

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE

In re:

HIAWATHA MANOR ASSOCIATION, INC.

Debtor.

Case No. 25-01916

Chapter 11

Honorable Randal S. Mashburn

HIAWATHA MANOR ASSOCIATION, INC.

Plaintiff,

v.

CHARLES H. ABERNATHY, et al.,

Defendants.

Adversary Proceeding No. 25-90051

Answer and Affirmative Defenses of
Defendant Linda (Lindstrom) Simmons, Pro Se

TABLE OF CONTENTS

Answer	3
Conclusion	15
First Affirmative Defense	
Failure to Join Real Party in Interest	16
Second Affirmative Defense	
Lack of Authority, Bad Faith, and Structural Conflict of Interest	
Arising from Undisclosed Management Agreements	18
Third Affirmative Defense	
Obstruction of Co-Owner Communication and Collective Defense	21
Fourth Affirmative Defense	
Material Non-Disclosure, Misrepresentation and	
Bad Faith Communication	26
Fifth Affirmative Defense	
Systemic Mismanagement, Title Failure and	
Breach of Fiduciary Duty	29
Sixth Affirmative Defense	
Bad Faith Manipulation of Bankruptcy Timing and Process	
To Benefit Third Party	32
Request for Relief	35
Certificate of Service	36

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Defendants.

Adv. Pr. No. 25-90051

**DEFENDANT’S ANSWER AND AFFIRMATIVE DEFENSES TO
COMPLAINT TO SELL ESTATE’S INTEREST AND CO-OWNERS’ INTERESTS IN
REAL PROPERTY PURSUANT TO 11 U.S.C § 363 (h)
(HIAWATHA EAST)**

I, Linda (Lindstrom) Simmons, appearing pro se, respectfully submit this Answer and Affirmative Defenses in response to the Complaint filed by Hiawatha Manor Association, Inc. (the “***Debtor***”) seeking authority to sell property pursuant to 11 U.S.C. § 363(h).

PARTIES

1. Defendant admits that the Debtor may be served with pleadings and process in this adversary proceeding through its undersigned counsel.

2. Defendant admits that a list identified as Exhibit A is attached to the Complaint, which purports to name 1,525 Defendants and their service addresses. Defendant lacks sufficient knowledge or information to admit or deny the completeness or accuracy of the list and therefore denies the same.

In conducting a brief and superficial review of the list, Defendant identified multiple errors, including one individual who moved from the listed address in 2015 and passed away in 2023, and another individual unknown to Defendant who is listed at Defendant's own address. These easily discovered inaccuracies raise substantial questions about the accuracy and reliability of the list used by the Debtor to identify interested parties.

JURISDICTION

3. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 3 and therefore denies the same.

4. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 4 and therefore denies the same.

5. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 5 and therefore denies the same.

6. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 6 and therefore denies the same.

BRIEF STATEMENT OF THE CASE

7. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 7 and therefore denies the same.

8. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 8 and therefore denies the same.

9. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 9 and therefore denies the same.

STATEMENT OF FACTS

10. Defendant admits that the Debtor purports to be a Tennessee non-profit corporation and the condominium owners' association related to a development located in Crossville, Tennessee. Defendant lacks sufficient knowledge or information to admit or deny the legal accuracy of the property description in Paragraph 10, including the specific name, number of units, or address, and therefore denies the same. Defendant further states that similarly named properties exist and that some or all may be involved in associated cases.

11. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 11 and therefore denies the same.

12. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 12 and therefore denies the same.

13. Defendant admits that the Debtor, through its management company, HPP Property Services, LLC d/b/a Lemonjuice Solutions ("Lemonjuice"), convened meetings on or about February 24, 2025 and March 10, 2025, to obtain input from owners on terminating interval ownership. Defendant states that the March meeting was a continuation of the recessed February meeting, which had already been questioned for insufficient advance notice under the Association's Bylaws, and that a single vote occurred over the course of the two meetings.

Defendant denies the remaining allegations in Paragraph 13. The Debtor, through Lemonjuice, acknowledged in advance that a quorum could not be achieved under the governing documents. Notices were mailed using an owner list maintained by Lemonjuice on behalf of the Debtor. Defendant did not receive the February notice and became aware of the vote only by

independently accessing the Association's information website maintained by Lemonjuice.

Defendant was added to the March notice list only after raising the issue directly with Lemonjuice.

Additionally, the website maintained by Lemonjuice for posting meeting and owner information was intentionally configured to prevent it from appearing in web search results, making it difficult for owners without the exact URL to access – and effectively impossible to discover for those excluded from the notification process implemented by Lemonjuice on behalf of the Association.

During planning for the meetings, owners were invited to volunteer as unit representatives for the purpose of casting votes on behalf of their unit. However, votes were ultimately taken from individual owners rather than from the designated representatives.

Finally, Defendant states that the deed records used to determine which owners were eligible to vote were fragmented and inaccurate – a fact the Debtor has acknowledged in its own pleadings. This further undermines the procedural validity of the vote conducted at the February and March meetings.

14. Defendant denies that the vote held over the course of the meetings on February 24, 2025 and March 10, 2025, meaningfully reflects owner sentiment. An owners' forum and Q&A session – first referenced at the Board's August 1, 2024 meeting – was not held until the February 24, 2025 meeting itself, after proxy votes had already been solicited and submitted, undermining any claim that the vote was informed or deliberative.

Defendant further denies that the Debtor's decision to seek bankruptcy relief was based on the vote. That decision had been discussed and publicly foreshadowed well in advance. On August 1, 2024, the Board adopted a consent agreement with Lemonjuice to pursue bankruptcy if

deemed necessary. On March 4, 2025 – six days prior to the close of the March 10 vote – the Lemonjuice website had already announced that a decision had been made to initiate bankruptcy proceedings.

15. Defendant lacks sufficient knowledge or information to admit or deny the legal characterization of the Debtor’s ownership interests as alleged in Paragraph 15 and therefore denies the same.

