

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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LIBERTE INVESTORS/

CIK: **60153** | IRS No.: **751328153** | State of Incorporation: **MA** | Fiscal Year End: **0630**
Type: **8-K** | Act: **34** | File No.: **001-06802** | Film No.: **94500887**
SIC: **6798** Real estate investment trusts

Mailing Address
NULL

Business Address
*1420 VICEROY DR
DALLAS TX 75235
2148795800*

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) JANUARY 7, 1994

LIBERTE INVESTORS

(Exact Name of Registrant as Specified in Charter)

MASSACHUSETTS

1-6802

75-1328153

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

1420 VICEROY DRIVE, DALLAS, TEXAS

75235

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (214) 879-5800

(Former Name or Former Address, if Changed Since Last Report)

On January 7, 1994, Liberte Investors, certain of Liberte's senior secured lenders, the members of the Official Unsecured Creditors appointed in Liberte Investors' Chapter 11 case and the Official Committee of Equity Securities Holders appointed in Liberte Investors' Chapter 11 case executed a Stipulation and Agreement Suspending Plan Litigation (the

"Stipulation") setting forth an agreement in principle which would resolve certain potential disputes regarding the treatment of the senior secured lenders under the plan of reorganization for Liberte. The Bankruptcy Court overseeing Liberte Investors' Chapter 11 case has "so ordered" the Stipulation. A copy of the Stipulation is attached hereto as Exhibit 99.1.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re                               :
                                     :
                                     :
LIBERTE INVESTORS,                 :   In Proceedings for
    f/k/a Lomas & Nettleton Mortgage :   a Reorganization
    Investors,                       :   Under Chapter 11
                                     :
                                     :   Case No. 93 B 45262 (BRL)
                Debtor.              :
                                     :
Employer's Tax Identification       :
No. 75-1328153                    :
-----x
    
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STIPULATION AND AGREEMENT SUSPENDING PLAN LITIGATION

WHEREAS, in connection with the proposed First Amended Plan of Reorganization of Liberte Investors, Inc. (the "Plan"), a contested matter within the meaning of Bankruptcy Rule 9014 has arisen between the parties hereto; and

WHEREAS, the parties hereto, to avoid further litigation and expense, have agreed, subject to the terms and conditions herein set forth, to compromise their dispute;

NOW THEREFORE it is stipulated and agreed that:

1. Definitions Unless otherwise defined herein, the terms used herein shall have the respective meanings set forth in the First Amended Plan of Reorganization of Liberte Investors, Inc. dated December 14, 1993.

2. Principal Amount Pursuant to the Plan, Newco will issue debt obligations under the New Senior Bank Agreement (the "New Senior Notes"). The outstanding principal amount of the New Senior Notes to be issued to the Senior Lenders pursuant to Section 2.01 of the Plan will be equal to the sum of (a) the \$83,128,000 outstanding principal amount of Senior Bank Claims, plus (b) accrued and unpaid interest, if any, and reasonable fees and expenses, minus (c) \$9 million, to be paid on the Effective Date to the Senior Lenders from

Pre-Consummation Cash. On the Effective Date, \$6 million of New Senior Notes will be issued to LBI by Newco, and the amount of Retained Cash shall be reduced by \$6 million.(1)

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(1) The notes received by LBI from Newco will be the same series of notes as issued to the Senior Lenders and, therefore, will be subject to the same terms and enjoy the same rights, including voting rights and rights with respect to collateral and any rights of transferability.

3. Interest Rate LIBOR + 2.0% for the first 2 years after the Effective Date and LIBOR + 2.5% thereafter. Prior to the Effective Date, the Senior Debt will continue to bear interest at the current non-default contract rate and the Senior Lenders will receive interest payments solely for all LIBOR periods ending prior to the Effective Date in the same manner as set forth in the cash collateral stipulations entered into to date (in addition to the \$9 million payment referred to in paragraph 2 above).
4. Final Maturity December 31, 1998, assuming that the Effective Date occurs on or before March 31, 1994.
5. Amortization \$1.62 million per quarter, commencing 3 months after the Effective Date, plus an additional \$10.8 million by the 2nd anniversary of the Effective Date. The source of the additional \$10.8 million may be refinancings of Original Newco Assets. The Senior Lenders Agree to release their liens in the assets refinanced. The additional \$10.8 million will be applied to reduce principal.
6. Assignability The New Senior Notes will be freely assignable; however Newco will not be obligated to register the New Senior Notes or qualify any indenture with respect to such New Senior Notes under the Trust Indenture Act.
7. Amendment of Plan and Other Terms The Agent and Representative Banks will sign this Stipulation and Agreement Suspending Plan Litigation (the "Stipulation"). The Plan and Disclosure Statement will be amended to reflect the terms set forth in this Stipulation and the Agent and Representative Banks will vote in favor of the Plan as amended and recommend the amended Plan to the other Senior Lenders.

