NOT RECOMMENDED FOR PUBLICATION

No. 25-5204

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

In re: HUMAN HOUSING HENRIETTA HYATT, LLC, Debtor.	)	
PAULETTE LONG; CLARISSE CLEMONS-FERRARA, Interested Parties-Appellants, v. ELIZABETH Z. WOODWARD, Trustee-Appellee.	)	ON APPEAL FROM THE UNITED STATES BANKRUPTCY COURT

O R D E R

Before: SUTTON, Chief Judge; McKEAGUE and GRIFFIN, Circuit Judges.

Paulette Long and Clarisse Clemons-Ferrara, proceeding pro se, appeal bankruptcy court orders approving the sale of real property owned by their company, Human Housing Henrietta Hyatt, LLC ("the Debtor"). This case has been referred to a panel of the court that, upon examination, unanimously agrees that oral argument is not needed. *See* Fed. R. App. P. 34(a). For the following reasons, we affirm the bankruptcy court's orders.

The Debtor, who owned multiple low-income housing units in Louisville, Kentucky, took out loans now held by Toorak Repo Seller Trust ("Toorak") for the purpose of rehabilitating the

properties. Toorak's loans were secured by liens on nine pieces of property that the Debtor owned. The Debtor filed for Chapter 11 bankruptcy in January 2022, after rehabilitation attempts failed.

In March 2022, the bankruptcy court entered an agreed order between the Debtor and Toorak, providing that Toorak would release "the Debtor and all co-guarantors" from "liability for any and all claims" if the Debtor paid Toorak $975,000 by a specified date. If the Debtor did not pay Toorak by the deadline, certain terms, which would be incorporated in a plan, would apply. The Debtor filed its First Amended Plan of Liquidation on June 9, 2022. The bankruptcy court confirmed that plan on June 24, 2022. Neither Long nor Clemons-Ferrara objected to the plan, which provided that the Debtor's nine listed properties would "be sold to Develco-Louisville, LLC for $975,000.00." If the sale to Develco-Louisville did not close by a specific date, the Trustee was authorized "to assume control over the Estate" and "take such steps as necessary to secure and sell the real estate in a marketable manner." Although the deadline for the Develco-Louisville sale was extended several times, the sale ultimately did not close. *See Clearview E. Fund, LLC v. Woodward* (*In re Hum. Hous. Henrietta Hyatt*), 666 B.R. 332, 339 (B.A.P. 6th Cir. 2025).

The Trustee subsequently moved to sell one property to Colin Drake and the remaining properties to Impulse, LLC. Neither Long nor Clemons-Ferrara objected. *See id.* at 340. At a November 6, 2023, hearing, another entity, Clearview, appeared and informed the court that it had negotiated with the Trustee to purchase the properties and submitted a "higher" bid, but the Trustee was subjecting its financing to greater scrutiny than the financing secured by the other potential purchasers. At a November 29, 2023, hearing, the Trustee's attorney informed the bankruptcy court that Drake was "ready to close . . . within two weeks" and that Impulse was "anxious to close" and was "in a position to do so" "on or before mid-December." The Trustee described financing information that she had received from Clearview within the past 24 hours as "muddy," consisting of "nonbinding commitment letters and term sheets from an . . . entity" that was affiliated with Clemons-Ferrara. At the conclusion of the hearing, the bankruptcy court orally granted the Trustee's motions to sell the properties to Drake and Impulse. The bankruptcy court's written orders included express findings that the buyers were purchasing the properties "in good faith and, as such, shall be afforded the protections of Section 363(m) of the Bankruptcy Code."

Clearview moved for reconsideration of the sale orders and to stay the sale orders pending appeal. The bankruptcy court held a hearing and orally denied the motions. About an hour later, Clearview filed a second affidavit, stating for the first time that it had entered into contracts with the Trustee to purchase some or all of the properties before the Trustee entered her contracts with Impulse. *See id.* at 343. The next day, the bankruptcy court entered a written order denying Clearview's motions for reconsideration and a stay.

Long, Clemons-Ferrara, and Clearview appealed the sale orders and the order denying Clearview's motion for reconsideration of those orders. The bankruptcy appellate panel (BAP) found that Long and Clemons-Ferrara's appeal was moot under 11 U.S.C. § 363(m), because they did not move to stay the sale of the properties pending appeal. *Id.* at 349. Because § 363(m)'s mootness rule applied, "the only reviewable issue [was] whether the sale was to a good faith purchaser." *Id.* The BAP found that Long and Clemons-Ferrara did not preserve that issue for appeal, because they "failed to object to [the bankruptcy court's finding of the purchasers' good faith] when that issue was before the bankruptcy court." *Id.* at 349-51.