16. Defendant admits that the Debtor claims to co-own certain portions of the Property with numerous individuals and entities. Defendant lacks sufficient knowledge or information to admit or deny the exact number of co-owners or the nature of their interests as described, and therefore denies the same.

17. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 17 regarding the title work purportedly conducted by the Debtor or the existence and legal status of approximately 198 individuals or entities referenced as “Clouders” and therefore denies the same.

18. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 18 concerning the ownership status of the individuals or entities referred to as “Clouders,” or the basis for the Debtor’s reasons to include them as Defendants, and therefore denies the same.

19. Defendant denies that the tenants in common simply “walked away” from their ownership interests. Rather, Defendant contends that the Association enabled these owners to abandon their interests by failing to pursue collections on delinquent accounts and by not obtaining deeds in lieu of foreclosure from defaulting owners.

Defendant further asserts that the Association had both the authority and the responsibility to monitor and act upon such defaults.

As set forth in the Bylaws of Hiawatha Manor Association, under “OFFICERS, SECTION 8. TREASURER” the responsibilities of the Treasurer include, in relevant part:

“(a) The books shall reflect an account for each unit.”

“(c) He shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors”

To the extent delinquencies were widespread, Defendant asserts that it is necessary to examine whether the Association fulfilled these obligations as prescribed in its governing documents.

20. Defendant lacks sufficient knowledge or information to admit or deny whether statutory liens have been incurred against the interests of other tenants in common, and therefore denies the same.

Defendant contends that this blanket statement about delinquencies oversimplifies a complex history of financial deterioration caused in large part by the Association’s own neglect. Defendant denies that delinquencies have resulted solely from owner neglect. In fact, the Association’s longstanding failure to maintain accurate title records, pursue timely collections and communicate transparently with co-owners has directly contributed to the rise in unpaid assessments.

The financial burden of supporting the Property has fallen on an ever-shrinking group of responsible co-owners who have faithfully paid increased maintenance fees for 30 to 40 years, including an additional \$420 special assessment in 2021.

A cursory evaluation of Exhibit A, the list of Defendants in this case, shows a small percentage of them to be timeshare exit entities.

To the extent statutory liens have been filed, those filings reflect management failure and systemic neglect, which is not a legitimate basis to override the ownership rights of all non-debtor co-owners through a forced sale under 11 U.S.C. § 363(h).

21. Defendant lacks sufficient knowledge or information to admit or deny the allegations concerning the income generated by the Property and therefore denies the same.

Defendant asserts that, to the extent the Property's income is insufficient to cover monthly operating, maintenance or other costs, such insufficiency is not solely the result of longstanding financial strain, but is substantially attributable to actions taken by the Association in actively pursuing termination of the timeshare regime.

Specifically, the proposed 2023 operating budget indicated that there were approximately 1017 paying members in 2022, 42 years after the Declaration of Horizontal Property Regime was filed with the Cumberland County Register of Deeds. At the August 2024 Board meeting, a Lemonjuice representative stated that the number of paying members had declined to approximately 450. A member of the onsite Lemonjuice team further noted that there are 2,444 total possible unit-weeks, apparently accounting for buildings previously removed from inventory.

These figures demonstrate a dramatic acceleration of owner delinquencies following the Association's initiation of the termination process in early 2024. Notably, the Association began pursuing termination while still operating under an active management contract with Crown Resorts International/Vacatia, which remained in effect until February 2025. Defendant asserts that the manner in which the termination process was implemented – marked by inadequate notice, lack of transparency, and widespread confusion among owners – has materially worsened

the Association's financial condition and undermines any equitable justification for the proposed sale under 11 U.S.C. § 363(h).

Additionally, during the August 1, 2024 Board meeting, a Lemonjuice team member stated that Crown/Vacatia employees had previously overbooked units and had filled reservations by shifting guests between Hiawatha East and Hiawatha West. This suggests that the properties operated under an intermingled reservation system that generated rental income – a revenue stream that has since been lost as a direct result of the Association's decision to terminate its longstanding contract with Crown/Vacatia. The abrupt disruption of that reservation and rental structure likely contributed to the present decline in income.

22. Defendant does not oppose the concept of a sale of the Property under appropriate circumstances, but denies that the Debtor is entitled to conduct such a sale – including the interests of non-debtor co-owners – free and clear of all claims, interests and encumbrances under 11 U.S.C. § 363(f) and (h) without first satisfying the procedural and substantive requirements of the Bankruptcy Code.

Defendant objects to any sale conducted under the authority or supervision of the Debtor, Lemonjuice, or any affiliated party. It is the Association's ongoing mismanagement and failure to carry out its fiduciary duties that has led to the desperate financial condition of the Property and ultimately necessitated the filing of the bankruptcy petition. Allowing the Association or its agents to oversee the sale would effectively reward the same governance failures that caused the present crisis.

Furthermore, Lemonjuice Solutions should be excluded from any role in the sale process due to its ongoing pattern of misrepresentations to co-owners and intentional misdirection of co-owners' understanding concerning the termination process and legal consequences.

To ensure fairness and neutrality, any sale should proceed solely under the direction of the Chapter 11 Trustee or another independent fiduciary, and only after full disclosure of all material contracts, financial records, and ownership interests – including any agreements with Lemonjuice Solutions.

Defendant further asserts that the Debtor has not demonstrated a legally or equitably sufficient basis to override the interests of non-debtor co-owners, particularly in light of the conduct and conflicts detailed through this Answer and Affirmative Defenses.

Accordingly, Defendant reserves all rights to oppose any proposed sale or related relief through further objection or motion, particularly if such relief is sought without full financial transparency and independent fiduciary oversight.

