

**IN THE UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA**

DANIEL J. STERMER AS RECEIVER OF THE
HERON POND CONDOMINIUM
ASSOCIATION, INC.,

Plaintiff,

Case No. 0:25-cv-61909

v.

HERON POND CONDOMINIUM
ASSOCIATION, INC., AND ALL UNIT
OWNERS LISTED ON EXHIBIT “D” AND
OTHER INTERESTED PARTIES LISTED ON
EXHIBIT “E” TO THE COMPLAINT,

Defendants.

TERMINATION TRUSTEE’S FIRST QUARTERLY REPORT

Pursuant to the *Final Judgment of Termination and Approval of Plan of Termination* (as amended, the “Final Judgment”)¹, Daniel J. Stermer, not individually but solely in his capacities as Receiver and Termination Trustee (the “Termination Trustee”) of Heron Pond Condominium Association, Inc. (the “Association”), by and through undersigned counsel, submits this Quarterly Report (the “Report”) to provide Unit Owners and Other Interested Parties with an update on the status of the Receivership² and sale of the unified condominium property, formerly known as the

¹ On July 31, 2025, the State Court entered its Final Judgment of Termination of Condominium and Approval of Plan of Termination, wherein Daniel J. Stermer was appointed as Termination Trustee, Case No. CACE 25-015112 and recorded in the Public Records, Broward County on August 4, 2025 at Instrument No. 120361125; subsequently, on August 13, 2025, the Court entered its Amended Final Judgment of Termination of Condominium and Approval of Plan of Termination with Exhibits (the “Final Judgment and Plan”), wherein Daniel J. Stermer was appointed as Termination Trustee and was recorded in the Public Records, Broward County on August 14, 2025 at Instrument No. 102381000.

² This report references and incorporates all prior reports filed by the Receiver pursuant to Paragraph 8 of the *Order Granting Verified Petition For Appointment Of Receiver* dated April 26, 2024 (the “Order Appointing Receiver”), Daniel J. Stermer, not individually, but solely in his capacity as Receiver (the “Receiver”) of Heron Pond Condominium Association, Inc. (the “Association”)

Heron Pond Condominium. Capitalized terms used but not defined herein have the meanings set forth in prior Court orders and filings.

I. Preliminary Statement

1. This Report provides a concise, summary of the events that have occurred since State Court's entry of the Final Judgment, including: (i) the Enterprises' removal of the Termination and Receivership Actions to the United States District Court for the Southern District of Florida; (ii) the Parties' Amended Joint Stipulation addressing Federal Housing and Economic Recovery Act ("HERA") issues related to closing mechanics; (iii) the District Court's Sale Order approving the sale to Integra Real Estate, LLC ("Integra"); (iv) the proposed closing schedule; and (v) the February 6, 2026 Notice of Appeal filed by Federated Foundation Trust ("Federated") and the impact of that appeal on closing.

2. As explained below, Federated's appeal of the Sale Order imperils the Court-approved sale and the protections negotiated by the Receiver for the benefit of Unit Owners and Other Interested Parties. The Receiver/Termination Trustee intends to aggressively defend against the Federated appeal and has already filed a motion seeking to expedite the appellate process to preserve a reasonable closing timeline and mitigate prejudice to all Unit Owners and Other Interested Parties which the Federated appeal presents.

II. Federal Removal By The Enterprises

3. On September 24–25, 2025, the Enterprises (Fannie Mae and Freddie Mac) removed both the Condominium Termination Case and the Receivership Case to the United States District Court for the Southern District of Florida pursuant to 12 U.S.C. § 1452(f). The District Court entered a temporary restraining order (the "TRO") to preserve the status quo pending briefing and resolution of federal issues raised by the Enterprises.

4. The removal did not change the State Court's findings in the Final Judgment that termination and a sale of the unified property is the only viable path forward given the unsafe structure determinations, the shuttered condition of the Property, and the financial realities affecting the Association and its Unit Owners.

III. Amended Joint Stipulation With The Enterprises And Integra

5. Following discussions among the Receiver/Termination Trustee, Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation)(together, the "Enterprises"), and Integra (collectively, the "Stipulation Parties"), the Parties executed and filed an Amended Joint Stipulation and Order (the "Amended Joint Stipulation").

