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NORTHERN DISTRICT OF TEXAS

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The following constitutes the ruling of the court and has the force and effect therein described.

Signed April 19, 2022

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Joint Administration Requested)

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO
(A) PAY PREPETITION WAGES, SALARIES, COMMISSIONS, EMPLOYEE
BENEFITS, PREPETITION PAYROLL TAXES, AND OTHER OBLIGATIONS,
(B) MAINTAIN COMPENSATIONS AND BENEFITS PROGRAMS, AND PAY
RELATED ADMINISTRATIVE OBLIGATIONS, AND (C) MAKE PAYROLL
DEDUCTIONS, (II) AUTHORIZING APPLICABLE BANKS AND OTHER FINANCIAL
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND
TRANSFERS, AND (III) GRANTED RELATED RELIEF**

Upon the motion (the “**Motion**”)² of the debtors and debtors in possession in the above-captioned chapter 11 cases (the “**Debtors**”) for entry of an interim order (this “**Interim Order**”),

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.



pursuant to Bankruptcy Code Sections 105(a), 363(b), 507(a), 541, 1107(a), and 1108, and Bankruptcy Rules 6003 and 6004, (i) authorizing, but not directing, the Debtors to (a) pay all prepetition wages, salaries, commissions, certain other compensation, and related administration obligations to third parties in connection therewith and other costs incidental to the foregoing (the “**Compensation Obligations**”), (b) maintain all prepetition employee benefits, including paid time off, health and medical benefits and insurance, retirement savings accounts, workers’ compensation, reimbursable business expenses, and other welfare benefits, and related administration obligations to third parties in connection therewith and other costs incidental to the foregoing (the “**Employee Benefit Obligations**”), and (c) pay all employment, unemployment, Social Security, and similar federal, state, and local taxes relating to the Compensation Obligations and Employee Benefit Obligations, whether withheld from wages or paid directly by the Debtors to governmental authorities (the “**Payroll Taxes**”), and make other payroll deductions, including retirement and other employee benefit plan contributions, garnishments, child support, and voluntary (the “**Payroll Deduction Obligations**”), (ii) authorizing applicable banks and other financial institutions to receive, process, honor, and pay any and all checks drawn on and transfers made from the Debtors’ accounts to the extent such checks or transfers relate to any of the foregoing, and (iii) granting related relief, including scheduling a hearing to consider approval of the Motion on a final basis (the “**Final Hearing**”); and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests

of the Debtors' estates, creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and the opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; and all objections, if any, to the Motion having been withdrawn, resolved or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED on an interim basis as set forth herein.

2. The Final Hearing on the Motion shall be held on May 11, 2022 at 1:30 p.m., prevailing Central Time. Any objections or responses to entry of a final order (the "**Final Order**") on the Motion shall be filed with the Court and served on the following parties at least seven (7) days prior to the commencement of the Final Hearing: (a) the Debtors, 8523 Thackery Street, Dallas, TX 75225 (attn: Nick Harshfield) (b) proposed counsel to the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201 (attn: Trinitee G. Green) and 600 3rd Avenue, 42nd Floor, New York, NY 10016 (attn: Jeremy R. Johnson and Brenna A. Dolphin); (c) the Office of the United States Trustee for the Northern District of Texas (Dallas Division), Earle Cabell Federal Building, 1100 Commerce Street, Room 976, Dallas, TX 75242; (d) counsel to UMB Bank N.A., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (attn: Daniel Bleck); (e) counsel to Lifespace, Inc., Dorsey & Whitney LLP, 801 Grand Avenue, Suite 4100, Des Moines, IA 50309 (attn: David D. Grossklaus) and Perkins Coie, 110 N. Wacker Dr., 34th Floor, Chicago, IL 60606 (attn: Eric E. Walker), (f) counsel to any statutory committee

appointed in these Chapter 11 Cases; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002.

3. Subject to the limitations set forth in Bankruptcy Code Sections 507(a)(4) and (a)(5), the Debtors are authorized, but not directed, to (a) pay or otherwise honor, in their sole discretion, the Compensation Obligations as and when they come due, (b) honor and continue their programs, policies, and practices with respect to the Employee Benefit Obligations that were in effect as of the Petition Date, in the ordinary course of business, and in the same manner and on the same basis as the Debtors honored and continued such programs, policies, and practices with respect to the Compensation Obligations prior to the Petition Date, and (c) withhold all federal, state, and local taxes relating to the Compensation Obligations and Employee Benefit Obligations as required by applicable law; provided, however that the Debtors shall not be authorized to continue to maintain and make payments under the Sales Incentive Program pursuant to this Order and such relief shall be granted subsequent to satisfaction of the requirements under Bankruptcy Code Section 503(c)(3) by the Debtors at the Final Hearing.

4. Notwithstanding any other provision of this Interim Order, (a) payments to or on behalf of any one person on account of prepetition obligations in the interim period shall be limited by Bankruptcy Code Sections 507(a)(4) and (5) and capped at the amount afforded priority by those statutory subsections, and (b) the Debtors are not authorized to “cash out” unpaid PTO for any Employee in excess of the caps provided by Bankruptcy Code Sections 507(a)(4) or (5) unless applicable state law requires such payment.

5. The Debtors’ applicable banks and other financial institutions are authorized to receive, process, honor, and pay all checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors’ bank accounts prior to the Petition Date in respect of

Prepetition Taxes (or to re-issue checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, as may be necessary), and authorized to rely on the representations of the Debtors as to which checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, provided that sufficient funds are on deposit in the applicable bank accounts to cover such payments. Further, the Debtors' banks and financial institutions are prohibited from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Compensation Obligations, provided that sufficient funds are on deposit in the applicable bank accounts to cover such transfers.

6. The Debtors are authorized to reissue payment on account of the Compensation Obligations and to replace any inadvertently dishonored or rejected payments. Further, the Debtors are authorized to reimburse any expenses that Employees may incur as a result of any bank's failure to honor a prepetition check.

7. All payments made pursuant to this Interim Order (a) may be funded with Cash Collateral (as defined in the Cash Collateral Order) in which the Trustee (as defined in the Cash Collateral Order) has an interest, and (b) shall be subject to any interim or final order entered by the Court governing the Debtors' rights to use the Trustee's cash collateral (as such order or orders may be amended, modified or supplemented, the "Cash Collateral Order"), including the budget attached thereto.

8. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed as (a) an admission as to the validity or priority of any claim or lien against the Debtors, (b) a waiver of the Debtors' rights to subsequently dispute such claim or lien on any grounds, (c) a promise or requirement to pay any

prepetition claim, (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Interim Order, (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to Bankruptcy Code Section 365, or (f) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

9. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief granted in this Interim Order is necessary to avoid immediate and irreparable harm to the Debtors' estates.

10. Notice of the Motion shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice or waived.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

12. All payments made pursuant to this Order shall be subject to any interim or final order entered by the Court governing the Debtors' right to the use the cash collateral of UMB Bank, N.A., as Trustee, including the budget attached thereto.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

14. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

End of Order

Submitted by:

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