Exhibit 13



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In lawsuit seeking receivership, lender calls Cedars developer 'insolvent'



Rendering shows the Cedars Lodge & Spa when it was announced in 2022.

By , Published: June 1, 2026

The lender of a $32 million construction loan for the building of the Cedars condominium project in downtown Hendersonville has filed a lawsuit seeking the appointment of a receiver to take control of the property, declaring in the suit that the loan was in default as of Dec. 31 and asserting that the developer is insolvent or "in imminent danger of insolvency."

The court action by Fuse 10 LLC comes as the site of the grandly planned development sits idle. The general contractor, pulled off the job in March and has sued the Cedars Lodge & Spa for $7 million in unpaid invoices for work and materials. Fuse 10 is part of Fort Lauderdale-based Fuse Group Investment Companies, a bridge and construction lender.

In a 13-page complaint filed on Friday in Henderson County Civil Superior Court, Fuse's Charlotte-based attorney, William L. Esser IV, sets forth the timeline of the project and the failure by the developer, the Cedars and managing partner Greggory Covin, to repay the construction loan.

The Cedars Lodge & Spa was formed in April 2020 to buy land and construct a high-end residential/hotel condominium in downtown Hendersonville. The Cedars and another corporation Covin and investors formed, 719NoMain, bought eight parcels of land valued on the tax books at $11,662,500. The land contained the historic Cedars building, plus the Chariot and the Autobell carwash, which were razed to make way for the new construction.

The land and buildings bounded by North Church Street, U.S. 64 and Buncombe Street were bought by Hendersonville businessman Clifton Shipman in the 1950s and passed on to his son, Thomas W. "Tom" Shipman,

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the well-known operator of the Cedars and Chariot as event venues. An exhibit in the Fuse lawsuit lists the corporation's owners as Tom Shipman, Clifton's daughter Barbara Shipman Huntley and his widow, Delores Shipman, each with a 10 percent stake, and LBM Enterprises LLC and Greggory Covin, with 35 percent apiece. Covin, the builder of several successful high-end developments in Miami, is married to Shelley Shipman, the daughter of Fran and Tom Shipman.

Covin did not immediately respond to a request from the *Lightning* for an interview or statement in response to the Fuse 10 lawsuit.

The condo development, unveiled amid much fanfare as the Fairmont Heritage Place The Cedars, was marketed as "the Finest Residences in Western North Carolina."

The Cedars obtained the $32 million construction loan from Fuse in October 2022, secured by a deed of trust. In May 2025, the Cedars and Fuse agreed to extend the maturity date to Dec. 31, 2025. Covin and the Cedars had also secured junior construction loans — subordinate to the Fuse loan — through the EB-5 financing instrument. Covin announced plans in early 2025 to raise of $23.5 million through EB5, a U.S. immigration program that allows foreign investors to obtain a green card by investing capital in American businesses that create jobs.

Construction on the luxury condos stalled in early 2026 as Turner demobilized and a contractor removed the crane that had towered over the city for more than a year.

Fuse incorporates as an exhibit the lawsuit by Turner Construction Co. seeking $6,988,473 for breach of contract and asking the court to foreclose on a lien on the real property. Turner says in its lawsuit that it began work on the project in February 2024 and last performed work on Feb. 28 of this year.

Multiple subcontractors have also filed mechanics' liens against the Cedars, Fuse noted. Despite the lender's notice of default, delivered to Covin's office in North Miami on May 5, "the loan remains unpaid and in default," Esser, the Fuse attorney wrote. "Defendants have failed to come up with additional funding for the project or a new lender to refinance the loan."

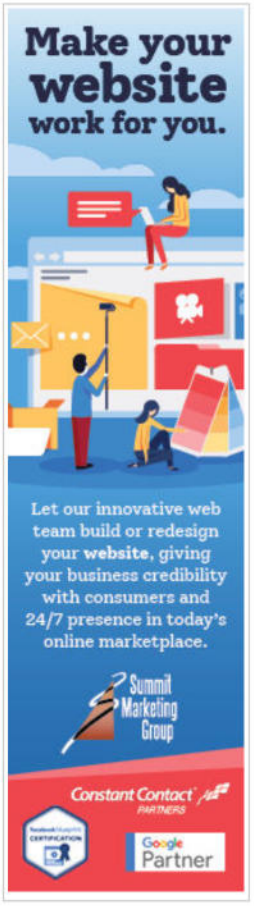
The attorney asserts that "the defendants are insolvent," holding debts of $50 million against the tax value of the property of around $10 million.

The first of two planned residential wings, the Church Street-facing Pisgah Tower, is "partially completed and is presently exposed to the elements," raising concerns that the property will "continue to deteriorate," the lender said.

Citing the North Carolina General Receivership Act, Esser argues that a receivership is warranted when a person or corporation is insolvent, not paying its debts, unable to pay its debts or is in imminent danger of insolvency.

The court's authority to grant a receivership "is particularly applicable when corporate entities have agreed to the appointment of a receiver in their loan documents with a lender," Esser said. If the Cedars is not insolvent, the Turner Construction lawsuit and potential for foreclosure of Turner's lien claim "further evidences an imminent danger of insolvency." If no receiver is appointed to manage, protect and maintain the building and grounds, the property is in danger of "waste, loss, dissipation and impairment," the lawsuit asserts.

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