On appeal, Long and Clemons-Ferrara argue that the Trustee misrepresented Clearview's financing proposal to the bankruptcy court and that the bankruptcy court did not allow Clearview to clarify its proposal. They also argue that they properly preserved their challenge to the bankruptcy court's finding that Drake and Impulse were good faith purchasers. Finally, Long and Clemons-Ferrara contend that Clearview's adverse claim, and the Trustee's knowledge of that claim, prevent Drake and Impulse from being considered good-faith purchasers.

"Whether a bankruptcy appeal comes before this court by way of the [BAP] or the district court, our review is of the bankruptcy court's decision." *Tidewater Fin. Co. v. Curry* (*In re Curry*), 509 F.3d 735, 735 (6th Cir. 2007). The bankruptcy court's factual findings are reviewed for clear error and its legal conclusions de novo. *Suhar v. Burns* (*In re Burns*), 322 F.3d 421, 425 (6th Cir. 2003).

"Section 363(m) [of the Bankruptcy Code] provides that a reviewing court's reversal of an order approving a property sale will 'not affect the validity of' the sale 'to an entity that purchased . . . such property in good faith' unless the challenger obtains a stay 'pending appeal' of

the order." *Hazard Coal Corp. v. Am. Res. Corp.* (*In re Cambrian Holding Co.*), 110 F.4th 889, 892 (6th Cir. 2024) (second alteration in original) (quoting 11 U.S.C. § 363(m)); *see Made in Detroit, Inc. v. Off. Comm. of Unsecured Creditors* (*In re Made in Detroit, Inc.*), 414 F.3d 576, 581 (6th Cir. 2005). Long and Clemons-Ferrara did not move for a stay here, so they can "unwind" the sale only if the buyer did not act in good faith. *In re Cambrian Holding Co.*, 110 F.4th at 892. The BAP found that Long and Clemons-Ferarra forfeited appeal of the bankruptcy court's good-faith finding by failing to raise the issue before the bankruptcy court. *See In re Hum. Hous.*, 666 B.R. at 350–51. Long and Clemons-Ferarra challenge that forfeiture finding and argue that several exceptions allow us to address the good-faith purchaser question.

A "good faith purchaser" is "one who purchases the assets for value, in good faith, and without notice of adverse claims." *In re Made in Detroit, Inc.*, 414 F.3d at 581 (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1197 (7th Cir. 1978)). "[T]o show lack of good faith, the debtor must demonstrate that there was fraud or collusion between the purchaser and the seller or the other bidders, or that the purchaser's actions constituted an attempt to take grossly unfair advantage of other bidders." *Id.* (quoting *225 Park Plaza Assocs. Ltd. P'ship v. Conn. Gen. Life Ins.* (*In re 255 Park Plaza*), 100 F.3d 1214, 1218 (6th Cir. 1996)).

Because, as the BAP explained, Long and Clemons-Ferrara hardly participated in the bankruptcy court sale proceedings, we doubt that they preserved their challenge to the good-faith determination for appeal. *See In re Hum. Hous.*, 666 B.R. at 350–51. But even if Long and Clemons-Ferrara preserved this issue, their appellate arguments fail to show that Drake and Impulse were not good faith purchasers. They point out that the Trustee was aware of Clearview's offer, but they cite no evidence suggesting that Drake and Impulse—the purchasers—were aware of that offer. The focus of the good-faith purchaser inquiry is on "the integrity of [*the purchaser's*] conduct in the course of the sale proceedings." *Id.* (alteration in original) (emphasis added) (quoting *In re Rock Indus.*, 572 F.2d at 1198). Long and Clemons-Ferrara also cite no evidence suggesting that Drake or Impulse colluded with the Trustee or with Clearview, or that Drake or Impulse "attempt[ed] to take grossly unfair advantage of [Clearview]." *Id.* (quoting *In re 255 Park Plaza*, 100 F.3d at 1218).

For the foregoing reasons, we **AFFIRM** the bankruptcy court's orders.

ENTERED BY ORDER OF THE COURT

Kelly L. Stephens, Clerk