6. The Amended Joint Stipulation resolves the Enterprises' HERA-based objections without diminishing any Unit Owner's distribution by providing for: (a) full payoff of the Enterprises' eight-unit loans at closing via their correct pro rata share of sale proceeds; plus (b) a separate, additional "Deficiency" payment funded by Integra to ensure those loans are paid in full. All other Unit Owners and Other Interested Parties receive the same distributions they would have received absent the Amended Joint Stipulation. Without this negotiated resolution, the Receivership would have been required to expend additional time and receivership funds litigating complex federal issues, delaying closing and diminishing net proceeds, an outcome that was not in Unit Owners' best interests. Had the Enterprises succeeded with their litigation, each Unit Owner's distributive share of the sale proceeds would have been reduced in order to ensure that the Enterprises were paid in full. The Stipulation instead allows closing to move forward without affecting the proceeds allotted to each Unit Owner.

7. The Amended Joint Stipulation establishes court-approved closing mechanics, including conditions precedent such as entry of a final, non-appealable sale order and title insurer approval, the delivery of final payoff statements, and the sequence of disbursements at closing.

8. Critically, if Closing does not occur by the stipulated outside date - 11:59 p.m. on March 2, 2026, the Stipulation will be deemed void as of 12:01 a.m. on March 3, 2026. We are currently working with the Enterprises and Integra to extend the Amended Joint Stipulation understanding the Federated appeal and its impact on the timeline.

IV. District Court Sale Order

9. After a 2.5-hour hearing on January 7, 2026,³ the Court approved the Receiver/Termination Trustee's motion to sell the combined Heron Pond Condominium Property to Integra Real Estate, LLC, and entered the attached Order granting that relief. The Court found that the sale is fair and reasonable, represents the highest and best offer obtained through the approved process, and is in the best interests of the receivership estate, Unit Owners, and Other Interested Parties. My team worked tirelessly with over 100 potential parties who entered into Confidentiality Agreements relative to the sale of this Property and no other Bidder was qualified, we had hoped and believed that there would be multiple Bidders for this Property but each of them had reason(s) for not moving forward.

10. The Court also approved the Amended Joint Stipulation among the Receiver/Termination Trustee, Fannie Mae and Freddie Mac, and Integra, which is incorporated into the Sale Order and governs the closing mechanics and payoff structure.

³ A number of Heron Pond Unit Owners attended the January 7, 2026 hearing and testified during the hearing. The Receiver/Termination Trustee thanks all Unit Owners for their support and assistance in this matter.

11. Federated objected to the sale attempting to derail the Court-approved process and reopen bidding without posting the Court-required, nonrefundable deposit or otherwise qualifying as a bidder. As Federated's counsel conceded on the record:

Your Honor, let me be clear from the outset, Federated and Mr. Patel are not objecting to the sale itself; we're objecting to the process in which we were disqualified as a bidder. Our goal is not to increase litigation or delay of these proceedings, but to ensure [a] fair and inclusive process... . The principle at stake is fairness, not favoritism."

12. The Court rejected Federated's objection at the sale hearing, finding that the process was robust and transparent, that Integra was the only Qualified Bidder to satisfy the bid procedures, and that Federated's last-minute, speculative efforts, would prejudice Unit Owners by injecting delay and uncertainty into a fair, completed process. The Court afforded Federated an extraordinary chance to "put [its] money where [its] mouth is" by depositing, on a nonrefundable basis and without moving the March 2nd outside date, \$23,950,000 into the Court's registry by a date certain, cautioning: "We're not going to keep moving the goalposts."

13. The Court further made clear it would accept "no excuses" and that the requirement was "all or nothing": "So are you telling this Court you're going to be here... that the money has cleared, has been deposited. I'm not going to accept any excuses, none whatsoever. So it's 23,950,000." When Federated responded that it had "about 18, \$19 million already... committed," the Court concluded: "Sir, that's not \$23,950,000.00. It's all or nothing. That's even less than the \$20,500,000 right now."

14. When pressed, the Court stated to Federated's principal: "I gave you the opportunity. We gave you the numbers. And now you're asking for less [than] the deposit. That runs afoul to these People, and I think it's offensive to them as well... . So... to bring closure, we're going to move forward. File the proposed [sale] order, so we can adopt the sale...."

15. At the January 7, 2026 hearing, the Receiver/Termination Trustee explained that the title insurer requires finality before issuing title insurance and proceeding to close, which follows the expiration of the appeal period and a short underwriting period.

V. Proposed Closing And Impact Of Appeal

16. The Receiver/Termination Trustee and Integra scheduled closing preparations and were working toward a proposed closing on February 26, 2026, consistent with the Sale Order, the Amended Joint Stipulation, and the title insurer's requirements.

