

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

|   |                                 |  |
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| <p><b>In re:</b></p> <p><b>NEIGHBORS LEGACY HOLDINGS, INC.,</b><br/><i>et al.,</i></p> <p style="text-align: center;"><b>Debtors.</b><sup>1</sup></p> | §<br>§<br>§<br>§<br>§<br>§<br>§ | <p><b>Chapter 11</b></p> <p><b>Case No. 18-33836 (MI)</b></p> <p><b>(Jointly Administered)</b></p> |
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**DEBTORS’ MOTION FOR AN ORDER (I) AUTHORIZING DEBTORS TO (A) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL INSURANCE OBLIGATIONS THEREUNDER AND (B) RENEW, REVISE, EXTEND, SUPPLEMENT, CHANGE, OR ENTER INTO NEW INSURANCE POLICIES, AND (II) DIRECTING FINANCIAL INSTITUTIONS TO HONOR ALL RELATED PAYMENT REQUESTS**

**THIS MOTION SEEKS ENTRY OF AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEYS.**

Neighbors Legacy Holdings, Inc. (“Neighbors”) and certain of its affiliates and subsidiaries, as debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby move (the “Motion”) this Court for entry of an order (I) authorizing, but not directing, the Debtors to (A) maintain their existing insurance policies and pay all insurance obligations arising thereunder or in connection therewith, (B) renew, revise, extend, supplement,

<sup>1</sup> Due to the large number of Debtors in these chapter 11 cases, a complete list of the Debtors and the last four digits of their tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors). The location of  
*(cont’d)*

change, or enter into new insurance coverage as needed in their business judgment, and (II) authorizing and directing financial institutions to receive, process, honor, and pay any and all checks and electronic payment requests relating to the Insurance Obligations (as defined below), to the extent the Debtors have sufficient funds on deposit or otherwise available therefor. In support of the Motion, the Debtors rely upon and incorporate by reference the Declaration of Chad J. Shandler in Support of Chapter 11 Petitions and First Day Pleadings (the “First Day Declaration”), filed with the Court concurrently herewith. In further support of the Motion, the Debtors, by and through their proposed undersigned counsel, respectfully represent:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334(b). This matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. § 1408.

2. The legal predicates for the relief requested herein are Bankruptcy Code sections 105(a), 361, 362, 363(b), 364, 1107(a), and 1108 and Bankruptcy Rules 6003 and 6004.

### **BACKGROUND**

3. On July 12, 2018 (the “Petition Date”), the Debtors each commenced a case by filing a petition for relief under Chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Debtors have requested that the Chapter 11 Cases be jointly administered.

4. The Debtors continue to operate their businesses and manage their properties as debtors and debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

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*(cont'd from previous page)*

Debtors' principal place of business and the Debtors' service address is: 10800 Richmond Avenue, Houston, Texas 77042.

5. To date, no creditors' committee has been appointed in the Chapter 11 Cases by the Office of the United States Trustee for the Southern District of Texas (the "United States Trustee"). No trustee or examiner has been appointed in the Chapter 11 Cases.

6. The Debtors currently operate 22 freestanding emergency centers (the "Emergency Centers") throughout the State of Texas, including in South Texas, El Paso, the Golden Triangle, the Permian Basin, the Panhandle, and the greater Houston area. The Debtors' Emergency Centers are designed to offer an attractive alternative to traditional hospital emergency rooms by reducing wait times, providing better working conditions for physicians and staff, and giving patient care the highest possible priority.

7. The Debtors' original parent was founded in 2008, and the first Neighbors emergency center opened in 2009. At their peak, the Debtors operated 33 emergency centers across three states. In recent years, the Debtors have experienced financial difficulties caused in large part by increased competition, less favorable insurance payor conditions, declining revenues, and disproportionate overhead costs as compared to their operational income. These challenges have caused significant strain on the Debtors' liquidity and threatened their ability to continue operating as a going concern. Prepetition, the Debtors engaged professionals and explored various out-of-court solutions, including closing unprofitable emergency centers and downsizing their corporate overhead. Ultimately, the Debtors' out-of-court restructuring efforts were insufficient and the Debtors elected to commence these Chapter 11 Cases.

8. Additional background information regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the Chapter 11 Cases, is set forth in detail in the First Day Declaration.

**RELIEF REQUESTED**

9. By this Motion, the Debtors seek entry of an order (i) authorizing, but not directing, the Debtors to (a) maintain their existing insurance policies and pay all insurance obligations, including the Premium Financing Obligations (defined below) arising thereunder or in connection therewith, whether arising prepetition or post-petition and (b) renew, revise, extend, supplement, change, or enter into new insurance coverage, as needed, in their business judgment and (ii) authorizing and directing financial institutions to receive, process, honor, and pay any and all checks and electronic payment requests relating to the Insurance Obligations, to the extent the Debtors have sufficient funds on deposit or otherwise available therefor.

10. As set forth in more detail below, as of the Petition Date, the Debtors do not believe that there are any outstanding amounts owed on account of the annual premiums for the Insurance Policies (defined below). Nevertheless, the Debtors seek authority, but not direction, to continue the Insurance Policies in the ordinary course of business on a postpetition basis.

11. To the extent any of the Insurance Policies (defined below) or related agreements are executory contracts, the Debtors do not, at this time, seek to assume any executory contracts, and nothing in the Motion shall be deemed to constitute postpetition assumption or adoption of any agreement under Bankruptcy Code section 365. Notwithstanding the relief requested in this Motion and any actions taken hereunder, nothing in this Motion shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any person.

12. For the reasons set forth in this Motion, the relief requested is in the best interests of the Debtors, their estates, creditors, stakeholders, and other parties in interest, and should therefore be granted.

### **BASIS FOR RELIEF**

13. In connection with the operation of their businesses, the Debtors maintain approximately 14 insurance policies with various insurance carriers (the “Insurance Carriers”) covering items such as the Debtors’ property liability, auto liability, fiduciary liability, cyber/regulatory liability, environmental liability, medical malpractice liability, workers’ compensation liability, and management liability (collectively, as such policies may be supplemented, amended, extended, renewed, or replaced, the “Insurance Policies”). Most of the Debtors’ Insurance Policies are financed through a premium finance agreement; however, three of the Insurance Policies are paid directly by the Debtors (the “Other Policies” and together with the Insurance Policies, the “Insurance Obligations”).