23. Defendant denies that the Debtor is entitled to declaratory relief authorizing the sale of non-debtor co-owners' interest pursuant to 11 U.S.C § 363(h) based on the representations and disclosures made in the Debtor's bankruptcy schedules and related filings. While Defendant acknowledges that the statutory elements of § 363(h) may be met in theory, she objects to any declaratory judgment endorsing the proposed sale due to serious concerns about the integrity, transparency, and lawfulness of the process to date.

According to Schedule D filed by the Debtor and referenced during the June 3, 2025 Meeting of Creditors, HPP Property Services, LLC – the parent company of Lemonjuice Solutions – is asserting a secured interest in the Association's accounts receivables. However, no UCC financing statement has been identified or claimed as filed with the Tennessee Secretary of State, which would be required to perfect such a lien under applicable law.

Upon information and belief, Defendant understands that this asserted security interest stems from one or more undisclosed agreements between the Association and Lemonjuice

Solutions. The date, terms and full content of those agreements have not been disclosed to the membership, and are being withheld under a broad claim of confidentiality, despite Bylaw provisions requiring transparency in matters materially affecting the ownership group.

The same concern is raised by the omission of any executory contracts in Debtor's Schedule G, despite the ongoing, reciprocal obligations under at least one agreement with Lemonjuice. (See Second Affirmative Defense ¶ 15.)

Accordingly, Defendant objects to any declaratory relief that authorizes or endorses a sales process shaped by undisclosed or selectively disclosed contractual agreements, or that would permit Lemonjuice Solutions, HPP Property Services, LLC to receive proceeds or benefits without proper disclosure and judicial scrutiny.

Defendant further objects to any distribution of sale proceeds not made under the exclusive supervision of the Chapter 11 Trustee or another neutral fiduciary. Defendant expressly reserves all rights to seek discovery, judicial review, or other relief concerning the role, claims and interests of Lemonjuice Solutions, HPP Property Services, LLC, and any affiliated entities in this proceeding.

24. Defendant admits that 11 U.S.C. § 363(h) sets forth the statutory requirements under which a debtor may sell a non-debtor co-owner's interest in property, and further admits that the elements described in subparts (a) through (d) accurately reflect those requirements.

Defendant does not presently dispute that these statutory elements may be satisfied in principle. However, Defendant continues to object to any sale of the Property unless it is conducted under the exclusive supervision of a neutral fiduciary, such as the Chapter 11 Trustee. Defendant also objects to the lack of transparency concerning agreements between the Association and third parties – including Lemonjuice Solutions or its parent company, HPP

Property Services, LLC – that may materially influence the proposed sale or the distribution of proceeds.

25. Defendant admits that each Unit is structured as a condominium with ownership divided into 52 weekly intervals, and that ownership is held by multiple tenants in common for each Unit.

However, based on statements made in public and recorded meetings, Defendant believes that Lemonjuice Solutions – an entity not named as a Defendant in this proceeding – owns at least 476 of these weekly intervals.

Upon further information and belief, a portion of the total available interval weeks are owned by the Association itself.

Accordingly, Defendants denies that all 52 weekly intervals per Unit are owned by the Defendants named in this proceeding, and denies the statement to the extent it suggests otherwise.

26. Defendant lacks personal knowledge sufficient to confirm the current occupancy of the Property but believes, based on available information, no named Defendants reside there, and that any current occupancy appears to involve third-party renters or vacationers.

27. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 27 and therefore denies the same.

28. Defendant lacks sufficient knowledge or information to admit or deny the allegation that the proposed sale of the fee simple interest in each Unit would generate significantly greater value for the estate than a sale limited to the estate's undivided interest, and therefore denies the same.

29. Defendant lacks sufficient knowledge or information to admit or deny the likelihood of locating a buyer for only the Debtor's undivided interest in the Units, and therefore denies the same.

30. Defendant lacks sufficient knowledge or information to admit or deny the allegation that it is impractical for the Debtor to continue operating under the current ownership structure or to obtain financing based solely on its own individual interests, and therefore denies the same.

Defendant further notes that these same operational and financial constraints existed at least as early as July 2024, when Lemonjuice Solutions assumed management of Hiawatha Manor Association East with the stated objective of liquidating the property.

To the extent that Debtor now claims that continued operation under the existing ownership structure is infeasible, Defendant asserts that this condition was known or foreseeable at the time Lemonjuice took control, and may have been shaped or exacerbated by the management actions and contractual decisions made thereafter.

While limited updates have been offered concerning building repairs and temporary long-term rentals, no substantive explanation has been provided to co-owners regarding the status of the termination process or the reasons for the extended delay in filing.

31. Defendant denies the allegations in paragraph 31. Defendant specifically objects to any assumption that the interests of non-debtor co-owners will be adequately protected by mere attachment to the sale proceeds, or that the Debtor's proposed liquidation plan will necessarily comply with the priorities and protections required under the Bankruptcy Code.

Defendant further asserts that any sale and distribution of proceeds must occur under the exclusive supervision of the Chapter 11 Trustee or another neutral fiduciary – not the Debtor or

its agents. The existence of undisclosed or selectively disclosed agreements between the Association and Lemonjuice Solutions or its parent company, HPP Property Services, LLC raises serious concerns regarding the integrity, fairness and transparency of any proposed plan of liquidation.

Defendant expressly reserves all rights to object to any proposed plan, to seek discovery concerning claims to the proceeds, and to challenge the validity, enforceability or priority of any asserted secured interests.

32. Defendant lacks personal knowledge sufficient to confirm the current occupancy of the Property but believes, based on available information, no named Defendants reside there, and that any current occupancy appears to involve third-party renters or vacationers.

Accordingly, the Defendant does not dispute that no Defendants are likely to be physically displaced from their homes by the proposed sale. However, Defendant denies the assertion that the benefit to the estate outweighs any potential detriment to the Defendants, particularly where such detriment includes the extinguishment of undivided ownership interests, the loss of long-term use rights, and the financial and legal harm arising from the manner in which the termination and sale process has been pursued.

