNED PROPERTIES**

The debtor and debtor-in-possession in the above-captioned case (the “Debtor”) submits this motion (the “Motion”) for entry of the Bidding Procedures Order and Sale Order (as each term is defined herein) with respect to the sale of 78 performing and non-performing mortgage

---

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

loans and 38 real-estate owned or “REO” properties (collectively, the “Portfolio”). In support of the Motion, the Debtor submits the Declaration of Carol Flaton in Support of the Debtor’s Motion for an Order Approving Bid and Notice Procedures and an Order Approving an Asset Purchase Agreement Between the Debtor and the Successful Bidder, sworn to on September 22, 2015, and attached hereto as **Exhibit D** (the “Flaton Declaration”), and respectfully represents:

### **Jurisdiction**

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are sections 105(a), 363, 503, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and Rules 2002, 3007, 6004, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

### **Background**

2. On March 11, 2015 (the “Petition Date”), the Debtor filed a voluntary petition with this Court for relief under chapter 11 of the Bankruptcy Code. Sections 1107(a) and 1108 of the Bankruptcy Code authorize the Debtor to continue to operate its businesses and manage its properties as a debtor in possession. No request for the appointment of a trustee or examiner has been made in this chapter 11 case. An Official Committee of Unsecured Creditors (the “UCC”) was appointed on March 23, 2015.

3. A summary of the Debtor’s business, the Debtor’s capital structure, and the events leading to this chapter 11 case, are set forth in the *Declaration of Carol Flaton in Support of First Day Motions* [Dkt. No. 8] (the “First Day Declaration”).

4. The Debtor owns approximately 125 legacy loans and approximately 75 REO properties in Puerto Rico, acquired through foreclosures of loans. The loans are primarily collateralized by real estate in Puerto Rico. Most, though not all, of the real properties are residential. The majority of the loans are non-performing.

5. During July and August of this year, the Debtor engaged in a marketing process for the sale of the loans and REO. The Debtor, through Zolfo Cooper, contacted a variety of parties located both in Puerto Rico and elsewhere, all of whom were potentially interested in investing in financial or real estate assets in Puerto Rico. The Debtor compiled and made available “bid tapes,” which are electronic file compilations of basic data regarding the loans. The Debtor also compiled, and made available for onsite diligence purposes, the Debtor’s complete files on the loans and REO, to the extent they were available.

6. After engaging numerous possible purchasers and allowing time for diligence, the Debtor received a bid from RNPM, LLC, a Nevada limited liability company (the “Stalking Horse”), for a majority of the loans and REO assets.

7. Following extensive arm’s-length negotiations, the Debtor concluded that the offer being extended was the most attractive offer thus far received, and so the Debtor and the Stalking Horse entered into an Asset Purchase and Sale Agreement, a copy of which is attached hereto as **Exhibit B** (the “Stalking Horse Agreement”). As reflected in the summary of the proposed transaction set forth below, the Debtor proposes to pursue a sale of the loans and REO by a standard auction process pursuant to Bankruptcy Code section 363.

**Summary of Proposed Sale**

8. The principal terms of the Stalking Horse Agreement are summarized in the following chart:

SUMMARY DESCRIPTION	
Parties	<p>Seller: Doral Financial Corporation</p> <p>Purchaser: RNPM, LLC</p>
Purchased Assets	<p>78 performing and non-performing loans and 38 REO properties, to be sold free and clear of liens, claims, interest, and encumbrances, other than liens permitted by the Stalking Horse Agreement, <u>provided, however</u>, that if Seller accepts a bid in accordance with the Bidding Procedures (as defined below) from another bidder that includes any one or more of the assets in the Portfolio, then Purchaser may, in its sole discretion, either terminate the Stalking Horse Agreement and be paid the Breakup Fee (as defined below), or purchase the remaining assets in the Portfolio at a reduced price in accordance with the terms of the Stalking Horse Agreement (such purchase, the “<u>Alternative Purchased Assets</u>”).</p>
Purchase Price/All Cash Transaction	<p>The sum of (a) \$4,695,089.00 in cash, minus (b) the Outstanding Property Taxes (as set forth on Schedule 1 to the Stalking Horse Agreement) and \$88,600 (the “<u>Purchase Price</u>”). If, however, Purchaser purchases the Alternative Purchased Assets, then the Purchase Price will be reduced by an amount equal to the product of 105% and the sum of the prices (as set forth on <u>Exhibit A</u> to the Stalking Horse Agreement) for each of the Portfolio assets that are not being sold to the Purchaser.</p>
Breakup Fee	<p>\$150,000.00, which is approximately 3.2% of the Purchase Price. The Breakup Fee will be payable if the Debtor sells any of the loans or REO in the Portfolio to another bidder.</p>

Expense Reimbursement	Each party agrees to bear its respective costs and expenses (including the fees and expenses of counsel) incurred in conducting due diligence, participating in the auction, preparing the definitive agreements, and closing the sale. Accrued expenses for services rendered, insurance or taxes owed with respect to the Portfolio for periods prior to June 15, 2015 are the sole responsibility of the Debtor. Accrued expenses for services rendered, insurance or taxes owed with respect to the Portfolio for periods on or after June 15, 2015, are the sole responsibility of the Purchaser, should the Purchaser win at auction.
-----------------------	---

**Relief Requested**

9. By this Motion, the Debtor seeks entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Bidding Procedures Order”) and, at the conclusion of the Sale Hearing (as defined herein), an order, substantially in the form attached hereto as **Exhibit C** (the “Sale Order”) with respect to the sale of the Portfolio or the Auction Assets (as defined below) (such sale, the “Sale”).

10. While the Stalking Horse proposes to acquire only the 78 loans and 38 REO included in the Portfolio, the Debtor also proposes to list for sale, and accept bids at the auction, for any or all of the 125 loans and 75 REO owned by the Debtor (the “Auction Assets”). The Debtor further intends to accept bids for all of the loans and REO, or any portions thereof, and to accept the highest or otherwise best, or combinations of bids, at the auction.

11. The Debtor seeks entry of the Bidding Procedures Order:

- a. authorizing and approving the bidding procedures for competitive bidding in connection with the Sale (as defined herein), substantially in the form attached as Exhibit 1 to the Bidding Procedures Order (the “Bidding Procedures”);
- b. approving the form and manner of notice of the Sale by auction, the Sale Hearing and related matters, substantially in the form attached as Exhibit 2 to the Bidding Procedures Order (the “Auction and Sale Notice”);
- c. approving the terms and payment of the Breakup Fee; and

- d. establishing the following dates and deadlines, subject to modification:
  - i. Bid Deadline: October 26, 2015 at 4:00 p.m. (Eastern Time), as the deadline by which all binding bids must be actually received pursuant to the Bidding Procedures (the “Bid Deadline”).
  - ii. Auction: October 28, 2015 at 10:00 a.m. (Eastern Time), as the date and time the auction, if one is needed (the “Auction”), which will be held at the office of Ropes & Gray LLP, located at 1211 Avenue of the Americas, New York, New York 10036.
  - iii. Sale Objection Deadline: October 26, 2015 at 4:00 p.m. (Eastern Time), as the deadline to object to the Sale.
  - iv. Sale Hearing: November 2, 2015 at 2:00 p.m. (Eastern Time), as the date and time of the hearing to approve the Sale which will be held before Honorable Shelly C. Chapman, United States Bankruptcy Judge in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004.