#### **B. The Financed Policies**

14. As set forth above, most of the Debtors’ Insurance Policies are financed through a premium finance agreement (the “Premium Financing Agreement”) entered into by and between Neighbors Legacy Holdings, Inc., Neighbors Emergency Center, LLC, and IPFS Corporation (“IPFS”) on February 27, 2018. See **Exhibit A**. A list of the Insurance Policies covered by the Premium Financing Agreement (the “Financed Policies”) is attached as **Exhibit B**. Pursuant to the Premium Finance Agreement, IPFS financed the Debtors’ 2018 premium payments for the Financed Policies in the total aggregate amount of \$515,708.41. The Debtors’ monthly payment obligation to IPFS under the Premium Finance Agreement is \$47,785.15 (the “Premium Financing Obligations”). Installments under the Premium Financing Agreement are due on the first of every month, with the first post-petition payment due on August 1, 2018.

#### **C. The Other Policies**

15. The Debtors’ have other Insurance Policies that are not covered by the Premium Finance Agreement (the “Other Policies”). A list of the Other Policies is attached as **Exhibit C**.

**D. The Insurance Broker**

16. The Debtors typically obtain their Insurance Policies through Arthur J. Gallagher & Co. (“Gallagher”). Gallagher assists the Debtors in obtaining comprehensive insurance coverage on advantageous terms and at competitive rates, and negotiating policy terms, provisions, and premiums. Gallagher also assists the Debtors with claims, provides ongoing support throughout the applicable policy periods, and advises the Debtors with respect to accounting and actuarial methodology. In connection with the Insurance Policies, Gallagher is paid for its services by the Insurance Carriers following receipt of the Debtors’ payments to IPFS under the terms of the Premium Finance Agreement.

**E. Outstanding Obligations**

17. As of the Petition Date, the Debtors believe they are current on the Premium Financing Obligations and the Other Policy Obligations. Accordingly, as of the Petition Date, the Debtors do not owe any amounts in connection with the Insurance Policies. The Debtors seek authority, but not direction, to pay any and all amounts in connection with the Insurance Policies as they come due in the ordinary course of business.<sup>2</sup>

18. If the Debtors are unable to continue making payments on the Premium Financing Agreement, IPFS may be permitted to terminate the Financed Policies. Likewise, if the Debtors are unable to continue making payments on the Other Policies, the effected insurer may be permitted to terminate its policy. The Debtors would then be required to obtain replacement insurance on an expedited basis and at a cost to the estates. Even if policies are not terminated, any interruption of payment would have an adverse effect on the Debtors’ ability to obtain or

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<sup>2</sup> To the extent that any Insurance Policy premiums may be attributable to prepetition insurance coverage, the Debtors believe that payment of such premiums is necessary to ensure continued coverage.

finance premiums for future policies. The Debtors' maintenance of their relationships with IPFS and the Insurance Carriers is critical to ensuring the continued availability of insurance coverage and reasonable pricing of such coverage. Accordingly, the Debtors request authorization to continue to make payments under the Premium Financing Agreement and the Other Policies, whether arising pre- or post-petition, including the financing fees associated therewith.

19. The Debtors believe that continued payment of the premiums as such premiums come due in the ordinary course of business is essential to the preservation of the value of the Debtors' business, the continued operation of the Emergency Centers, and the care and safety of their patients. Moreover, in many cases, the coverage provided by the Insurance Policies is required by the regulations and laws that govern the Debtors' activities, including the requirement of the Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees, issued by the Executive Office of United States Trustees (rev. 1/31/2014) (the "U.S. Trustee Guidelines"), that a debtor maintain certain coverage.

20. Accordingly, the Debtors request authority to maintain their existing Insurance Policies, the Premium Finance Agreement, and to pay and/or honor all insurance obligations arising thereunder or in connection therewith including, but not limited to, the Premium Financing Obligations and the Other Policy Obligations. Moreover, the Debtors request authority to revise, extend, supplement, renew, change, or enter into new insurance coverage, as needed, in their business judgment.

#### **AUTHORITY**

**A. Payment of the Insurance Obligations is Authorized Under Bankruptcy Code Sections 1107(a) and 1108.**

21. The Debtors, operating their businesses as debtors in possession under Bankruptcy Code sections 1107(a) and 1108, are fiduciaries "holding the bankruptcy estate[s] and operating

the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

22. Courts have noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.*; *see also In re Mirant Corp.*, 296 B.R. 427, 429–30 (Bankr. N.D. Tex. 2003) (allowing debtors to pay claims “reasonably believe[d]” to be authorized under the *CoServ* test or whose payment was necessary “in the exercise of their business judgment . . . in order for the debtors to continue their respective businesses”). The *CoServ* court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate.” *CoServ*, 273 B.R. at 497. The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

*Id.* at 498.

23. Payment of the Insurance Obligations and revision, extension, supplementation, renewal, change, or entering into new Insurance Policies, as needed, in their business judgment, meets the *CoServ* court’s standard. As noted above, insurance coverage is required by the U.S. Trustee Guidelines. Moreover, as a fiduciary for the bankruptcy estates, the Debtors could be



violating their duties if they in any way jeopardize the coverage provided under the Insurance Policies.<sup>3</sup>

24. Second, as described above, non-payment of the Insurance Obligations could result in cancellation of the Insurance Policies, in which case the Debtors would not only be in violation of the U.S. Trustee Guidelines, but also at risk of being unable to find alternative insurance coverage and consulting services, or find such alternatives only at a much higher cost than the Debtors currently incur. Therefore, the potential harm and economic disadvantage that would stem from the cancellation of the Insurance Policies, and failure to renew the Insurance Policies or revise, extend, supplement, change, or enter into new insurance arrangements, as needed, in their business judgment, are grossly disproportionate to the amount of the Insurance Obligations, and the costs to renew, revise, extend, supplement, change or enter into new insurance coverage.