33. Defendant lacks sufficient knowledge or information to admit or deny the allegations in Paragraph 33 and therefore denies the same.

CONCLUSION

34. Defendant denies that the Debtor is entitled to the declaratory judgment or related relief requested. While Defendant does not dispute that relief under 11 U.S.C. § 363(h) may be available under appropriate circumstances, Defendant objects to any such relief in this case absent full financial transparency, independent judicial review of all third-party claims and

agreements, and exclusive oversight of any sale or distribution process by the Chapter 11 Trustee or another neutral fiduciary.

Defendant expressly reserves all procedural and substantive rights to challenge any future sale, distribution, or related relief that does not comply with the safeguards described above.

WHEREFORE, Defendant denies that the Plaintiff is entitled to the relief requested in the Complaint and respectfully requests that the Court:

1. Deny any request by the Debtor to oversee or conduct a sale of the Property under 11 U.S.C. § 363(h);
2. Order that any sale and/or distribution of proceeds occur exclusively under the supervision of the Chapter 11 Trustee or another neutral fiduciary;
3. Exclude Lemonjuice Solutions, HPP Property Services, LLC, and any affiliated entities from participating in the sale process, distribution of proceeds, or oversight thereof;
4. Require full disclosure of all contracts, claims, secured interests, and financial arrangements affecting the Property or the proposed sale; and
5. Grant such other and further relief as the Court deems just and proper.

FIRST AFFIRMATIVE DEFENSE
FAILURE TO JOIN REAL PARTY IN INTEREST

1. Plaintiff has failed to name or join a necessary and indispensable party to this action: HPP Property Services, LLC, doing business as Lemonjuice Solutions. According to disclosures made during the February 24, 2025 and April 9, 2025 members meeting, Lemonjuice now holds ownership of approximately 476 undivided fractional interests in the subject property, acquired pursuant to one or more undisclosed contractual arrangements with the Association.

(Excerpt from recorded meeting of February 24, 2025, beginning at approx. 29:10)

MS. RUBIO: Our question is, if it's public knowledge, how many intervals has Lemonjuice acquired?

MS. KOEPPEN: We have a deed out to the Board to be signed. And I think it's for 476 weeks. It has not been executed yet.

(Excerpt from recorded meeting of April 9, 2025, beginning at approx. 1:09:24, abridged for clarity)

MR. PHILLIPS: (Moderator, reading) To this date, how many weeks have you purchased; and do you plan to purchase more of the weeks that are deeded back?

MS. KOEPPEN: I believe our total as of right now is 476 weeks. I will confirm that number, but I believe that is the total weeks right now.

As Jeff mentioned, if we need to extend the loan, which we're trying not to do, yes, we may take deeds for more weeks.

2. By virtue of its ownership of hundreds of timeshare intervals, Lemonjuice is a co-owner of the property within the meaning of 11 U.S.C. § 363(h). That statute expressly governs the sale of property that is jointly owned by the estate and one or more co-owners. Any attempt to sell the entire property free and clear of such co-owned interests directly affects Lemonjuice's property rights and financial interests, and cannot proceed in equity or in law without due consideration of its involvement.

3. The failure to include Lemonjuice as a party in interest renders the Complaint procedurally defective and deprives the Court jurisdiction to grant complete relief. Under Federal Rule of Civil Procedure 19, made applicable here by Bankruptcy Rule 7019, a party with a significant legal interest in the subject matter of the litigation must be joined if feasible. Lemonjuice's absence precludes full adjudication of ownership interests and risks inconsistent or inequitable outcomes for both the estate and other non-debtor co-owners, including Defendant.

4. In addition to the jurisdictional and procedural deficiencies, the omission of Lemonjuice – an entity with extensive contractual and financial involvement in the property – raises serious concerns about the transparency of these proceedings. It suggests an effort by the Plaintiff to avoid disclosure of agreements that materially affect the ownership structure, control, and economic allocation of the subject property.

5. Defendant asserts that no relief under 11 U.S.C. § 363(h) should be granted unless and until all real parties in interest, including Lemonjuice, are properly joined to this action and subject to the Court’s jurisdiction, ensuring that all affected interests are heard and adjudicated in accordance with due process.

**SECOND AFFIRMATIVE DEFENSE
LACK OF AUTHORITY, BAD FAITH, AND
STRUCTURAL CONFLICT OF INTEREST
ARISING FROM UNDISCLOSED MANAGEMENT AGREEMENTS**

6. Defendant asserts that the relief sought by Plaintiff under 11 U.S.C. § 363(h) is tainted by bad faith, structural conflicts of interest, and a lack of lawful authority arising from the Association’s persistent failure to operate transparently and its concealment of material contractual arrangements that fundamentally affect ownership rights and governance.

7. In or around February 2024, while still subject to an active management contract with Crown Resorts International/Vacatia (in effect through February 2025), the Association entered into a confidential and undisclosed agreement with HPP Properties Services, LLC, doing business as Lemonjuice Solutions, a Maryland limited liability company. That agreement contemplated the premature termination of the Crown/Vacatia agreement and granted Lemonjuice both management authority and a role in the planned liquidation of the timeshare property.

8. The Association's notice to members announcing the March 2024 members meeting made no reference to Lemonjuice. Nor did the Association disclose the Lemonjuice agreement at that meeting. Instead, Lemonjuice representatives were introduced without identifying their contractual authority, scope of responsibilities, or compensation terms. The meeting occurred under the pretense of soliciting informal member feedback, misleading co-owners and depriving them of their rights to informed participation in governance under the Association's Bylaws.

9. Defendant did not attend the March 2024 meeting, which was held in Crossville, Tennessee, with no Zoom access provided to co-owners. Defendant later requested access to a recording and was given this response:

(Excerpt from recorded meeting of February 24, 2025, beginning at approx. 35:45)

MR. DOBY: I don't believe there's a recording available. When we started, Vacatia was still our management company.