12. The Debtor also seeks entry of the Sale Order following the conclusion of the Sale Hearing:

- a. approving the Stalking Horse Agreement (or such other agreement or agreements as agreed to with respect to the Sale with the successful bidder(s) at the Auction); and
- b. approving the sale of the Auction Assets free and clear of all liens, claims, interests and encumbrances (collectively, “Encumbrances”) to the Stalking Horse or such other party that is the successful bidder at the Auction.

### **Bidding Procedures**

13. The Bidding Procedures are intended to permit a fair and efficient competitive sale process to confirm that the bid of the Stalking Horse is indeed the best offer for the Portfolio, or promptly identify the alternative bid, or collection of bids, that is higher or otherwise better. The proposed Bidding Procedures are attached hereto as **Exhibit 1**.

### **Form and Manner of Auction and Sale Notice**

14. Within two (2) business days of entry of the Bidding Procedures Order, the Debtor will serve the Auction and Sale Notice by email or first class mail upon the following

parties: (i) the Office of the United States Trustee for the Southern District of New York, (ii) the Internal Revenue Service, (iii) the United States Attorney for the Southern District of New York, (iv) counsel to the UCC, (v) the U.S. Securities and Exchange Commission, (vi) any party known or reasonably believed to have asserted any lien, claim, or encumbrance or other interest in the Portfolio, (vii) counsel to the indenture trustees for the Doral Notes and AFICA Bonds (each as defined in the First Day Declaration), (viii) parties required by Bankruptcy Rule 2002(a), and (ix) any parties who have expressed interest in the loans or REO.

15. The Debtor submits that the Auction and Sale Notice is reasonably calculated to provide all interested parties with timely and proper notice of the proposed Sale, including (a) the date, time and place of the Auction (if one is held); (b) the Bidding Procedures and the dates and deadlines related thereto; (c) the Sale Objection Deadline and the date, time and place of the Sale Hearing; and (d) instructions for promptly obtaining a copy of the Stalking Horse Agreement. The Debtor proposes that no other or further notice of the Sale shall be required. Accordingly, the Debtor requests that the form and manner of the Auction and Sale Notice be approved.

16. The Debtor also requests a waiver of the requirement that it serve its equity holders pursuant to Bankruptcy Rule 2002(d), on the grounds that the Sale is unlikely, as an economic matter, to impact their rights to a recovery. The Debtor seeks this waiver to avoid the substantial costs associated with service to the Debtor's public beneficial equity holders.

### **Basis for Relief**

#### **I. The Bid Procedures Are Appropriate and in the Best Interests of the Debtor and its Estate and Creditors**

17. Pursuant to Bankruptcy Rule 6004(f)(1), sales of property outside the ordinary course of business may be by private sale or by public auction. The Debtor believes that a sale of the Auction Assets pursuant to a public auction governed by the proposed Bidding Procedures

will maximize the sale proceeds received by the Debtor's estate, which is the paramount goal in any proposed sale of property of the estate. See, e.g., Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 659 (S.D.N.Y. 1992) (“It is a well-established principle of bankruptcy law that the . . . [debtors'] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.”) (quoting Cello Bag Co. v. Champion Int'l Corp. (In re Atlanta Packaging Prods., Inc.), 99 B.R. 124, 130 (Bankr. N.D. Ga. 1988)); see also Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.), 107 F.3d 558, 564-65 (8th Cir. 1997) (stating that, in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”) (internal citation omitted). To that end, courts recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate and therefore are appropriate in the context of bankruptcy sales. See, e.g., Integrated Res., 147 B.R. at 659 (such procedures “encourage bidding and . . . maximize the value of the debtor's assets”). The Debtor submits that the foregoing procedures are fair, transparent, and will derive the highest or otherwise best bid for the Auction Assets.



**II. The Proposed Process for the Debtor to Designate a Stalking Horse and Provide a Breakup Fee Should Be Approved**

18. The Debtor seeks authority to offer customary bid protections to the Stalking Horse, including a Breakup Fee, as part of the Bidding Procedures. The Stalking Horse has requested the enticement of a Breakup Fee if the Stalking Horse loses at auction or otherwise to another bidder. The use of a stalking horse in a public auction process for sales pursuant to section 363 of the Bankruptcy Code is a customary practice in chapter 11 cases, as the use of a stalking horse bid is, in many circumstances, the best way to maximize value in an auction process by locking in a price “floor” before exposing an asset to auction. As a result, stalking horse bidders virtually always require breakup fees and other forms of bid protections as an inducement for holding their offer open while it is exposed to overbids in an auction process. The use of bid protections, including breakup fees, has become an established practice in chapter 11 cases.

19. Bankruptcy courts have approved bidding incentives, similar to the Breakup Fee, under the business judgment rule, in other cases in this district. See, e.g., In re Aereo, Inc., Case No. 14-13200 (SHL) (Bankr. S.D.N.Y. Dec. 24, 2014) [Docket No. 110]; In re The Fuller Brush Co., Case No. 12-10714 (SHL) (Bankr. S.D.N.Y. Sept. 17, 2012) [Docket No. 178]; In re The Connaught Grp., Ltd., Case No. 12-10512 (SMB) (Bankr. S.D.N.Y. Mar. 6, 2012) [Docket No. 109]; In re Gen. Maritime Corp., Case No. 11-15285 (MG) (Bankr. S.D.N.Y. Dec. 15, 2011) [Docket No. 136]; In re Borders Grp., Inc., Case No. 11-10614 (MG) (Bankr. S.D.N.Y. Sept. 27, 2011) [Docket No. 1876].

20. The Debtor believes, based on its reasoned business judgment, that the presence of the Breakup Fee would enhance its ability to maximize value without chilling bidding. The presence of a Breakup Fee would first and foremost point to the existence of a contractually-

committed bidder at price believed to be fair and reasonable while providing the upside opportunity that the Debtor could potentially receive a higher or otherwise better offer which, absent such a bid floor, might not have otherwise been realized. The Breakup Fee will therefore maximize value to the Debtor's estate from the Sale of the Auction Assets.

**III. The Form and Manner of the Auction and Sale Notice Should be Approved**

21. As described above, the Debtor also seeks approval of the form of the Auction and Sale Notice. The Auction and Sale Notice will include, among other things, the date, time and place of the Auction and the Sale Hearing, as well as the deadline for filing any objections to the relief requested in this Motion once they are set by the Court.