25. Accordingly, to meet their fiduciary duties as debtors in possession under Bankruptcy Code sections 1107(a) and 1108, the Debtors must be authorized to pay the Insurance Obligations and revise, extend, supplement, renew, change, or enter into new Insurance Policies, as needed, in their business judgment. The Debtors thus seek authority to pay all Insurance Obligations that may become due with respect to the Insurance Policies if such payment is necessary in the Debtors' business judgment to avoid cancellation or interruption of insurance coverage or brokerage services. In addition, the Debtors seek authority to revise, extend, supplement, renew, change, or enter into new Insurance Policies, as needed, in their

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<sup>3</sup> In addition, under state law, the Debtors may need to maintain the Workers' Compensation Programs. If the Debtors fail to maintain the Workers' Compensation Program, among other things, state law may prohibit the Debtors from operating their businesses.

business judgment, in accordance with the Debtors' pre-petition practice in the ordinary course of business.

**B. The Bankruptcy Code and the Doctrine of Necessity Support Payment of the Insurance Obligations.**

26. Courts have relied on Bankruptcy Code sections 105(a), 363(b), 503, and as discussed above, 1107(a) and 1108 in authorizing payments of certain insurance obligations. The Court may authorize the Debtors to maintain the Insurance Policies under Bankruptcy Code sections 105(a) and 363(b)(1) because the relief requested is consistent with the value preservation policy underlying chapter 11.

27. Courts have authorized payment of pre-petition obligations under Bankruptcy Code section 363(b) where a sound business purpose exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (authority to pay prepetition wages); *Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.)*, 29 B.R. 391, 398 (S.D.N.Y. 1983) (authority to pay prepetition claims of suppliers); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (authority to pay prepetition claims to certain vendors). The Debtors submit that there is sufficient business justification to grant the relief requested herein because failure to pay the Insurance Obligations would harm the Debtors' estates in several ways. The Insurance Carriers could refuse to renew the Debtors' Insurance Policies, which would require the Debtors to obtain replacement policies and possibly to reconfigure their risk management program. In turn, this would require the commitment of significant resources and could result in less favorable coverage or terms from the Debtors' insurers. Additionally, the Insurance Carriers could attempt to terminate the Debtors' existing policies, which could threaten the Debtors' ability to continue operating their businesses given the Debtors' obligations to maintain specific amounts and types of insurance coverage.

28. Moreover, Bankruptcy Code section 503(b)(1)(A) provides that “[a]fter notice and a hearing, there shall be allowed, administrative expenses[,] including . . . the actual, necessary costs and expenses of preserving the estate.” 11 U.S.C. § 503(b)(1)(A). The Court, therefore, can authorize the Debtors to use estate funds to pay any obligations under the Insurance Policies arising during or relating to the period after the Petition Date.

29. Additionally, the proposed payments of pre-petition Insurance Obligations should be authorized under Bankruptcy Code section 105 and the “doctrine of necessity.” Bankruptcy Code section 105(a), which codifies the inherent equitable powers of the Court, empowers this Court “to issue any order. . . necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a). The doctrine of necessity is a well-settled doctrine that permits a bankruptcy court to authorize payment of certain prepetition claims prior to the completion of the reorganization process where the payment of such claims is necessary to the reorganization. *See In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment);<sup>4</sup> *see also In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (“[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (“[T]o justify payment of a pre-petition unsecured

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<sup>4</sup> The Court’s power to utilize the doctrine of necessity in chapter 11 cases derives from the Court’s inherent equity powers and its statutory authority to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The United States Supreme Court first articulated the doctrine of necessity over a century ago, in *Miltenberger v. Logansport, C. & S.W.R. Co.*, 106 U.S. 286 (1882), in affirming the authorization by the lower court of the use of receivership funds to pay pre-receivership debts owed to employees, vendors, and suppliers, among others, when such payments were necessary to preserve the receivership property and the integrity of the business in receivership. *See id.* at 309-14. The modern application of the doctrine of necessity is largely unchanged from the Court’s reasoning in *Miltenberger*. *See In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581-82 (3d Cir. 1981) (“[I]n order to justify payment under the ‘necessity of payment’ rule, a real and immediate threat must exist that failure to pay will place the [debtor’s] continued operation . . . in serious jeopardy.”).

creditor, a debtor must show that the payment is necessary to avert a serious threat to the Chapter 11 process.”). The Debtors respectfully submit that payment of pre-petition Insurance Obligations is proper under Bankruptcy Code section 105, as the Debtors’ Insurance Policies are essential to the preservation of the Debtors’ businesses, properties, and assets and their ability to effect a successful reorganization.

30. Relief similar to the relief requested herein has been granted in this district in numerous other chapter 11 cases. *See, e.g., In re Emas Chiyoda Subsea Limited*, No. 17-31146 (MI), Docket No. 49 (Bankr. S.D. Tex. Mar. 1, 2017); *In re Goodrich Petroleum Corp.*, No. 16-31975, Docket No. 41 (Bankr. S.D. Tex. Apr. 18, 2016); *In re Buccaneer Res., LLC*, No. 14-60041, Docket No. 177 (Bankr. S.D. Tex. Jul. 1, 2014); *In re Autoseis, Inc.*, No. 14-20130, Docket No. 61 (Bankr. S.D. Tex. Mar. 27, 2014); *In re ATP Oil & Gas Corp.*, No. 12-36187, Docket No. 137 (Bankr. S.D. Tex. Aug. 21, 2012).

**C. Payment of the Premium Financing Obligations Is Warranted Under Bankruptcy Code Sections 361, 362, and 363.**

31. Under the Premium Financing Agreement, IPFS maintains security interests in all proceeds from the Insurance Policies covered under the Premium Financing Agreement. Security interests created by premium financing agreements generally are recognized as secured claims in bankruptcy to the extent of the amount of unearned premiums financed pursuant to such agreements. *See TIFCO, Inc. v. U.S. Repeating Arms Co. (In re U.S. Repeating Arms Co.)*, 67 B.R. 990, 994-95 (Bankr. D. Conn. 1986); *Drabkin v. A.I. Credit Corp. (In re Auto-Train Corp.)*, 9 B.R. 159, 164-66 (Bankr. D.D.C. 1981). As a secured creditor, IPFS would be entitled to seek relief from the automatic stay, either to cancel the Premium Financing Agreement in accordance with its terms, or to seek adequate protection of their investments. *See In re Universal Motor Express, Inc.*, 72 B.R. 208, 211 (Bankr. W.D.N.C. 1987) (recognizing that a default under the

financing agreement and the resulting decline in value of the unearned premiums justified relief from the automatic stay).