DR. BOB: We were still deciding. We let the – basically – the people decide whether they wanted to go with Lemonjuice – or recommendation. So we just followed the recommendation of the people.

In addition to the lack of remote access or a recording, it appears that the management contract with Lemonjuice was not disclosed during the March 2024 meeting, leaving owners unaware that a binding agreement had been executed.

10. The implementation of this undisclosed agreement precipitated a contentious separation between the Association and Crown/Vacatia, its manager for more than 30 years. That disruption resulted in the temporary shutdown of property operations in October of 2024, a loss of rental income, and further deterioration of the Association's financial condition. Following the separation, Crown/Vacatia reportedly became uncooperative in providing critical financial records.

11. At a later time, the Association entered into a second agreement with Lemonjuice. Like the first, this agreement has been withheld from the membership under the pretense of “confidentiality,” despite its direct impact on co-owners’ property rights. The concealment of material terms affecting the ownership structure, control, and financial obligations of the Association constitutes a breach of fiduciary duty and a denial of procedural fairness.

12. As part of its role as management company, Lemonjuice has reportedly undertaken efforts to collect delinquent assessments on behalf of the Association. However, no formal report has been provided to the co-owners detailing the scope of those efforts, the methods employed, or the outcomes achieved.

13. This lack of transparency is particularly troubling given a clear conflict of interest. At the August 1, 2024 Board meeting, a Lemonjuice representative stated: “There’s a proposal being put together for the Board to review where we would purchase all the outstanding receivables for Hiawatha East.” This statement reveals a direct financial incentive for Lemonjuice to allow delinquencies to accumulate, as it stands to profit from the acquisition of the same receivables.

14. By simultaneously serving as the party responsible for collecting delinquent accounts and positioning itself as a potential purchaser of those accounts, Lemonjuice has placed itself in a position where its private financial interest is in direct conflict with its fiduciary duty to act in the best interest of the Association and its co-owners.

15. Furthermore, the representations made in Debtor’s Schedule G, filed under penalty of perjury, are materially misleading. That schedule affirmatively states that the Debtor was not party to any executory contracts as of the petition date. This assertion is demonstrably false. Upon information and belief, at least one active, ongoing agreement between the Debtor

and Lemonjuice was in effect at the time of filing, involving reciprocal obligations that materially affected the management and proposed disposition of the Property. The omission of such agreements from the bankruptcy schedules constitutes concealment of material information, calls into question the integrity of the Debtor's filing, and further evidences bad faith and procedural impropriety in the prosecution of this Chapter 11 case.

16. In the interest of transparency and fairness – and to ensure that any proposed sale under 11 U.S.C. § 363(h) is lawfully authorized and equitably administered – Defendant asserts that judicial review of all management and financial agreements with Lemonjuice is necessary and appropriate.

**THIRD AFFIRMATIVE DEFENSE
OBSTRUCTION OF CO-OWNER COMMUNICATION AND
COLLECTIVE DEFENSE**

17. Plaintiff, through its management companies, Crown Resorts International/Vacatia and HPP Property Services, LLC d/b/a Lemonjuice Solutions, has intentionally obstructed co-owners' ability to communicate with one another regarding the proposed sale and related legal issues. This pattern of obstruction persisted throughout the year leading up to the bankruptcy.

18. As a result, Defendant and other owners have been deprived of meaningful opportunities to organize, exchange information, coordinate legal responses, or assert their shared interests. This deliberate information blockade has manufactured silence, depriving co-owners of procedural fairness in matters directly affecting their property interests.

19. By its nature, timeshare ownership involves many co-owners with small undivided interests, often geographically dispersed and unknown to one another. In such

circumstances, access to a membership list or similar means of contact is essential for co-owners to identify shared concerns, exchange information and protect their legal interests.

20. Beginning in March 2024, Defendant made repeated requests to the Association and its agents for a current list of names and mailing addresses of fellow owners, as required annually under T.C.A. § 66-32-110(12). A representative of Crown/Vacatia refused to provide the list, citing speculative misuse – specifically that Defendant might contact owners “in the middle of the night” about timeshare exit services.

21. Upon Defendant’s further inquiry, the Crown/Vacatia representative referred Defendant to a Board member. During a subsequent phone call between Defendant and that Board member, the Board member stated that even the Board had been unable to obtain a current list. It was also during this phone call that the Board member first informed Defendant that Lemonjuice would be introduced to owners at the upcoming meeting.

22. Following the call with the Board member, Defendant spoke by phone with Jeff Ingram, a representative of Lemonjuice. During the call, Mr. Ingram enthusiastically promoted the services Lemonjuice would provide if brought in to assist the Association.

23. In the course of that conversation, Mr. Ingram also disclosed that he had personally acquired week interests in a prior Lemonjuice-managed liquidation at a Pigeon Forge timeshare, which had yielded him a personal profit. This disclosure alerted Defendant to the possibility that Lemonjuice’s business model included acquiring interval weeks in exchange for its services, raising significant concerns about conflicts of interest and self-dealing.

24. The March 2024 members meeting was held in Crossville, TN with no Zoom access provided to members unable to attend in person. Prior to the meeting, Defendant submitted an email with questions and comments to be read aloud at the meeting, including a

concern that any compensation to Lemonjuice in the form of deeded interval weeks would “dilute the shares of existing members who pay their dues this year.”

25. Although Defendant had received official communications from the Association at her current mailing and email addresses for over a decade, no further notices or updates – by mail or email – were received after the March 2024 meeting notice.

26. In December 2024, while independently researching the situation, Defendant located an open letter online from Lemonjuice to Hiawatha Manor East members, dated July 22, 2024. The letter appeared to have been an isolated posting, discovered by Defendant through a targeted internet search – despite Lemonjuice’s public statements that it had deliberately blocked its informational site from being indexed by search engines.