22. The Debtor submits that the proposed timeline is appropriate under the circumstances.

**IV. The Sale of the Auction Assets Is Authorized by Section 363 of the Bankruptcy Code as a Sound Exercise of the Debtor's Business Judgment**

23. Section 363(b)(1) of the Bankruptcy Code provides that, after notice and a hearing, a Debtor may use, sell or lease property of the estate outside of the ordinary course of business. The Second Circuit requires that the sale of a debtor's assets be based upon the sound business judgment of the debtor. See, e.g., Official Comm. of Unsecured Creditors of LTV Aerospace & Def. Co. v. LTV Corp. (In re Chateaugay Corp.), 973 F.2d 141, 143 (2d Cir. 1992) (holding that a court reviewing an application under Bankruptcy Code section 363(b) must find, based upon the evidence presented, a good business reason to grant such application); Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983) (same).

24. A sound business purpose for use of property outside the ordinary course of business exists where the sale is necessary to preserve the value of assets for the estate, its

creditors or interest holders. See, e.g., In re Abbotts Dairies of Pa., Inc., 788 F.2d 143 (3d Cir. 1986); In re Lionel Corp., 722 F.2d 1063; In re GSC, Inc., 453 B.R. 132, 155 (Bankr. S.D.N.Y. 2011). In fact, the paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate. See In re Food Barn Stores, Inc., 107 F.3d at 564-65 (stating that, in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”); In re Integrated Res., 147 B.R. at 659 (“It is a well-established principle of bankruptcy law that the . . . [Debtor’s] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.”) (quoting Cello Bag Co. v. Champion Int’l Corp. (In re Atlanta Packaging Prods., Inc.), 99 B.R. 124, 130 (Bankr. N.D. Ga. 1988)).

25. If a “debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” Comm. of Asbestos-Related Litigants and/or Creditors v Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Indeed, when a valid business justification exists, there is a strong presumption that the debtor’s management and directors “acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” In re Integrated Res., 147 B.R. at 656 (internal citations omitted).

26. The Debtor submits that the proposed Sale satisfies section 363’s requirements. An Auction and Sale of the Auction Assets will determine the current value of the loans and REO and liquidate these assets for the benefit of the Debtor’s estate. The Sale of these assets is in the best interest of the Debtor’s estate and a valid exercise of the Debtor’s business judgment.

27. Bankruptcy Code section 105(a) also supplies ample authority for the relief requested. Section 105(a) empowers the court to “issue any order, process, or judgment that is

necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). This equitable power is granted to effect the policies and goals of chapter 11 reorganization, which are to rehabilitate the debtor, In re Ionosphere Clubs, Inc., 98 B.R. 174, 176-77 (Bankr. S.D.N.Y. 1989), and to “create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.” Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 287 (S.D.N.Y. 1987); see also In re Structurlite Plastics Corp., 86 B.R. 922, 932 (Bankr. S.D. Ohio 1998) (rejecting a bright line rule prohibiting payment of prepetition debts because it “may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code”). Accordingly, the Debtor respectfully submits that the relief requested herein should be granted in all respects and is in the best interests of the Debtor’s estate, its creditors, and other parties in interest.

**V. The Sale of the Auction Assets Free and Clear of Claims and Interests Is Authorized by Section 363(f) of the Bankruptcy Code**

28. The Debtor requests approval to sell the mortgage loans and REO assets free and clear of any and all Encumbrances, in accordance with section 363(f) of the Bankruptcy Code. A debtor in possession may sell property under sections 363(b) and 363(f) “free and clear of any interest in such property of an entity other than the estate” if any one of the following conditions is satisfied:

- a. applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- b. such entity consents;
- c. such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- d. such interest is in bona fide dispute; or

- e. such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f)(1)-(5); In re Dewey & LeBoeuf LLP, No. 12-12321 (MG), 2012 WL 5386276, at \*5 (Bankr. S.D.N.Y. Nov. 1, 2012) (noting that since Section 363(f) is written in the disjunctive, the court may approve a sale free and clear if any one subsection is met) (citing Citicorp Homeowners Servs., Inc. v. Elliot (In re Elliot), 94 B.R. 343, 345 (E.D. Pa. 1988)); In re Grubb & Ellis Co., No. 12-10685 (MG), 2012 WL 1036071, at \*10 (Bankr. S.D.N.Y. Mar. 27, 2012); In re Borders Grp., Inc., 453 B.R. 477, 483-84 (Bankr. S.D.N.Y. 2011).

29. Although the Debtor believes the loans and REO are largely unencumbered, other than potential small real property tax liens on certain REO properties, the Debtor seeks to sell the loans and REO free and clear of all Encumbrances to facilitate the Sale. Any sale of a loan or REO asset is expected to return a price that exceeds any liens on such asset, satisfying Bankruptcy Code section 363(f)(3). Further, the Debtor believes that any party holding liens against the Auction Assets could be compelled to accept a monetary satisfaction of such interests. In this jurisdiction, sales for value below the amount of a lien are permitted. See, e.g., In re Boston Generating, LLC, 440 B.R. 302, 333 (Bankr. S.D.N.Y. 2010) (“Section 363(f)(5) does not require that the sale price for the property exceed the value of the interests”). As is typical in 363 sales, the Sale Order provides that any Encumbrance on a sold loan or REO will attach to the net proceeds of the Sale. Accordingly, the Debtor believes that the Sale will satisfy the statutory prerequisites of section 363(f) of the Bankruptcy Code and the sale of the loans and REO should be approved free and clear of all Encumbrances.

### **Notice**

30. Notice of this Motion has been provided to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the Stalking Horse; (c) counsel to the UCC;

(d) the indenture trustees for the Doral Notes and AFICA Bonds, and (e) parties required by Bankruptcy Rule 2002(a).

WHEREFORE, the Debtor respectfully requests that the Court enter the Bidding Procedures Order and the Sale Order, granting the relief requested in the Motion and such other and further relief for the Debtor as may be just or proper.

Dated: September 23, 2015  
New York, New York

/s/ James A. Wright III

ROPES & GRAY LLP  
Mark I. Bane  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Telephone: (212) 596-9000  
Facsimile: (212) 596-9090  
Email: mark.bane@ropesgray.com

-and-

James A. Wright III  
Meredith S. Tinkham (*pro hac vice*)  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199-3600  
Telephone: (617) 951-7000  
Facsimile: (617) 951-7050  
Email: james.wright@ropesgray.com  
meredith.parkinson@ropesgray.com

*Counsel to the Debtor*

ROPES & GRAY LLP  
Mark I. Bane  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Telephone: (212) 596-9000  
Facsimile: (212) 596-9090

-and-

James A. Wright III  
Meredith S. Tinkham (*pro hac vice*)  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199-3600  
Telephone: (617) 951-7000  
Facsimile: (617) 951-7050

*Counsel to the Debtor*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, <sup>1</sup>	:	Case No. 15-10573 (SCC)
	:	
Debtor.	:	
-----X		