32. A secured creditor is entitled to adequate protection of the value of its security to protect it against diminution in the value of its collateral. Adequate protection may take many forms, including relief from the automatic stay and authority to apply unearned premiums to the outstanding debt. Where the unearned premiums have diminished to less than the amount of the outstanding debt, cash payments may suffice as adequate protection of the insurance premium financier's interest. *See TIFCO*, 67 B.R. at 999-1000. Accordingly, IPFS may be entitled to adequate protection of its interests in any unearned premiums under Bankruptcy Code section 363(e).

33. In addition, the use of estate assets to pay the Premium Financing Obligations constitutes a use of estate property that should be authorized under Bankruptcy Code section 363(b) so long as a sound business purpose exists for doing so. *See, e.g., Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *Fulton State Bank v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991); *In re Global Crossing Ltd.*, 295 B.R. 726, 742 (Bankr. S.D.N.Y. 2003); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989); *In re Gulf States Steel, Inc.*, 285 B.R. 497, 514 (Bankr. N.D. Ala. 2002). The Debtors have determined, in the exercise of their business judgment, that financing the premiums related to the Insurance Policies under the Premium Financing Agreement enables the Debtors to maintain critical insurance coverage. Doing so is in the best interest of the Debtors' estates and of their creditors and, therefore, should be approved.

**WAIVER OF STAY UNDER BANKRUPTCY RULE 6004(h)**

34. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other

than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” FED. R. BANKR. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate without interruption and to preserve value for their estates. In particular, the payment of the Insurance Obligations is necessary to prevent the immediate and irreparable damage to the Debtors’ business, property, and assets and the increased costs that may arise if the Insurance Policies are allowed to lapse. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

**NOTICE**

35. Notice of this Motion shall be given to (a) the Office of the United States Trustee for the Southern District of Texas; (b) the Debtors’ 50 largest unsecured creditors on a consolidated basis; (c) Reed Smith LLP, Three Logan Square, 1717 Arch Street, Suite 3100, Philadelphia, PA 19103 (Attn: Matthew E. Tashman), and via email to [mtashman@reedsmith.com](mailto:mtashman@reedsmith.com), counsel to KeyBank National Association in its capacity as Agent and DIP Agent; (d) the United States Attorney’s Office for the Southern District of Texas; (e) the Insurance Carriers; (f) the United States Attorney’s Office for the Southern District of Texas; (g) the Internal Revenue Service; (h) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the time of service; and (i) any party required to be served under Bankruptcy Local Rule 9013-1(d) (parties (a) – (i) above, the “Notice Parties”). Due to the nature of the relief requested herein, the Debtors submit that no other or further notice need be provided

**CONCLUSION**

The Debtors respectfully request that the Court enter an Order, substantially in the form attached to the Motion, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: Houston, Texas  
July 12, 2018

PORTER HEDGES LLP

By: /s/ Genevieve M. Graham  
John F. Higgins  
State Bar No. 09597500  
Eric M. English  
State Bar No. 24062714  
Genevieve M. Graham  
State Bar No. 24085340  
1000 Main Street, 36th Floor  
Houston, Texas 77002  
Telephone: (713) 226-6000  
Fax: (713) 226-6248

**PROPOSED COUNSEL FOR DEBTORS  
AND DEBTORS IN POSSESSION**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Motion was served via CM/ECF on July 12, 2018.

*/s/ Genevieve M. Graham*

\_\_\_\_\_  
Genevieve M. Graham



**EXHIBIT A**

**The Premium Finance Agreement**

2777 ALLEN PARKWAY  
SUITE 650  
HOUSTON, TX 77019  
(877)687-9024 FAX: (832)308-7025  
CUSTOMER SERVICE: (800)247-6120

**PREMIUM FINANCE AGREEMENT**

**IPFS CORPORATION**

|          |  |                     |   |  |
|----------|--|---------------------|---|--|
| <b>A</b> | <b>CASH PRICE<br/>(TOTAL PREMIUMS)</b>   | <b>\$574,983.45</b> | <b>AGENT</b><br>(Name & Place of business)<br>ARTHUR J GALLAGHER RISK MGMT.<br>SVC. | <b>INSURED</b><br>(Name & Residence or business)<br>Neighbors Legacy Holdings, Inc.<br>Neighbors Emergency Center, LLC<br>10800 Richmond Ave |
| <b>B</b> | <b>CASH DOWN<br/>PAYMENT</b>             | <b>\$59,275.52</b>  | 1900 WEST LOOP S STE 1600   | Houston, TX 77042-4794<br>(713)436-8200  |
| <b>C</b> | <b>PRINCIPAL BALANCE<br/>(A MINUS B)</b> | <b>\$515,707.93</b> | HOUSTON, TX 77027-3296<br>(713)623-2330 FAX: (713)622-0722                          |  |

Commercial

Account #: \_\_\_\_\_

**LOAN DISCLOSURE**

Quote Number: 7091533

Additional Policies Scheduled on Page 3

|  |  |   |   |
|--|--|---|---|
| <b>ANNUAL PERCENTAGE RATE</b><br>The cost of your credit as a yearly rate. | <b>FINANCE CHARGE</b><br>The dollar amount the credit will cost you. | <b>AMOUNT FINANCED</b><br>The amount of credit provided to you or on your behalf. | <b>TOTAL OF PAYMENTS</b><br>The amount you will have paid after you have made all payments as scheduled |
| 3.830%   | \$9,928.28   | \$515,707.93  | \$625,636.21  |

**YOUR PAYMENT SCHEDULE WILL BE**

|                           |                           |                                  |
|---------------------------|---------------------------|----------------------------------|
| <b>Number Of Payments</b> | <b>Amount Of Payments</b> | <b>When Payments Are Due</b>     |
| 11                        | \$47,786.11               | Beginning: MONTHLY<br>02/01/2018 |

ITEMIZATION OF THE AMOUNT FINANCED: THE AMOUNT FINANCED IS FOR APPLICATION TO THE PREMIUMS SET FORTH IN THE SCHEDULE OF POLICIES UNLESS OTHERWISE NOTED.