27. That letter included a hyperlink to the Lemonjuice website, which Defendant used to renew her statutory request for the co-owners list. Lemonjuice representative Kate Koeppen’s initial response to Defendant’s inquiry stated, “I’m not clear on what online posting you are referring to ...” – a statement that appeared disingenuous, given that the letter originated from Lemonjuice itself. In hindsight, this exchange reinforces Lemonjuice’s own claim that communications were being blocked.

28. In that same response, Ms. Koeppen made the following disjointed and internally contradictory statement:

“... and mailing a paper copy list would be prohibitive if your intention is to be able to communicate with your fellow owners, which we’d be happy to help facilitate. I’ll need to research this...”

29. The vague offer of assistance was never acted upon. After receiving no reply to a follow-up email sent on March 17, 2025, in which Defendant reminded Ms. Koeppen of her offer to facilitate communication, Defendant submitted a support ticket through Lemonjuice’s online

system and included a copy of Ms. Koeppen's email offer to facilitate communication. In that support request, Defendant wrote:

“Member-to-member communication is more important than ever as the timeshare moves into bankruptcy. Please do the research you deem necessary and let the owners know through your info-dot-site how you are willing to facilitate communication among the members.”

To date, Defendant has received no response to either follow-up request.

30. In response to Lemonjuice's obstruction of the list request, Defendant filed a formal complaint with the Tennessee Department of Commerce and Insurance, Real Estate Commission, which acknowledged receipt on December 20, 2024.

31. The pattern of resistance to disclosure continued. Rather than facilitating open and meaningful access to fellow co-owners, Lemonjuice imposed a shifting array of technical and procedural barriers. Defendant's renewed statutory request for the membership list – expressly guaranteed under Tennessee law – was met not with compliance but with a multi-page “Letter of Indemnification”, demanding a \$100 payment and execution of the letter. The document reclassified the membership list as “Personally Identifiable Information,” a term Lemonjuice invoked to suggest federal legal constraints that were never substantiated. These measures reflect a coordinated effort by Lemonjuice to block co-owner communication through exaggerated privacy concerns and punitive gatekeeping.

32. At a recorded meeting on April 9, 2025, Lemonjuice claimed it had requested and obtained approval from the State of Tennessee regarding the terms under which it could release the list to Defendant. This statement appears both implausible and materially misleading. The window of time for such review and approval does not align with standard times for state agency review of interpretive requests – if such requests are granted at all. Moreover, when Lemonjuice

submitted the same Indemnification Letter to the Real Estate Commission on December 30, 2024, in response to the Defendant's complaint, no mention was made of any prior or pending state approval. Meanwhile, Defendant's complaint filed in December 2024 remains pending as of this date.

33. This timeline strongly suggests that Lemonjuice's public claim of state authorization was false or, at best, deliberately misleading. It appears designed to lend unwarranted legitimacy to efforts to frustrate Defendant's statutory rights and suppress owner coordination.

34. This conduct is consistent with a broader pattern of non-disclosure and procedural manipulation that undermines the Plaintiff's petition and the integrity of the relief it seeks under 11 U.S.C. § 363(h).

35. At a recorded February 20, 2025 meeting, Lemonjuice confirmed that its website, hiawatharesort.info, was intentionally hidden from search engine indexing to prevent marketing by timeshare exit companies. Despite that claim, the site contains no owner contact information and no means of member-to-member communication.

36. The Association, acting through Lemonjuice, further restricted communication by requiring owners to submit questions individually, and refusing to make responses visible to other co-owners. No group forum was provided in which owners could compare perspectives, exchange information, or coordinate strategy.

37. Zoom meetings conducted by Lemonjuice were tightly controlled. While co-owners were allowed to pose questions to the Association or Lemonjuice representatives, they were not permitted to speak with one another. Lemonjuice retained control over microphone

access ensuring a one-directional flow of information that gave the appearance of transparency while excluding genuine deliberation or open engagement.

38. At no time during recorded meetings conducted by Lemonjuice was it clearly disclosed – until very late in the process – that co-owners would be named as Defendants in an adversary proceeding in bankruptcy court. It was never disclosed that their interests could be adverse to those of the Association. The failure to disclose this material fact denied owners a meaningful opportunity to evaluate their rights or seek independent legal advice.

39. The “East Adversary Mailing” posted under “Bankruptcy” at hiawatharesort.info includes a section titled “What to do on your end,” which minimizes the legal significance of this proceeding and fails to inform owners of their procedural rights or the potential need for legal representation. The section states, among other things, “No action is required on your end.” This document exemplifies the Plaintiff’s continuing effort to obscure material facts and deter informed opposition.

FOURTH AFFIRMATIVE DEFENSE
MATERIAL NON-DISCLOSURE, MISREPRESENTATION AND
BAD FAITH COMMUNICATION

40. Plaintiff has failed to disclose material financial information concerning the subject Property and the operations and financial condition of the Association. This includes, but is not limited to, internal accounting records, receivables, outstanding liabilities, contracts affecting the Property, and other documents routinely maintained in the ordinary course of business.

41. Plaintiff, through its agent Lemonjuice, has engaged in a sustained pattern of misrepresentation and concealment, including false or inconsistent statements to Defendant and other co-owners regarding the availability and accuracy of such financial records.

42. Specifically, Lemonjuice has repeatedly claimed that comprehensive financial information is available on the website it maintains at hiawatharesort.info. In practice however, only curated and selective materials have been posted, while other critical documents have been intentionally withheld.

43. The so-called “Financial Reports” posted by Lemonjuice appear designed to create a superficial impression of transparency. These reports consist of broad summaries lacking the detail and clarity normally associated with sound financial disclosure.

44. Notably, six reports purporting to summarize six months of financial activity were all prepared on a single date in February 2025, and posted immediately before a scheduled members’ meeting. This timing and manner of preparation undermine their credibility as accurate, contemporaneous financial statements.