**DECLARATION OF CAROL FLATON IN SUPPORT OF DEBTOR'S MOTION  
FOR ENTRY OF (I) AN ORDER (A) APPROVING BIDDING PROCEDURES FOR THE  
SALE OF CERTAIN MORTGAGE LOANS AND REAL ESTATE OWNED  
PROPERTIES, (B) APPROVING THE PROPOSED BREAK-UP FEE, (C) APPROVING  
THE FORM AND MANNER OF NOTICE, AND (D) SCHEDULING AN AUCTION AND  
A SALE HEARING, AND (II) AN ORDER AUTHORIZING AND APPROVING  
THE SALE OF DORAL INSURANCE AGENCY, LLC OR ITS ASSETS**

I, Carol Flaton, being duly sworn according to law, state the following under penalty of  
perjury:

---

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

1. I am the Chief Restructuring Officer of Doral Financial Corporation (the “Debtor”) and an employee and managing director of Zolfo Cooper, LLC, the direct parent of Zolfo Cooper Management, LLC, a New Jersey limited liability company (collectively, “Zolfo Cooper”). The information included in this declaration (the “Declaration”) concerning the Debtor is based upon my personal knowledge, information supplied to me by members of the Debtor’s management or its professionals, my review of relevant documents, or my opinion based upon my personal experience and knowledge of the Debtor’s operations and financial condition.

2. This Declaration is being submitted in connection with the proposed sale of approximately 78 legacy mortgage loans and approximately 38 real-estate owned or “REO” properties<sup>2</sup> in Puerto Rico, acquired through foreclosure of mortgage loans (collectively, the 78 mortgage loans and 38 REO properties covered by the proposed stalking horse purchase agreement, the “Portfolio”), for which the Debtor seeks Court approval in its *Motion for (I) An Order (A) Approving Bidding Procedures for the Sale of Certain Mortgage Loans and Real Estate Owned Properties, (B) Approving the Proposed Break-Up Fee, and (D) Scheduling an Auction and a Sale Hearing, and (II) An Order Authorizing and Approving the Sale of Certain Mortgage Loans and Real Estate Owned Properties* (the “Motion”), filed contemporaneously herewith.<sup>3</sup> The mortgage loans in the Portfolio have an unpaid principal balance of approximately \$8.6 million and a subset of the REO properties in the Portfolio have an appraised value of approximately \$4.8 million.<sup>4</sup>

---

<sup>2</sup> The mortgage loan and REO numbers are approximates because the Debtor’s proposed sale procedures provide the Debtor flexibility to sell more mortgage loans and REO, to the extent a bidder submits a qualified bid for additional assets beyond the mortgage loans and REO covered by the proposed stalking horse bid.

<sup>3</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Sale Motion.

<sup>4</sup> The Debtor does not have appraisals for seven of the REO properties covered by the proposed stalking horse purchase agreement



**The Marketing and Sale Process**

3. In 2014, prior to Zolfo Cooper's involvement and this chapter 11 case, the Debtor sold substantially all of its mortgage loans and other REO properties to raise capital. These sales left the Debtor with a small portfolio of mortgage loans and REO on its books.

4. During the first quarter of 2015, the Debtor reviewed its books and records and identified approximately 200 mortgage loan and REO assets that appeared to be owned by the Debtor. Following this review, the Debtor engaged in a process to identify and, where missing, obtain and organize the credit and collateral documents for each of the Debtor's mortgage loan and REO assets. Mortgage loans and REO assets accompanied by documentation sufficient to provide the buyer with a complete loan file and demonstrate clean title are more valuable than those without complete documentation, because the resale and collection on such mortgage loans and REO assets is substantially simpler. To maximize the value of the assets, in the instances where the Debtor was missing documentation, the Debtor made numerous inquiries to and gathered documents from the Debtor's servicer, the FDIC as receiver for Doral Bank, and the sub-servicer, Banco Popular de Puerto Rico. The Debtor also worked with other third parties identified by the servicers as having been engaged to handle loan modifications and foreclosures to obtain missing documentation.

5. The Debtor's effort largely concluded in June 2015, and through this process the Debtor succeeded in substantially improving its files for many of the mortgage loans and REO assets. Despite this effort, however, documentation deficiencies remain for certain of the mortgage loans and REO assets. The Debtor has determined that additional efforts to improve the documentation would be more costly and time consuming than beneficial to the estate.

6. In June 2015, the Debtor began to solicit interest in the mortgage loans and REO assets for a stalking horse bid in an auction process. The Debtor, in coordination with the Unsecured Creditors' Committee (the "Committee"), identified a list of 21 parties who are known to have large Puerto Rico real estate holdings and/or specialize in purchasing distressed assets. This list also included parties that reached out to the Debtor expressing interest in acquiring various assets of the Debtor. The Debtor reached out to all of these parties, and seven executed NDAs. Most of the other parties identified indicated that the Portfolio size was too small.

7. During this process, the Debtor received an offer from RPNM, LLC (the "Stalking Horse Bidder") to acquire a significant portion of the remaining mortgage loan and REO assets. The Debtor, in consultation with the Committee, determined the Stalking Horse Bidder's offer was the best offer to serve as a stalking horse at an auction. The Debtor and the Stalking Horse Bidder proceeded to negotiate a form of asset purchase agreement and entered into the Asset Purchase and Sale Agreement for the Portfolio (the "Stalking Horse Agreement") on September 22, 2015.

8. The Stalking Horse Agreement provides for the Debtor to sell the Portfolio to the Stalking Horse Bidder for a purchase price of \$4,695,089.00, minus (a) all collections with respect to the Portfolio received by the Debtor after June 15, 2015 through the closing date of the Sale, (b) the Outstanding Property Taxes and (c) \$88,600. Under the terms of the Stalking Horse Agreement, the Stalking Horse Bidder will receive a breakup fee of \$150,000 if the Debtor sells the Portfolio to another buyer.

9. By the Motion, the Debtor seeks court approval of the proposed Bidding Procedures. I believe the Bidding Procedures will permit a fair and efficient competitive sale process to confirm that the bid of the Stalking Horse Bidder is the best offer, or identify an alternative bid that is higher or otherwise better. The Bidding Procedures are fair, transparent, and

will derive the highest and best bid for the Portfolio. I believe that the Bidding Procedures will permit the Debtor to derive the greatest value of the Portfolio for the benefit of the Debtor and its estate.

10. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 22, 2015



---

Carol Flaton  
Chief Restructuring Officer

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
: :  
Doral Financial Corporation,<sup>1</sup> : Case No. 15-10573 (SCC)  
: :  
Debtor. :  
-----X

**ORDER AUTHORIZING AND APPROVING THE SALE OF CERTAIN MORTGAGE  
LOANS AND REAL ESTATE OWNED PROPERTIES, OUTSIDE THE ORDINARY  
COURSE OF BUSINESS, FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES  
AND INTERESTS; AND GRANTING RELATED RELIEF**

Upon the motion (the “Motion”) of the above-captioned debtor and debtor-in-possession (the “Debtor”) for entry of an order approving the sale of certain performing and non-performing mortgage loans and real estate owned properties; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the Debtor has provided all notices required by the title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”) and the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and that no other or further notice is needed or necessary; and the Court having reviewed the Motion and the Declaration of Carol Flaton in Support of the Debtor’s Motion for an Order Approving Bid and Notice Procedures and an Order Approving an Asset Purchase Agreement Between the Debtor and the Successful Bidder, sworn to on September 22, 2015 (the “Flaton Declaration”), and having heard the proffers and other statements in support of the Motion at a hearing held before the Court (the “Sale Hearing”); and the Court having determined that the

---

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and the relief requested in the Motion being in the best interests of the Debtor's estate, its creditors, and other parties in interest; and any objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby

**FOUND AND DETERMINED THAT:**

A. Certain Definitions.

(i.) The term "APA" means the Master Mortgage Loan Purchase Agreement, dated as of September 22, 2015, attached hereto as Exhibit A.

(ii.) The term "Purchaser Parties" means the Purchaser, its affiliates, members, managers, agents, partners, investors, and each of their respective directors, officers, employees, principals, servants, attorneys, and all of their respective successors and assigns.

(iii.) The term "Transactions" means the transactions contemplated under the APA.

(iv.) All terms capitalized but not defined in this Order shall have the meanings ascribed to them in the APA.

B. Notice. As shown by the certificates of service filed with the Court and the representations or proffers made on the record at the Sale Hearing, proper, timely, adequate, due and sufficient notice of the Motion, the Bid Procedures Order, the Auction, the Sale Hearing, and the Transactions has been provided in accordance with sections 102(1) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 9006 and 9007, the procedural due process requirements of the United States Constitution, and the Bid Procedures Order to all persons and entities entitled to such notice, including, without limitation: (i) the Office of the United States

Trustee for the Southern District of New York, (ii) the Internal Revenue Service, (iii) the United States Attorney for the Southern District of New York, (iv) counsel to the Official Committee of Unsecured Creditors, (v) the U.S. Securities and Exchange Commission, (vi) any party known or reasonably believed to have asserted any lien, claim, or encumbrance or other interest in the Mortgage Assets, (vii) counsel to the indenture trustees for the Doral Notes and AFICA Bonds, (viii) parties required by Bankruptcy Rule 2002(a), and (ix) any parties who have expressed interest in any of the Mortgage Assets. No other or further notice of the relief granted herein, including, without limitation, with respect to the Motion, the Bid Procedures Order, the Auction, the Sale Hearing or the Transactions, is necessary or shall be required.

C. Opportunity to Object. A reasonable opportunity to object or be heard regarding the relief requested in the Motion has been afforded to all parties in interest.

D. Title to Assets. The Mortgage Assets constitute property of the Debtor's estate and title thereto is vested in the Debtor's estate within the meaning of section 541(a) of the Bankruptcy Code.

E. Opportunity to Bid. The Debtor and its professionals marketed the Mortgage Assets and conducted the marketing and sale process as set forth in the Sale Motion and the Flaton Declaration and in accordance with the Bid Procedures Order. Any party interested in bidding on the Mortgage Assets was provided, upon request, sufficient information by the Debtor and its professionals to make an informed judgment as to whether to bid on the Mortgage Assets, subject only to entry into a reasonable confidentiality agreement. The Auction was conducted in accordance with the procedures set forth in the Bid Procedures Order. Based upon the record of these proceedings, all parties in interest and all prospective bidders or purchasers have been afforded a full, fair, and reasonable opportunity to bid for the Mortgage Assets, and

the process employed by the Debtor and its professionals, including, without limitation the process set forth in the Bid Procedures Order, in connection with the sale was adequate and reasonable to obtain the highest and best price for the Mortgage Assets.

F. Highest and Best Bid. The Purchaser submitted the highest and best bid for the Mortgage Assets at the Auction. The total consideration provided by the Purchaser for the Mortgage Assets is the highest and best bid received by the Debtor.

G. Business Justification. The Debtor has demonstrated good and sufficient cause to sell the Mortgage Assets to the Purchaser, enter into the APA, and consummate the Transactions. Such action is an appropriate and reasonable exercise of the Debtor's business judgment, and is in the best interests of the Debtor, its estate, its creditors and all other parties in interest. Such reasons and interests include (but are not limited to) the following: (i) the Debtor has adequately marketed the Mortgage Assets; (ii) the Purchase Price constituted the highest and best bid for the Mortgage Assets and provides fair and reasonable consideration for the Mortgage Assets; (iii) the sale contemplated under the APA will provide greater recovery for the Debtor's creditors than would be provided by any other practically available alternative; (iv) no other party has offered to purchase the Mortgage Assets for greater economic value to the Debtor or its estate; (v) the APA and closing thereon will present the best opportunity to realize the value of the Assets pursuant to an orderly sale process and avoid decline and devaluation of the Assets; (vi) the consideration to be paid under the APA constitutes reasonably equivalent value and fair consideration; and (vii) entry of an order approving the APA and all provisions thereof is a condition precedent to the Purchaser consummating the Transactions. Accordingly, the Debtor has demonstrated a sound business purpose to sell the Mortgage Assets, enter into the APA, and to consummate the Transactions, other than in the ordinary course of business, pursuant to

section 363(b) of the Bankruptcy Code.

H. Good Faith Purchaser; Sale Price Not Controlled. The APA and the Transactions have been negotiated by the Debtor and the Purchaser and entered into in good faith, at arm's length, and without collusion or fraud. None of the Purchaser Parties are "insiders" of the Debtor as that term is defined in section 101 of the Bankruptcy Code. The Mortgage Assets were fully marketed, all interested bidders had a full and fair opportunity to bid on the Mortgage Assets, and the Debtor was free to deal with any other party interested in purchasing the Mortgage Assets. The Purchase Price was determined at the Auction. The terms and conditions of the APA and the Transactions, including the total consideration realized by the Debtor pursuant to the APA, are fair and reasonable, and the Transactions are in the best interests of the Debtor, its estate, and its creditors. All payments to be made by the Purchaser in connection with the Transactions have been disclosed. The Purchaser is a purchaser for value and in "good faith," as that term is used in the Bankruptcy Code and the decisions thereunder, will be acting in good faith pursuant to section 363(m) in closing the Transactions at any time on or after entry of this Order, and is entitled to the protections of section 363(m) of the Bankruptcy Code with respect to all of the Mortgage Assets.

I. The sale price of the Mortgage Assets was not controlled by an agreement between potential or actual bidders within the meaning of section 363(n) of the Bankruptcy Code. The Debtor and the Purchaser have not engaged in any conduct that would cause or permit the APA or the consummation of the Transactions to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code.

J. None of the Purchaser Parties has engaged in any conduct that would prevent the application of section 363(m), or cause the application of section 363(n), of the Bankruptcy Code



to any of the Purchaser Parties, the APA , or the Transactions.