**Security:** Refer to paragraph 1 below for a description of the collateral assigned to Lender to secure this loan.

**Late Charges:** A late charge will be imposed on any installment in default 10 days or more. This late charge will be 5.00% of the installment due.

**Prepayment:** If you pay your account off early, you may be entitled to a refund of a portion of the finance charge in accordance with Rule of 78's. See the terms below and on the next page for additional information about nonpayment, default and penalties.

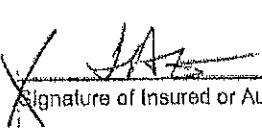

| POLICY PREFIX AND NUMBER | EFFECTIVE DATE OF POLICY | SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT | COVERAGE | MINIMUM EARNED PERCENT | POL-TERM | PREMIUM                    |
|--------------------------|--------------------------|--|----------|------------------------|----------|----------------------------|
| 61UUNJA0142              | 01/01/2018               | HARTFORD FIRE INSURANCE CO                               | PACKAGE  | 0.000%                 | 12       | 202,121.00                 |
|                          |                          |  |          |                        |          | Broker Fee: \$0.00         |
|                          |                          |  |          |                        |          | <b>TOTAL: \$574,983.45</b> |

the undersigned agent/broker is paid by Lender for assistance in arranging the premium financing. Please see attached for details regarding how.

The undersigned insured directs IPFS Corporation (herein, "Lender") to pay the premiums on the policies described on the Schedule of Policies. In consideration of such premium payments, subject to the provisions set forth herein, the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender, the amount stated as Total of Payments in accordance with the Payment Schedule, in each case as shown in the above Loan Disclosure. The named insured(s), on a joint and several basis if more than one, hereby agree to the following provisions set forth on pages 1 and 2 of this Agreement: 1. **SECURITY:** To secure payment of all amounts due under this Agreement, Insured assigns Lender a security interest in all right, title and interest to the scheduled policies, including (but only to the extent permitted by applicable law): (a) all money that is or may be due insured because of a loss under any such policy that reduces the unearned premiums (subject to the interest of any applicable mortgagee or loss payee); (b) any unearned premium under each such policy; (c) dividends which may become due insured in connection with any such policy and (d) interests arising under a state guarantee fund. 2. **POWER OF ATTORNEY:** Insured irrevocably appoints its Lender attorney-in-fact with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to its Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this Agreement.

**NOTICE:** A. Do not sign this agreement before you read it or if it contains any blank space. B. You are entitled to a completely filled in copy of this agreement. C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge. D. Keep your copy of this agreement to protect your legal rights.

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.


2-27-18

2/27/18

\_\_\_\_\_ DATE \_\_\_\_\_ Signature of Agent \_\_\_\_\_ DATE

Insured and Lender further agree that: **3. POLICY EFFECTIVE DATES:** The finance charge begins to accrue from each policy effective date or the date on which Lender made payment to the insurer for the financed policy, whichever is earlier.

**4. AGREEMENT EFFECTIVE DATE:** This Agreement shall be effective upon the earlier of (a) the date when written acceptance is mailed to the insured by Lender and (b) three working days following Lender's receipt of a properly signed and completed Agreement unless such Agreement has been returned by Lender to the agent/broker within such period.

**5. DEFAULT AND DELINQUENT PAYMENTS:** If any of the following happens Insured will be in default: (a) a payment is not made when it is due, (b) a proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against Insured, or (c) Insured fails to keep any promise the Insured makes in this Agreement; provided, however, that, to the extent required by applicable law, Insured may be held to be in default only upon the occurrence of an event described in clause (a) above. The acceptance by Lender of one or more late payments from the Insured shall not estop Lender or be a waiver of the rights of Lender to exercise all of its rights hereunder or under applicable law in the event of any subsequent late payment.

**6. CANCELLATION:** Lender may cancel the scheduled policies after providing at least 10 days notice of its intent to cancel or any other required statutory notice if the Insured does not pay any installment according to the terms of this Agreement or transfers any of the scheduled policies to a third party and the unpaid balance due to Lender shall be immediately due and payable by the Insured. Lender at its option may enforce payment of this debt without recourse to the security given to Lender.

**7. CANCELLATION CHARGES:** If cancellation occurs, the Insured agrees to pay a finance charge on the outstanding indebtedness at the maximum rate authorized by applicable state law in effect on the date of cancellation until the outstanding indebtedness is paid in full or until such other date as required by law.

**8. INSUFFICIENT FUNDS (NSF) CHARGES:** If Insured's check or electronic funding is dishonored for any reason, the Insured will pay to Lender a fee of \$30.00 or the maximum amount permitted by law.

**9. MONEY RECEIVED AFTER CANCELLATION:** Any payments made to Lender after Lender's Notice of Cancellation of the insurance policy(ies) has been mailed may be credited to the Insured's account without any obligation on the part of Lender to request reinstatement of any policy. Any money Lender receives from an insurance company shall be credited to the balance due Lender with any surplus refunded to whomever is entitled to the money. In the event that Lender does request a reinstatement of the policy(ies) on behalf of the Insured, such a request does not guarantee that coverage under the policy(ies) will be reinstated or continued. Only the insurance company has authority to reinstate the policy(ies). The Insured agrees that Lender has no liability to the Insured if the policy(ies) is not reinstated and Lender may charge a reinstatement fee where permitted by law to the maximum amount allowed by law.

**10. ASSIGNMENT:** The Insured agrees not to assign this Agreement or any policy listed hereon or any interest therein (except for the interest of mortgagees or loan payees), without the written consent of Lender, and that Lender may sell, transfer and assign its rights hereunder or under any policy without the consent of the Insured, and that all agreements made by the Insured hereunder and all rights and benefits conferred upon Lender shall inure to the benefit of Lender's successors and assigns (and any assignees thereof).

**11. INSURANCE AGENT OR BROKER:** The Insured agrees that the insurance agent or broker soliciting the policies or through whom the policies were issued is not the agent of Lender; and the agent or broker named on the front of this Agreement is neither authorized by Lender to receive installment payments under this Agreement nor to make representations, orally or in writing, to the Insured on Lender's behalf (except to the extent expressly required by applicable law). As and where permissible by law, Lender may compensate your agent/broker for assisting in arranging the financing of your insurance premiums. If you have any questions about this compensation you should contact your agent/broker.