45. When co-owners, including Defendant, have requested specific financial records – such as tax returns or source documentation – Lemonjuice has frequently responded with vague assurances that it “does not know at the moment” and will follow up. These follow-ups rarely occur, and the requested documents are not produced.

46. During a recorded meeting on April 9, 2025, a Lemonjuice representative described Defendant’s email follow-ups for information as “overbearing” This dismissive characterization was clearly intended to deter further requests from Defendants and others, suppressing legitimate inquiry and undermining co-owner oversight.

47. In the same meeting, a Lemonjuice representative was asked to help members interpret the financial disclosures. The exchange proceeded as follows:

(Excerpt from recorded meeting of April 9, 2025, beginning at approx. 49:30, abridged for clarity:)

MR. PHILLIPS: (Moderator, reading from chat) (49:30) “Can you go over how to read the latest financial accounts, assets and liability sheets that’s on the info site? Is that something that is an individual question that can be addressed?”

MR. INGRAM: So there’s a couple of things about association accounting. One, I can tell you that all the reports fully comply with not-for-profit corporations. Because every association is a not-for-profit corporation.

So all the accounting complies with not-for-profit corporation – generally accepted accounting principles, GAAP is how that phrase is normally used.

To teach someone how to read a financial statement is a skill, and I don’t know that Jarvis or Kate or I are the appropriate people to do that.

What I can tell you is if you understand general accounting, it’s there. If you need to learn how to read financial statements, that’s not within the scope of services that any management company provides. If you have a specific question about it, please submit it. But again, the financials are there. Those are the financials that will be provided for the audit.”

48. This exchange embodies Lemonjuice’s strategy of projecting the appearance of transparency, while avoiding any substantive explanation. By simultaneously claiming compliance with GAAP and disclaiming any responsibility to assist owners in understanding the reports, Lemonjuice effectively denied members meaningful access to critical information.

These omissions and evasions are not isolated. They reflect a consistent and deliberate pattern of withholding information while maintaining the appearance of openness.

49. This strategy created a wall of incomplete, selectively disclosed, and non-explanatory content, making it difficult – if not impossible – for co-owners, many of whom are elderly, to understand the legal and financial realities affecting their property interests.

50. In earlier meetings, one elderly woman expressed that her primary concern was ensuring the matter was resolved for the sake of her estate and heirs. Another cast her vote while stating her husband was on his deathbed. Despite Lemonjuice's public assurance that, "if you can wait, it's to your advantage to hold onto your deed," many co-owners, facing confusion and uncertainty, relinquished their interests through a deed-back program and payment of a \$250 fee simply to achieve closure.

51. These decisions occurred in an atmosphere of asymmetry and confusion, deliberately cultivated by Lemonjuice's refusal to explain financials, suppression of co-owner communication, and its dual role as both manager and controlling architect of the property's liquidation.

52. Plaintiff's conduct and the conduct of its management company, Lemonjuice, demonstrates bad faith and an intentional failure to provide the transparency required for co-owners to make informed decisions about the proposed sale or the Association's financial stewardship.

**FIFTH AFFIRMATIVE DEFENSE
SYSTEMIC MISMANAGEMENT, TITLE FAILURE, AND
BREACH OF FIDUCIARY DUTY**

53. For decades, the Association has failed to uphold its fiduciary duty to the co-owners in two critical respects: (1) a persistent failure to pursue and collect delinquent assessments, and (2) neglect of its obligation to maintain clean, accurate, and complete title and ownership records for the Property.

54. This longstanding failure to act has led to significant financial instability within the Association, imposed an unfair and increasing burden on responsible co-owners such as the

Defendant, and contributed to the erosion of both the value and condition of the Property. These failures undermine any equitable basis for the sale now being proposed.

55. The Association failed to take consistent and effective action to pursue delinquent assessments. Over many years, it allowed arrearages to accumulate unchecked, made no effective effort to secure deeds in lieu of foreclosure from defaulting owners, and neglected to implement meaningful collection strategies. This abdication of responsibility fostered a culture of nonpayment, depleted operating revenues, and increased the financial burden on those co-owners who remained current on their obligations, contributing to the Association's insolvency and operational decline.

56. At the same time, the Association failed to protect the legal and administrative integrity of title. As co-owners abandoned their interests or passed away, the Association made no consistent effort to reclaim or properly transfer those interests. As a result, title records became fragmented, outdated, and in some instances entirely lost – creating widespread uncertainty as to the ownership of numerous intervals.

57. The Association's financial condition further deteriorated as a direct result of its premature disruption of the reservation and rental infrastructure previously operated by Crown Resorts International/Vacatia. Although Crown/Vacatia's management contract remained in effect until February 2025, the Association began actively pursuing termination by at least March 2024 and took disruptive actions that effectively dismantled a long-functioning system that generated critical revenue.

58. At the August 1, 2024 Board meeting, a member of Lemonjuice's onsite team disclosed that Crown/Vacatia had previously managed guest reservations through a coordinated

rental system that flexibly shifted overbooked units between Hiawatha East and West. The premature termination of this integrated system directly resulted in the loss of a significant source of rental income.

59. Rather than stabilize operations during the remainder of the contract term, the Association initiated termination efforts while still contractually bound. This decision caused unnecessary disruption, accelerating owner delinquencies, and undermining the financial foundation it now invokes to justify a forced sale.

60. In the past year, Defendant learned for the first time that six buildings had been removed from the Property at some unspecified point in the past without notice to or consent from the co-owners. This revelation exemplifies the opaque and unilateral conduct of the Association and reinforces a broader pattern of mismanagement, non-disclosure and failure to maintain accurate records.

61. These accumulated title defects and arrearages have made an orderly and lawful termination of the timeshare effectively unworkable. Rather than undertake the necessary unwinding in a planned and transparent manner, the Association exacerbated its years of mismanagement by entering into a new contract while bound by a preexisting one. This misstep resulted in at least one additional year of operating expenses and further deepened the Association's financial obligations – ironically creating substantial indebtedness to the very entity whose conduct contributed to the delay. The resulting burden has fallen on responsible co-owners such as Defendant. The Association has never acknowledged this prolonged delay in seeking bankruptcy relief after the Association commenced the termination process, and no explanation for the delay has been provided to the membership.