K. Free and Clear. Except with respect to Permitted Encumbrances, the sale of the Mortgage Assets to the Purchaser will be, as of the Purchase Date, a legal, valid and effective transfer of such assets, and each such transfer and assignment vests or will vest the Purchaser with all right, title and interest of the Debtor to the Mortgage Assets free and clear of all Encumbrances with any Encumbrances to attach to the consideration to be received by the Debtor in the same priority and subject to the same defenses and avoidability, if any, as of the Purchase Date. Except with respect to Permitted Encumbrances, the Purchaser would not enter into the APA to acquire the Mortgage Assets if the sale of the Mortgage Assets were not free and clear of all Encumbrances, or if the Purchaser would, or in the future could, be liable for any such Encumbrances. A sale of the Mortgage Assets other than one free and clear of all Encumbrances (except Permitted Encumbrances) would adversely impact the Debtor's estate, and would likely yield substantially less value for the Debtor's estate, with less certainty than this sale. Therefore, the sale contemplated by the APA is in the best interests of the Debtor, its estate and creditors, and all other parties in interest. Without an expeditious sale of the Mortgage Assets free and clear of all Encumbrances (except Permitted Encumbrances), there will be a substantial diminution in the value of the Mortgage Assets to the detriment of the Debtor, its estate and creditors.

L. The Debtor may sell the Mortgage Assets free and clear of Encumbrances (except Permitted Encumbrances) as provided in this Order and the APA, because one or more of the provisions set forth in section 363(f) of the Bankruptcy Code have been satisfied with respect to each of the Encumbrances. Those holders of Encumbrances who did not object or who withdrew their objections to the Motion, the Transactions or the sale of the assets are deemed to have

consented to the Motion, the sale of the Mortgage Assets, and the consummation of the Transactions pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of Encumbrances who did object, if any, fall within one or more of the other subsections of section 363(f) of the Bankruptcy Code, and are adequately protected by having their Encumbrances, if any, attach to the proceeds of the Transactions ultimately attributable to the Mortgage Assets in which such holders allege Encumbrances, in the same order of priority, with the same validity, force and effect that such holder had before the Transactions, and subject to any claims and defenses the Debtor and its estate may possess with respect thereto.

M. No Assumed Liabilities; No Successor Liability. Except as expressly set forth in the APA, the Purchaser is not assuming any of the debts, liabilities or obligations of the Debtor, its affiliates or any third parties. The Purchaser shall not in any way be liable or responsible for any liabilities, commitments or obligations in any way related to the Debtor or the Mortgage Assets arising before the Purchase Date, and the Purchaser shall not be liable or obligated for any liability or obligation relating to any servicer or subservicer agreements of the Debtor, whether such liability or obligation arises before or after the Purchase Date. Except as expressly provided for in the APA or this Order, none of the Debtor or its estate shall in any way be liable or responsible for any liabilities, commitments or obligations in any way related to the Mortgage Assets arising from and after the Purchase Date; provided, however, that, the Debtor and its estate shall remain liable or obligated for any liability or obligation relating to any servicer or subservicer agreements of the Debtor, whether such liability or obligation arises before or after the Purchase Date.

N. The Debtor and the Purchaser Parties do not have any common controlling shareholders or senior management. The Purchaser Parties are not insiders, as that term is

defined in section 101 of the Bankruptcy Code and the decisions thereunder. The Purchaser is not merely a continuation of the Debtor; there is no continuity of enterprise between the Debtor on the one hand, and the Purchaser on the other hand; the Purchaser is not a successor to the Debtor; and the transactions under the APA do not amount to, or otherwise constitute, a consolidation, merger, or de facto merger of the Purchaser on the one hand and the Debtor on the other hand.

O. Fair Consideration; No Fraudulent Transfer. The Transactions are not for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession or the District of Columbia. None of the Debtor and the Purchaser Parties is or will be entering into the Transactions fraudulently.

P. The terms and conditions of the APA, including the total consideration to be realized by the Debtor's estate pursuant to the APA, are fair and reasonable, and constitute full and adequate consideration and reasonably equivalent value for the Mortgage Assets. The Transactions are in the best interests of the Debtor, its estate and creditors.

Q. Final Order; No Stay. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). The sale of the Mortgage Assets, and the consummation of the Transactions, must be approved and completed promptly so as to maximize the value of the assets to the Debtor's estate. Therefore, time is of the essence. Consistent with Bankruptcy Rule 6004(h), and to the extent necessary under Bankruptcy Rule 9014 and any rule of procedure made applicable thereby, the Court finds that there is no just reason for delay in implementation of this Order and that waiver of any applicable stay or other waiting period is appropriate, and expressly directs that this Order is immediately effective upon its entry.

R. Compliance with Bankruptcy Code. The consummation of the Transactions is

legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including without limitation sections 363(b), 363(f), and 363(m), and all of the applicable requirements of such sections have been or will be complied with in respect of the Transactions.

Based on the foregoing findings and conclusions, it is

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. Relief Granted. The Motion is GRANTED to the extent provided herein.
2. Approval and Authorization. The APA and the Transactions are approved in all respects. The Debtor is authorized to enter into the APA, to perform its obligations under the APA, and to execute such other documents and take such other actions as are necessary to effectuate the terms of the APA, without further order of the Court.
3. Valid Transfer. Pursuant to sections 105(a) and 363 of the Bankruptcy Code, the sale and transfer of the Mortgage Assets on the Purchase Date to the Purchaser pursuant to the APA is, and shall be, a legal, valid and effective disposition and transfer of the Mortgage Assets notwithstanding any requirement for approval or consent by any person, and vests the Purchaser with all right, title and interest of the Debtor and its estate to and in the Mortgage Assets, free and clear of all Encumbrances (except Permitted Encumbrances).
4. Transfer of Title and Interests. On the Purchase Date, this Order shall be considered and constitute for any and all purposes a full and complete general assignment, conveyance, and transfer of the Mortgage Assets, and/or a bill of sale or assignment transferring indefeasible title and interest in the Mortgage Assets to the Purchaser.
5. Free and Clear. Pursuant to section 363(f) of the Bankruptcy Code, the sale of the Mortgage Assets pursuant to the APA and this Order shall be free and clear of any and all Encumbrances except the Permitted Encumbrances. All such Encumbrances (except the

Permitted Encumbrances) on and in respect of the Mortgage Assets shall attach to the proceeds of the sale of the Mortgage Assets pursuant to this Order to the same extent and with the same priority as such Encumbrances existed in respect of the Mortgage Assets immediately before the Purchase Date. Without limiting the generality of any provision in this Order, the transfer of the Mortgage Assets is free and clear of any servicer or subservicer agreement.

6. Following the Purchase Date, no holder of any Encumbrance (except Permitted Encumbrances) on the Mortgage Assets may interfere with the Purchaser's use and enjoyment of the Mortgage Assets based on or related to such Encumbrance, and no interested party may take any action to prevent, interfere with or otherwise enjoin consummation of the Transactions.