**12. FINANCING NOT A CONDITION:** The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance.

**13. COLLECTION COSTS:** Insured agrees to pay attorney fees and other collection costs to Lender to the extent permitted by law if this Agreement is referred to an attorney or collection agency who is not a salaried employee of Lender, to collect any money Insured owes under this Agreement. (Not applicable in KY)

**14. LIMITATION OF LIABILITY:** The Insured agrees that Lender's liability to the Insured, any other person or entity for breach of any of the terms of this Agreement for the wrongful or improper exercise of any of its powers under this Agreement shall be limited to the amount of the principal balance outstanding, except in the event of Lender gross negligence or willful misconduct (not applicable in KY). Insured recognizes and agrees that Lender is a lender only and not an insurance company and that in no event does Lender assume any liability as an insurer hereunder or otherwise.

**15. CLASSIFICATION AND FORMATION OF AGREEMENT:** This Agreement is and will be a general intangible and not an instrument (as those terms are used in the Uniform Commercial Code) for all purposes. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of the Insured and agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy.

**16. REPRESENTATIONS AND WARRANTIES:** The Insured represents that (a) the Insured is not insolvent or presently the subject of any insolvency proceeding (or if the Insured is a debtor of bankruptcy, the bankruptcy court has authorized this transaction), (b) if the Insured is not an individual, that the signatory is authorized to sign this Agreement on behalf of the Insured, (c) all parties responsible for payment of the premium are named and have signed this Agreement, and (d) there is no term or provision in any of the scheduled policies that would require Lender to notify or get the consent of any third party to effect cancellation of any such policy.

**17. ADDITIONAL PREMIUM:** FINANCING: Insured authorizes Lender to make additional advances under this premium finance agreement at the request of either the Insured or the Insured's agent with the Insured's express authorization, and subject to the approval of Lender, for any additional premium on any policy listed in the Schedule of Policies due to changes in the insurable risk. If Lender consents to the request for an additional advance, Lender will send Insured a revised payment amount ("Revised Payment Amount"). Insured agrees to pay the Revised Payment Amount, which may include additional finance charges on the newly advanced amount, and acknowledges that Lender will maintain its security interest in the Policy with full authority to cancel all policies and receive all unearned premium if Insured fails to pay the Revised Payment Amount.

**18. PRIVACY:** Our privacy policy may be found at <https://www.ipfs.com/Privacy.aspx>.

**19. ENTIRE DOCUMENT / GOVERNING LAW:** This document is the entire Agreement between Lender and the Insured and can only be changed in writing and signed by both parties except that the Insured authorizes Lender to insert or correct on this Agreement, if omitted or incorrect, the Insurer's name and the policy number(s). Lender is also authorized to correct patent errors and omissions in this Agreement. In the event that any provision of this Agreement is found to be illegal or unenforceable, it shall be deemed severed from the remaining provisions, which shall remain in full force and effect. The laws of the State of Texas will govern this Agreement.

**20. AUTHORIZATION:** The insurance company(ies) and their agents, any intermediaries and the agent / broker named in this Agreement and their successors and assigns are hereby authorized and directed by Insured to provide Lender with full and complete information regarding all financed insurance policy(ies), including without limitation the status and calculation of unearned premiums, and Lender is authorized and directed to provide such parties with full and complete information and documentation regarding the financing of such insurance policy(ies), including a copy of this Agreement and any related notices.

**21. WAIVER OF SOVEREIGN IMMUNITY:** The Insured expressly waives any sovereign immunity available to the Insured, and agrees to be subject to the laws as set forth in this Agreement (and the jurisdiction of federal and/or state courts) for all matters relating to the collection and enforcement of amounts owed under this Agreement and the security interest in the scheduled policies granted hereby.

#### AGENT/BROKER REPRESENTATIONS

The agent/broker executing this, and any future, agreements represents, warrants and agrees: (1) installment payments totaling \$0.00 and all applicable down payment(s) have been received from the Insured in immediately available funds, (2) the Insured has received a copy of this Agreement; if the agent/broker has signed this Agreement on the Insured's behalf, the Insured has expressly authorized the agent/broker to sign this Agreement on its behalf or, if the Insured has signed, to the best of the undersigned's knowledge and belief such signature is genuine, (3) the policies are in full force and effect and the information in the Schedule of Policies including the premium amounts is correct, (4) no direct company bill, audit, or reporting form policies or policies subject to retrospective rating or to minimum earned premium are included, except as indicated, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (5) the policies can be cancelled by the Insured or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated, (6) there are no bankruptcy, receivership, or insolvency proceedings affecting the Insured, (7) to hold Lender, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from these representations or from errors, omissions or inaccuracies of agent/broker in preparing this Agreement, (8) to pay the down payment and any funding amounts received from Lender under this Agreement to the insurance company or general agent (less any commissions where applicable), (9) to hold in trust for Lender or its assignee any payments made or credited to the Insured through or to agent/broker directly or indirectly, actually or constructively by the insurance companies and to pay the monies, as well as the unearned commissions to Lender or its assigns upon demand to satisfy the outstanding indebtedness of the Insured, (10) all material information concerning the Insured and the financed policies necessary for Lender to cancel such policies and receive the unearned premium has been disclosed to Lender, (11) no term or provision of any financed policy requires Lender to notify or get the consent of any third party to effect cancellation of such policy, and (12) to promptly notify Lender in writing if any information on this Agreement becomes inaccurate.