62. Accordingly, Defendant respectfully requests this Court condition any sale on a full accounting, meaningful financial disclosure, and an equitable adjustment that reflects the Association's historic failures, and further order that any sale be conducted exclusively under the authority and supervision of the Chapter 11 Trustee, without input or oversight by the Association or Lemonjuice.

SIXTH AFFIRMATIVE DEFENSE
BAD FAITH MANIPULATION OF BANKRUPTCY TIMING AND PROCESS
TO BENEFIT THIRD PARTY

63. Plaintiff's Chapter 11 bankruptcy filing under 11 U.S.C. § 363(h) is tainted by procedural manipulation and bad faith conduct, undertaken not to benefit the estate or all co-owners equally, but to serve the interests of Lemonjuice, a third party that is financially and contractually intertwined with the Association.

64. At a recorded meeting held on February 24, 2025, representatives of Lemonjuice publicly stated that the bankruptcy petition was nearly complete and anticipated to be filed "by St. Patrick's Day." In fact, the petition was not filed until May 6, 2025 – nearly two months later.

65. In a subsequent recorded meeting on April 9, 2025 Lemonjuice attributed the delay to a personal emergency involving one of the attorneys, citing a death in the family. However, the duration and surrounding circumstances raise reasonable doubt as to the completeness or credibility of that explanation, and suggest the possibility of alternative strategic motivations.

66. Upon information and belief, during this 50-day period, Hiawatha West – an affiliated but legally distinct property – made the decision to file its own bankruptcy petition. Defendant reasonably believes that the delay in the East filing was orchestrated to coordinate

both bankruptcies for Lemonjuice's convenience and benefit, particularly given that Lemonjuice is funding the cost of both proceedings.

67. The fact that Lemonjuice is funding the bankruptcy proceedings, including legal and administrative costs, raises serious concerns about the independence and neutrality of this case. Chapter 11 presumes that a debtor is acting in the best interests of the estate and its creditors. When a third party with significant contractual and financial interests pays for the bankruptcy, that presumption collapses. Lemonjuice's dual role as financier and strategic actor in the proceeding creates a structural conflict of interest that calls into question the legitimacy of any sale now being proposed under 11 U.S.C. § 363(h).

68. Hiawatha Manor East and Hiawatha Manor West are legally distinct entities, governed by separate boards of directors. Lemonjuice maintains separate websites and holds separate member meetings for each property, reflecting their formal independence.

69. Despite this legal separation, Lemonjuice has used its management role in both entities to centralize control and decision-making across properties – apparently to further its own strategic objectives rather than to fulfill the fiduciary duties owed to the members of either Association.

70. Although Hiawatha Manor East and West are governed by separate boards and maintain distinct legal identities, Lemonjuice holds management roles in both Associations. Its overlapping involvement in the two properties allowed Lemonjuice to coordinate aspects of the respective liquidation processes. This operational convergence, even if informal or partial, gave Lemonjuice the ability to influence the timing and structure of East's bankruptcy filing in a manner aligned with its broader strategic and financial interests. As a result, co-owners at East

were forced to bear at least two additional months of operating expenses, which could have been avoided had the filing proceeded as previously represented.

71. Most troubling, during the April 9, 2025 meeting, Defendant and other co-owners were explicitly discouraged from asking questions during the bankruptcy process, being told that doing so would “delay progress” and “increase operating expenses” – even as Lemonjuice was itself orchestrating delays for undisclosed strategic reasons. This contradiction highlights a lack of transparency and reinforces concerns about Lemonjuice’s undue influence over a process that should be impartial and equitable.

72. These actions reflect a pattern of manipulation and third-party control that undermines the legitimacy of the bankruptcy proceeding and the relief sought under 11 U.S.C. § 363(h). Accordingly, the court should scrutinize the circumstances surrounding the filing and require full disclosure of all agreements and decision-making processes involving Lemonjuice before any relief is granted.

WHEREFORE, having fully answered the Complaint and asserted the foregoing affirmative defenses, Defendant respectfully requests that this Court grant the following relief:

1. Deny the relief requested in Plaintiff's Complaint to the extent it seeks to sell the interests of non-debtor co-owners, including Defendant, under 11 U.S.C. § 363(h) without full compliance with the procedural and substantive safeguards required by law;
2. Order that any sale of the Property be conducted under the sole supervision of the Chapter 11 Trustee or another independent fiduciary, with no oversight or participation by the Debtor, its Board, or its current or former management companies;
3. Order full financial disclosure, including all material contracts, receivables, operating budgets, and ownership records relevant to the timeshare property and the relationship between the Association and Lemonjuice Solutions or HPP Property Services, LLC;
4. Declare void and unenforceable any undisclosed or improperly executed agreements affecting ownership or control of the property;
5. Order equitable adjustment or allocation of sale proceeds, if any, to account for Debtor's longstanding mismanagement, recordkeeping failures, and breach of fiduciary duties;
6. Award such further relief as the Court deems just and proper.

Dated: June 11, 2025

Respectfully submitted,

/s/ Linda (Lindstrom) Simmons
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CERTIFICATE OF SERVICE

I hereby certify that on Jun 11, 2025, a true and correct copy of the foregoing Answer and Affirmative Defenses was filed electronically with the Court using the CM/ECF system, which will send notice of such filing to all registered participants.

In addition, a copy was served via U.S. Mail upon the following non-CM/ECF participant:

Attn: Ford Motor Credit Company LLC Department
AIS Portfolio Services, LLC
Account: XXXX6417
4515 N Santa Fe Ave. Dept. APS
Oklahoma City, OK 73118