7. The provisions of this Order authorizing the sale of the Mortgage Assets free and clear of Encumbrances (except Permitted Encumbrances) shall be self-executing, and neither the Debtor nor the Purchaser shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate, and implement the provisions of this Order.

8. Good Faith Purchaser. The sale of the Mortgage Assets has been undertaken by the Purchaser Parties and the Debtor at arm's length, without collusion, in good faith and for value. The Purchaser shall acquire the Mortgage Assets pursuant to the APA in good faith within the meaning of 11 U.S.C. § 363(m), and is granted all of the protections in accordance therewith. Accordingly, unless stayed pending appeal, the reversal or modification on appeal of the authorization provided herein shall not affect the validity or enforceability of the APA, the sale of the Mortgage Assets to the Purchaser, or the consummation of the Transactions, and notwithstanding any reversal or modification on appeal, any sale of the Mortgage Assets and

consummation of the Transactions shall be governed in all respects by the original provisions of the APA or this Order, as the case may be.

9. No Avoidance; No Damages. The sale of the Mortgage Assets pursuant to the APA or the consummation of the Transactions may not be avoided, or constitute grounds for the imposition or recovery of damages, under (i) section 363(n) of the Bankruptcy Code, (ii) the fraudulent transfer provisions of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, Uniform Fraudulent Transfer Act, or any similar laws of any state, territory or other jurisdiction whose law is applicable to the APA, or (iii) any other provision of the Bankruptcy Code or other applicable non-bankruptcy law.

10. No Assumed Liabilities; No Successor Liability. Except as expressly set forth in the APA or this Order, none of the Purchaser Parties shall be liable or obligated, or assume or in any way be responsible, for any liabilities or obligations of the Debtor, its estate or the Mortgage Assets (whether direct or indirect, liquidated or unliquidated, choate or inchoate, or contingent or fixed) arising before the Purchase Date. For avoidance of doubt, the assumption by the Purchaser of any liabilities or obligations pursuant to the APA or this Order in accordance with the foregoing sentence are assumed with any and all defenses or claims of the Debtor to the payment or performance of such liabilities or obligations. In addition, and without limiting the generality of any provision in this Order, none of the Purchaser Parties shall be liable or obligated for any liability or obligation relating to any servicer or subservicer agreements of the Debtor, whether such liability or obligation arises before or after the Purchase Date.

11. None of the Purchase Parties is or shall be (a) deemed a “successor” in any respect to the Debtor or its estate as a result of the consummation of the Transactions contemplated by the Agreement or any other event occurring in the chapter 11 case under any

theory of law or equity, (b) deemed to have, de facto or otherwise, merged or consolidated with or into the Debtor or its estate, (c) deemed to have a common identity with the Debtor, (d) deemed to have a continuity of enterprise with the Debtor, or (e) deemed to be a continuation or substantial continuation of the Debtor or any enterprise of the Debtor; and the Purchaser shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtor and/or its estate including, but not limited to, any bulk sales law, successor liability, liability or responsibility for any claim against the Debtor or against an insider of the Debtor, or similar liability except as otherwise expressly provided in the APA and this Order.

12. No Bulk Sales. No bulk sales law or any similar law of any state or other jurisdiction shall apply in any way to the sale of the Mortgage Assets or the Transactions.

13. Certain Additional Authorizations. If any person or entity that has filed a financing statement or other documents or agreements evidencing an Encumbrance on the Assets shall not have delivered, in proper form for filing, termination statements, instruments of satisfaction, releases, and other documents to the Debtor before the Purchase Date, then the Debtor and the Purchaser shall be and hereby are authorized to execute such termination statements, instruments of satisfaction, releases, and other documents on behalf of the person or entity and to file the same with any appropriate registry or public filing office. Notwithstanding the foregoing, the provisions of this Order authorizing the sale and assignment of the Assets free and clear of Encumbrances shall be self-executing, and notwithstanding the failure of Purchaser, the Debtor, or any other party to execute, file, or obtain releases, termination statements, assignment consents, or other instruments to effectuate, consummate, and/or implement the provisions hereof or the APA with respect to the sale of the Assets, all Encumbrances on the Assets shall be and hereby are deemed to be divested, terminated, and discharged.

14. This Order shall be binding upon all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, including governmental officials in Puerto Rico, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets. Each and every federal, state, Puerto Rico, and local governmental agency or department or office is hereby authorized to accept this Order and any and all documents and instruments necessary and appropriate to consummate the Transaction contemplated by the APA.

15. The Debtor and the Purchaser are authorized and empowered to take all actions and execute and deliver any and all documents and instruments that either the Debtor or the Purchaser deem necessary or appropriate to implement and effectuate the terms of the APA and this Order, including without limitation, bills of sale, assignments, releases, affidavits and similar documents required of the Debtor pursuant to the APA. The Debtor and each other person having duties or responsibilities under the APA, any agreements related thereto or this Order, and their respective directors, officers, managing partners or members, general partners, agents, representatives, and attorneys, are authorized and empowered, subject to the terms and conditions contained in the APA and the schedules annexed thereto, to carry out all of the provisions of the APA and any related agreements; to issue, execute, deliver, file, and record, as appropriate, the documents necessary to effect closing under the APA, and any related agreements; and to take any and all actions contemplated by the APA, any related agreements or this Order.



16. Binding Order. This Order and the APA shall inure to the benefit of and be binding on the Purchaser, the Debtor, its estate, its creditors, and their respective successors and assigns, and any trustees, if any, subsequently appointed in the Debtor's chapter 11 case or upon a conversion to Chapter 7 under the Bankruptcy Code.

17. Interpretation; Headings. To the extent of any inconsistency between this Order and the APA, this Order shall control. Headings of the provisions of this Order are included for reference purposes only and are not to be given any substantive effect.

18. No Stay; Order Immediately Effective. Notwithstanding the provisions of Bankruptcy Rule 6004(h) or any other rule providing for a stay of the effectiveness of this Order, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. The Debtor and the Purchaser are free to close under the APA in accordance herewith. Any party objecting to this Order must exercise due diligence in filing an appeal and pursuing a stay, or risk its appeal being rendered moot.

19. Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction to (a) interpret, implement and enforce the terms and provisions of this Order, the Bid Procedures Order, and the APA, including all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith, in all respects; and (b) to decide any disputes concerning this Order and the APA, or the rights and duties of the parties hereunder or thereunder or any issues relating to the APA and this Order including, but not limited to, the interpretation of the terms, conditions and provisions hereof and thereof, the status, nature and extent of the Mortgage Assets and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the assets free and clear of all Encumbrances.

Dated: \_\_\_\_\_, 2015  
New York, New York

---

UNITED STATES BANKRUPTCY JUDGE

**Exhibit A to Sale Order**

**APA**

ROPES & GRAY LLP  
Mark I. Bane  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Telephone: (212) 596-9000  
Facsimile: (212) 596-9090

-and-

James A. Wright III  
Meredith S. Tinkham (*pro hac vice*)  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199-3600  
Telephone: (617) 951-7000  
Facsimile: (617) 951-7050

*Counsel to the Debtor*

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	Chapter 11
	:	
Doral Financial Corporation, <sup>1</sup>	:	Case No. 15-10573 (SCC)
	:	
Debtor.	:	
-----X		

**DECLARATION OF CAROL FLATON IN SUPPORT OF DEBTOR'S MOTION  
FOR ENTRY OF (I) AN ORDER (A) APPROVING BIDDING PROCEDURES FOR THE  
SALE OF CERTAIN MORTGAGE LOANS AND REAL ESTATE OWNED  
PROPERTIES, (B) APPROVING THE PROPOSED BREAK-UP FEE, (C) APPROVING  
THE FORM AND MANNER OF NOTICE, AND (D) SCHEDULING AN AUCTION AND  
A SALE HEARING, AND (II) AN ORDER AUTHORIZING AND APPROVING  
THE SALE OF DORAL INSURANCE AGENCY, LLC OR ITS ASSETS**

I, Carol Flaton, being duly sworn according to law, state the following under penalty of  
perjury:

---

<sup>1</sup> The last four digits of the taxpayer identification number of the Debtor are (2162).

1. I am the Chief Restructuring Officer of Doral Financial Corporation (the “Debtor”) and an employee and managing director of Zolfo Cooper, LLC, the direct parent of Zolfo Cooper Management, LLC, a New Jersey limited liability company (collectively, “Zolfo Cooper”). The information included in this declaration (the “Declaration”) concerning the Debtor is based upon my personal knowledge, information supplied to me by members of the Debtor’s management or its professionals, my review of relevant documents, or my opinion based upon my personal experience and knowledge of the Debtor’s operations and financial condition.

2. This Declaration is being submitted in connection with the proposed sale of approximately 78 legacy mortgage loans and approximately 38 real-estate owned or “REO” properties<sup>2</sup> in Puerto Rico, acquired through foreclosure of mortgage loans (collectively, the 78 mortgage loans and 38 REO properties covered by the proposed stalking horse purchase agreement, the “Portfolio”), for which the Debtor seeks Court approval in its *Motion for (I) An Order (A) Approving Bidding Procedures for the Sale of Certain Mortgage Loans and Real Estate Owned Properties, (B) Approving the Proposed Break-Up Fee, and (D) Scheduling an Auction and a Sale Hearing, and (II) An Order Authorizing and Approving the Sale of Certain Mortgage Loans and Real Estate Owned Properties* (the “Motion”), filed contemporaneously herewith.<sup>3</sup> The mortgage loans in the Portfolio have an unpaid principal balance of approximately \$8.6 million and a subset of the REO properties in the Portfolio have an appraised value of approximately \$4.8 million.<sup>4</sup>

---

<sup>2</sup> The mortgage loan and REO numbers are approximates because the Debtor’s proposed sale procedures provide the Debtor flexibility to sell more mortgage loans and REO, to the extent a bidder submits a qualified bid for additional assets beyond the mortgage loans and REO covered by the proposed stalking horse bid.

<sup>3</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Sale Motion.

<sup>4</sup> The Debtor does not have appraisals for seven of the REO properties covered by the proposed stalking horse purchase agreement

**The Marketing and Sale Process**

3. In 2014, prior to Zolfo Cooper's involvement and this chapter 11 case, the Debtor sold substantially all of its mortgage loans and other REO properties to raise capital. These sales left the Debtor with a small portfolio of mortgage loans and REO on its books.

4. During the first quarter of 2015, the Debtor reviewed its books and records and identified approximately 200 mortgage loan and REO assets that appeared to be owned by the Debtor. Following this review, the Debtor engaged in a process to identify and, where missing, obtain and organize the credit and collateral documents for each of the Debtor's mortgage loan and REO assets. Mortgage loans and REO assets accompanied by documentation sufficient to provide the buyer with a complete loan file and demonstrate clean title are more valuable than those without complete documentation, because the resale and collection on such mortgage loans and REO assets is substantially simpler. To maximize the value of the assets, in the instances where the Debtor was missing documentation, the Debtor made numerous inquiries to and gathered documents from the Debtor's servicer, the FDIC as receiver for Doral Bank, and the sub-servicer, Banco Popular de Puerto Rico. The Debtor also worked with other third parties identified by the servicers as having been engaged to handle loan modifications and foreclosures to obtain missing documentation.

5. The Debtor's effort largely concluded in June 2015, and through this process the Debtor succeeded in substantially improving its files for many of the mortgage loans and REO assets. Despite this effort, however, documentation deficiencies remain for certain of the mortgage loans and REO assets. The Debtor has determined that additional efforts to improve the documentation would be more costly and time consuming than beneficial to the estate.

6. In June 2015, the Debtor began to solicit interest in the mortgage loans and REO assets for a stalking horse bid in an auction process. The Debtor, in coordination with the Unsecured Creditors' Committee (the "Committee"), identified a list of 21 parties who are known to have large Puerto Rico real estate holdings and/or specialize in purchasing distressed assets. This list also included parties that reached out to the Debtor expressing interest in acquiring various assets of the Debtor. The Debtor reached out to all of these parties, and seven executed NDAs. Most of the other parties identified indicated that the Portfolio size was too small.

7. During this process, the Debtor received an offer from RPNM, LLC (the "Stalking Horse Bidder") to acquire a significant portion of the remaining mortgage loan and REO assets. The Debtor, in consultation with the Committee, determined the Stalking Horse Bidder's offer was the best offer to serve as a stalking horse at an auction. The Debtor and the Stalking Horse Bidder proceeded to negotiate a form of asset purchase agreement and entered into the Asset Purchase and Sale Agreement for the Portfolio (the "Stalking Horse Agreement") on September 22, 2015.

8. The Stalking Horse Agreement provides for the Debtor to sell the Portfolio to the Stalking Horse Bidder for a purchase price of \$4,695,089.00, minus (a) all collections with respect to the Portfolio received by the Debtor after June 15, 2015 through the closing date of the Sale, (b) the Outstanding Property Taxes and (c) \$88,600. Under the terms of the Stalking Horse Agreement, the Stalking Horse Bidder will receive a breakup fee of \$150,000 if the Debtor sells the Portfolio to another buyer.

9. By the Motion, the Debtor seeks court approval of the proposed Bidding Procedures. I believe the Bidding Procedures will permit a fair and efficient competitive sale process to confirm that the bid of the Stalking Horse Bidder is the best offer, or identify an alternative bid that is higher or otherwise better. The Bidding Procedures are fair, transparent, and

will derive the highest and best bid for the Portfolio. I believe that the Bidding Procedures will permit the Debtor to derive the greatest value of the Portfolio for the benefit of the Debtor and its estate.

10. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 22, 2015



---

Carol Flaton  
Chief Restructuring Officer