**AGENT**  
 (Name & Place of business)  
 ARTHUR J GALLAGHER RISK MGMT. SVC.  
 1900 WEST LOOP S STE 1600  
 HOUSTON, TX 77027-3295  
 (713)823-2330 FAX: (713)622-6722

**INSURED**  
 (Name & Residence or business)  
 Neighbors Legacy Holdings, Inc.  
 Neighbors Emergency Center, L.L.C  
 10800 Richmond Ave  
 Houston, TX 77042-4784  
 (713)436-6200

| Account #:               |                          | SCHEDULE OF POLICIES<br>(continued) |                      |                        | Quote Number: 7091533 |                          |                     |
|--------------------------|--------------------------|-------------------------------------|----------------------|------------------------|-----------------------|--------------------------|---------------------|
| POLICY PREFIX AND NUMBER | EFFECTIVE DATE OF POLICY | INSURANCE COMPANY AND GENERAL AGENT | COVERAGE             | MINIMUM EARNED PERCENT | POL TERM              | PREMIUM                  |                     |
| 61UENJA1258              | 01/01/2018               | HARTFORD FIRE INSURANCE CO          | AUTO LIABILITY       | 0.000%                 | 12                    | 60,455.00                |                     |
| PENDING                  | 01/01/2018               | COVERYS SPECIALTY INSURANCE COMPANY | GENERAL LIABILITY    | 0.000%                 | 12                    | 8,620.00                 |                     |
| PENDING                  | 01/01/2018               | ACCIDENT FUND INS CO OF AMERICA     | WORKMENS COMP        | 0.000%                 | 12                    | 52,250.00                |                     |
| PENDING                  | 01/01/2018               | COVERYS SPECIALTY INSURANCE COMPANY | MEDICAL MALPRACTICE  | 0.000%                 | 12                    | 103,476.00               |                     |
| PENDING                  | 01/01/2018               | COVERYS SPECIALTY INSURANCE COMPANY | EXCESS LIABILITY     | 0.000%                 | 12                    | 15,000.00<br>Tax: 750.00 |                     |
| PENDING                  | 01/01/2018               | BEAZLEY INSURANCE CO INC.           | MANAGEMENT LIABILITY | 0.000%                 | 6                     | 38,478.00                |                     |
| PENDING                  | 01/01/2018               | BEAZLEY INSURANCE CO INC.           | CRIME                | 0.000%                 | 12                    | 4,925.00                 |                     |
| PENDING                  | 01/01/2018               | BEAZLEY INSURANCE CO INC.           | FIDUCIARY            | 0.000%                 | 6                     | 1,312.00                 |                     |
| PENDING                  | 01/01/2018               | AIG SPECIALTY INSURANCE COMPANY     | CYBER LIABILITY      | 0.000%                 | 12                    | 67,731.00                |                     |
| PENDING                  | 01/01/2018               | STEADFAST INSURANCE CO              | ENVIRONMENTAL        | 0.000%                 | 12                    | 17,969.00<br>Tax: 898.45 |                     |
|                          |                          |                                     |                      |                        |                       | Broker Fee:              | \$0.00              |
|                          |                          |                                     |                      |                        |                       | <b>TOTAL:</b>            | <b>\$574,983.45</b> |

**EXHIBIT B****Policies Covered by the Premium Financing Agreement**

| <b>Line of Coverage</b>      | <b>Carrier</b>                      | <b>Policy Period</b> | <b>Current Premium Including Surplus Lines Tax</b> | <b>Limit</b>   | <b>Deductible</b>   |
|------------------------------|-------------------------------------|----------------------|--|--|---|
| Property (Building, BPP, BI) | Hartford Fire Insurance Company     | 1/1/2018 - 1/1/2019  | \$202,121.00                                       | \$9,201,852/<br>\$114,313,420/<br>\$37,425,356       | \$25,000 AOP, \$100,000 Windstorm or Hail; \$50,000 Flood & Quake; Business Income Waiting Periods Vary from 24 Hours to 72 Hours |
| Auto Liability               | Hartford Fire Insurance Company     | 1/1/2018 - 1/1/2019  | \$60,455.00  | \$1,000,000  | \$1,000   |
| Workers Compensation         | United Heartland Insurance Company  | 1/1/2018 - 1/1/2019  | \$52,260.00  | \$1,000,000  | No Deductible   |
| General Liability            | Coverys Specialty Insurance Company | 1/1/2018 - 1/1/2019  | \$9,620.00   | \$1,000,000 per occurrence / \$3,000,000 aggregate   | No Deductible   |
| Medical Malpractice          | Coverys Specialty Insurance Company | 1/1/2018 - 1/1/2019  | \$103,476.00                                       | \$500,000 per incident / \$1,500,000 aggregate limit | No Deductible   |
| Excess                       | Coverys Specialty Insurance Company | 1/1/2018 - 1/1/2019  | \$15,750.00  | \$5,000,000  | No Deductible   |
| D&O and EPL                  | Beazley Insurance                   | 1/1/2018 - 7/1/2018  | \$38,476.00  | \$5,000,000/<br>\$3,000,000                          | \$75,000  |

|                              |                                 |                     |              |   |                        |
|------------------------------|---------------------------------|---------------------|--------------|---|------------------------|
|                              | Co Inc.                         |                     |              |   |                        |
| Crime                        | Beazley Insurance Co Inc.       | 1/1/2018 - 1/1/2019 | \$4,925.00   | \$1,000,000                                   | \$25,000               |
| Fiduciary Liability          | Beazley Insurance Co Inc.       | 1/1/2018 - 7/1/2018 | \$1,312.00   | \$1,000,000                                   | \$10,000               |
| Cyber / Regulatory Liability | AIG Specialty Insurance Company | 1/1/2018 - 1/1/2019 | \$67,731.00  | \$5,000,000/\$1,000,000                       | \$100,000/<br>\$50,000 |
| Environmental Liability      | Zurich Insurance Company        | 1/1/2018 - 1/1/2019 | \$18,866.93  | \$1,000,000 per event / \$1,000,000 aggregate | \$50,000               |
| <b>Total</b>                 |                                 |                     | \$574,983.93 |   |                        |