Through April 30, 1994, (or such later date as the term hereof may be extended to by agreement among the parties) any signatory to this Stipulation that transfers its claim will transfer such claim subject to the agreement of the transferee to be bound by the terms of this Stipulation.

8. Suspension of
Litigation

Upon execution of this Stipulation by all parties, and court approval hereof, all litigation activity of the parties directed toward a contested confirmation hearing will be suspended. All court approvals needed for the actions described herein will be sought promptly unless the parties hereto shall otherwise agree or the Court shall otherwise direct. By no later than January 13, 1994, the Agent and Representative Banks will notify the other parties to this Stipulation whether or not the Plan, as amended pursuant to this Stipulation, is supported by the Requisite Claim Vote (as defined in the Debtor's Disclosure Statement) for that class of creditors (Class 1). If the Agent and Representative Banks determine that the Plan, as amended pursuant to this Stipulation, is supported by the Requisite Claim Vote (as defined in the Debtor's Disclosure Statement) for Class 1, the date of confirmation hearing will be January 19, 1994, unless otherwise directed by the Court or agreed to by the parties. If by the close of business on January 13, 1994, the Agent and Representative Banks fail to notify the other parties to this Stipulation that the Plan, as amended pursuant to this Stipulation, is supported by the Requisite Claim Vote (as defined in the Debtor's Disclosure Statement) for Class 1, the litigation suspension shall immediately be lifted, the confirmation hearing rescheduled for January 27, 1994, the deadline for objections to confirmation extended to January 20, 1994, and, at the option of the Creditors Committee, this Stipulation shall be deemed null and void.

9. Termination Date

The obligations of the parties to this Stipulation will terminate if the Effective Date does not occur by April 30, 1994, subject to extension by mutual consent of all parties to this Stipulation.

10. Final Documentation This Stipulation constitutes an agreement to support the Plan (including the Exhibits thereto) solely as amended by the terms hereof. The agreement of the parties hereto to support the Plan (including the New Senior Bank Agreement and the other Exhibits thereto), modified to the extent provided in this Stipulation is subject to the condition that this Stipulation is subject to the condition that this Stipulation shall have been approved by the Bankruptcy Court no later than January 12, 1994, legal review of final documentation and agreement on standard provisions governing the New Senior Notes, all related security documents and the order confirming the Plan of Reorganization.
11. Further Assurances The parties hereto agree to support the Plan, modified as provided herein, and to take (or, where applicable, support) any and all actions, motions or further stipulations reasonably necessary to implement the provisions of this Stipulation, including, without limitation, a motion, if applicable law requires, seeking approval of plan and disclosure statement modifications and relief attendant therewith under Federal Bankruptcy Rules 3018 and 3019.
12. Non-Admissability In the event that this Stipulation is terminated in accordance with paragraph 8 or 9 above, this Stipulation shall be subject to Rule 408 of the Federal Rules of Evidence.

DATED: As of January 6, 1994

THE BANK OF NEW YORK, in its
individual capacity

By: _____
Title: _____

THE CHASE MANHATTAN BANK, N.A.,
in its individual capacity

By: _____
Title: _____

THE FIRST NATIONAL BANK OF CHICAGO,
in its individual capacity

By: _____
Title: _____

STEINHARDT PARTNERS, L.P.,
in its individual capacity

By: _____
Title: _____

INSTITUTIONAL PARTNERS, L.P.
in its individual capacity

By: _____
Title: _____

GENERAL AMERICAN LIFE INSURANCE
COMPANY

By: _____
Title: _____

PAN AMERICAN LIFE INSURANCE
COMPANY

By: _____

Title: _____

WASHINGTON MUTUAL SAVINGS BANK

By: _____

Title: _____

ROBERT SACHS

By: _____

Title: _____

VANCE C. MILLER INTERESTS

By: _____

Title: _____

THE OFFICIAL COMMITTEE OF EQUITY
SECURITY HOLDERS

By: _____

Title: _____

LIBERTE INVESTORS

By: _____

Title: _____