17. We previously provided all Unit Owners with copies of the Sale Order and the Good Faith Estimate of Net Proceeds which was sent to all Unit Owners and Other Interested Parties via email, U.S. Mail and posted on the Receiver's website: www.HeronPondReceiver.com. If you have not received a copy of the Good Faith Estimate of Net Proceeds, please advise us immediately.

18. The Receiver/Termination Trustee will provide an updated Good Faith Estimate of Net Proceeds closer to Closing by filing it on the Court Docket, transmitting via email and posting on the Receiver's website. Distributions will be administered in accordance with the Plan of Termination and the Court's orders.

19. On February 6, 2026, Federated filed a Notice of Appeal. While Federated stated at the sale hearing that it was "not objecting to the sale itself," it sought to reopen the process but could not meet the District Court's nonrefundable deposit requirement by the date set by the Court, six days after the hearing. The Notice of Appeal, lodged after the Court-approved process and entry of the Sale Order, now stands in the way of and prevents the issuance of title insurance and, therefore, the consummation of the closing on February 26, 2026.

20. As a result, notwithstanding the Receiver/Termination Trustee's efforts and readiness to close, the pending appeal has stayed/stopped closing activities that depend on a final, non-appealable Sale Order. Each day of delay caused by Federated increases professional fees and accruals, which will reduce net distributions to Unit Owners and extends interest and fee accruals for encumbered Units.

21. Notwithstanding, the Receiver/Termination Trustee has been in discussions with Integra, and Integra has exercised its contractual right to extend the purchase and sale agreement.

VI. Expediting the Appeal

22. To protect Unit Owners and preserve the agreed sale milestones, the Termination Trustee prepared and filed his Appellee's Time-Sensitive Motion to Expedite Appeal requesting expedited appellate consideration of the Federated appeal. The Termination Trustee filed this Motion the same day that the Federated appeal was docketed in the 11th Circuit Court of Appeals.

23. The Termination Trustee intends to and will aggressively defend against the appeal and pursue expedited appellate consideration so that closing can proceed as quickly as possible within the existing Court-approved framework.

VII. Reminders To Unit Owners: FIRPTA Affidavit and Distribution Address

24. In preparation for distributions at closing (if applicable), all Unit Owners must promptly respond to the Receiver/Termination Trustee's requests for:

- a. a completed FIRPTA affidavit or FIRPTA Form; and
- b. Confirmation of the correct mailing address and payee information for distribution.

25. The Receiver/Termination Trustee will need a properly completed FIRPTA Affidavit or Form 8288 and current address details to remit any proceeds (if applicable). Failure to provide these items may delay receipt of any distribution.

VIII. Ongoing Communications And Next Steps

26. The Receiver/Termination Trustee will continue to update Unit Owners and Other Interested Parties as developments occur in the appeal and as the Receiver/Termination Trustee pursues expedited appellate relief. The Receiver/Termination Trustee remains committed to safeguarding the approved sale, preserving value, and moving to closing at the earliest possible time permitted by the appellate process and the title insurer's finality requirements.

27. The Receiver/Termination Trustee has and will continue to respond to Unit Owners and Unit Owner Representatives and Other Interested Parties seeking clarification regarding the Good Faith Estimate contained in Schedule 1 and the updating/revisions to Schedule 1.

28. All significant filings, including the Prior Reports, the Amended Joint Stipulation, the Sale Order, and appellate docket materials, are or will be posted on the Receiver's website for Unit Owner and Other Interested Parties access: www.Heronpondreceiver.com.

RECEIVER'S CERTIFICATION

I, Daniel J. Stermer, as Receiver, hereby certifies, under penalties of perjury, that the foregoing Termination Trustee's First Quarterly Report is true and accurate to the best of my personal knowledge and belief.

/s/ Daniel J. Stermer

Daniel J. Stermer

Dated: February 19, 2026

Respectfully submitted,

BERGER SINGERMAN LLP
Counsel for Receiver
201 East Las Olas Blvd.
Suite 1500
Fort Lauderdale, FL 33301
Tallahassee, FL 32301
Tel. (954) 525-9900

By: /s/ Brian G. Rich

Brian G. Rich
Florida Bar No. 38229
brich@bergersingerman.com
Jeffrey S. Wertman
Florida Bar No. 003093
JWertman@bergersingerman.com
Michael J. Niles
Florida Bar No. 107203
mniles@bergersingerman.com

CERTIFICATE OF ELECTRONIC FILING AND SERVICE

I HEREBY CERTIFY that on this 19th day of February 2026, the foregoing was served by electronic transmission through the Court's CM/ECF System, upon all parties registered to receive electronic service.

By: /s/ Brian G. Rich
Brian G. Rich