**EXHIBIT C****Policies not Covered by Premium Finance Agreement**

| <b>Line of Coverage</b>   | <b>Carrier</b>                                 | <b>Policy Period</b>  | <b>Estimated Renewal Premium</b> | <b>Limit</b>                | <b>Deductible</b>                     |
|---|--|-----------------------|----------------------------------|-----------------------------|---------------------------------------|
| D&O   | Western World Insurance Company                | 7/1/2018 – 7/1/2019   | \$94,500.00                      | \$1,000,000                 | \$50,000                              |
| Fiduciary Liability   | Travelers Casualty & Surety Company of America | 7/1/2018 – 7/1/2019   | \$1,499.00                       | \$1,000,000                 | \$0                                   |
| 3-Year ERP D&O and EPL  | Beazley Insurance Co Inc.                      | 7/1/2018 – 7/1/2021   | \$119,065.00                     | \$5,000,000/<br>\$3,000,000 | \$75,000                              |
| 1-Year ERP Fiduciary Liability  | Beazley Insurance Co Inc.                      | 7/1/2018 – 7/1/2019   | \$1,968.00                       | \$1,000,000                 | \$10,000                              |
| Property, General Liability & Hired /Non-Owned Auto (Baytown Condo Association) | Liberty Mutual Insurance Company               | 7/13/2018 – 7/13/2019 | \$17,410.00                      | Limits Vary                 | \$5,000.00 AOP / 5% Windstorm or Hail |
| Flood/ Texas City   | Assurant Specialty Provider                    | 03/26/2018-03/26/2019 | \$4,975.00                       | \$500,000                   | \$1,000                               |
| Flood/ Pasadena   | Assurant Specialty Provider                    | 5/9/2018-5/9/2019     | \$990.00                         | \$500,000                   | \$1,000                               |
| Property, General Liability & Hired /Non-Owned Auto (Baytown Condo Association) | Liberty Mutual Insurance Company               | 7/13/2017 – 7/13/2018 | \$17,914.00                      | Limits Vary                 | \$5,000 AOP / 5% Windstorm or Hail    |
| Flood/  | Assurant                                       | 03/26/2017-           | \$4,975.00                       | \$500,000                   | \$1,000                               |

|                    |                                   |                       |              |              |         |
|--------------------|-----------------------------------|-----------------------|--------------|--------------|---------|
| Texas City         | Specialty Provider                | 03/26/2018            |              |              |         |
| Flood/<br>Pasadena | Assurant<br>Specialty<br>Provider | 5/9/2017-<br>5/9/2018 | \$990.00     | \$500,000.00 | \$1,000 |
| <b>Total</b>       |                                   |                       | \$240,911.00 |              |         |



**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

|   |                                 |  |
|---|---------------------------------|--|
| <p><b>In re:</b></p> <p><b>NEIGHBORS LEGACY HOLDINGS, INC.,</b><br/><i>et al.,</i></p> <p style="text-align: center;"><b>Debtors.<sup>1</sup></b></p> | §<br>§<br>§<br>§<br>§<br>§<br>§ | <p><b>Chapter 11</b></p> <p><b>Case No. 18-33836 (MI)</b></p> <p><b>(Jointly Administered)</b></p> |
|---|---------------------------------|--|

**ORDER (I) AUTHORIZING DEBTORS TO (A) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL INSURANCE OBLIGATIONS THEREUNDER AND (B) RENEW, REVISE, EXTEND, SUPPLEMENT, CHANGE, OR ENTER INTO NEW INSURANCE POLICIES (II) DIRECTING FINANCIAL INSTITUTIONS TO HONOR ALL RELATED PAYMENT REQUESTS**

[Relates to Doc. No. \_\_\_\_]

The above-referenced debtors and debtors-in-possession (collectively, the “Debtors”) filed their motion (the “Motion”)<sup>2</sup> for Interim and Final Orders, pursuant to sections 105, 361, 362, 363, 364, 1107, and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (i) authorizing, but not directing, the Debtors to (a) maintain their existing insurance policies and pay all insurance obligations arising thereunder or in connection therewith and (b) renew, revise, extend, supplement, change, or enter into new insurance coverage as needed in their business judgment and (ii) authorizing and directing financial institutions to receive, process, honor, and pay any and all checks and electronic payment requests relating to the Insurance Obligations, to the extent the Debtors have sufficient funds on deposit, or otherwise available. The Court has jurisdiction over the Motion and the relief requested in the Motion

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<sup>1</sup> Due to the large number of Debtors in these chapter 11 cases, a complete list of the Debtors and the last four digits of their tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors). The location of Debtors’ principal place of business and the Debtors’ service address is: 10800 Richmond Avenue, Houston, Texas 77042.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

pursuant to 28 U.S.C. § 1334 and venue is proper in this District pursuant to 11 U.S.C. § 1408. The Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and the Court may enter a final order on the Motion. The relief requested by the Motion is in the best interests of the Debtors, their estates, creditors, stakeholders, and other parties in interest and the Debtors' gave sufficient and proper notice of the Motion and related hearings. Upon consideration of the Motion and First Day Declaration and after hearing statements in support of the Motion during proceedings before this Court, the Court finds that good cause exists to grant the requested relief.

It is therefore **ORDERED THAT**

1. The Debtors are authorized, but not directed, to maintain their Insurance Policies and to pay the Insurance Obligations, including any Premium Financing Obligations, arising under or in connection with the Insurance Policies or the Premium Financing Agreement, as such Insurance Obligations, including any Premium Financing Obligations, become due.

2. Without further order of this Court, the Debtors are authorized, but not directed, to renew, revise, extend, supplement, change, or enter into new insurance coverage as needed in their business judgment, in the ordinary course of their business.

3. The Debtors are authorized, but not directed, to maintain the Premium Financing Agreement, make all payments thereunder, and continue to grant to the premium financing companies' security interests in the Insurance Policies and their proceeds as security for the Debtors' performance of their obligations under the Premium Financing Agreement.

4. The Debtors' banks shall be and hereby are authorized and directed to receive, process, honor, and pay all prepetition and post-petition checks, fund transfers, or other forms of payment on account of the prepetition Insurance Obligations that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to

cover such payments. The Debtors' banks and other financial institutions are authorized to rely on the representations of the Debtors as to which checks and fund transfers are issued or authorized to be paid pursuant to this Final Order.

5. Neither the provisions contained herein, nor any actions or payments made by the Debtors pursuant to this Final Order, shall be deemed an admission as to the validity of the underlying obligation or a waiver of any rights the Debtors may have to subsequently dispute such obligation on any ground that applicable law permits.

6. Nothing in this Final Order or the Motion shall be deemed to constitute post-petition assumption or adoption of any agreement under Bankruptcy Code section 365. Notwithstanding the relief granted herein and any actions taken hereunder, nothing herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any person.

7. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested is necessary to avoid immediate and irreparable harm.

8. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Final shall be effective and enforceable immediately upon entry hereof.

9. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Final Order.

10. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Final Order.

Dated: Houston, Texas  
\_\_\_\_\_, 2018

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**THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE**