

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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<b>In re:</b>	§
	§ <b>Chapter 11</b>
	§
<b>NEIGHBORS LEGACY HOLDINGS, INC., <i>et al.</i>,</b>	§ <b>Case No. 18-33836 (MI)</b>
	§
<b>Debtors.<sup>1</sup></b>	§ <b>(Jointly Administered)</b>
	§

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**ORDER (A) AUTHORIZING AND SCHEDULING AN AUCTION FOR THE SALE OF DEBTORS' ASSETS AND (B) APPROVING AUCTION AND BID PROCEDURES, INCLUDING PAYMENT OF BID PROTECTIONS**

[Related to Docket No. \_\_]

The above-referenced debtors and debtors-in-possession (collectively, the “Debtors”) filed their motion (the “Motion”)<sup>2</sup> for (i) entry of an order (a) authorizing and scheduling an auction for the sale of Debtors’ Assets and (b) approving auction bid procedures, including payment of bid protections. The Court has jurisdiction over the Motion and the relief requested 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 after hearing and considering all evidence in support of the Motion during proceedings before this Court, the Court finds that good cause exists to grant the requested relief.

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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> Except as otherwise provided in this Order, capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

1. Pursuant to Bankruptcy Rule 7052, made applicable by Bankruptcy Rule 9014, the Court makes the following **FINDINGS OF FACT AND CONCLUSIONS OF LAW**:

a. The Court has jurisdiction over the Motion and the relief requested 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.

b. Notice of the Motion and any related hearings was sufficient and complied with all applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Local Rules. Notice of the Motion has been 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) and [llim@reedsmith.com](mailto:llim@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 Internal Revenue Service; (f) any party known to have asserted a Lien on the Purchased Assets; (g) all known affected federal, state, and local regulatory, and taxing authorities; (h) any buyer that signed a nondisclosure agreement with respect to the Purchased Assets; (i) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the time of service; and (j) any party required to be served under Bankruptcy Local Rule 9013-1(d). No further notice of the Motion, any related hearings, or this Order is necessary or required.

c. The Bid Procedures were proposed by the Debtors in good faith with the goal of maximizing the value of the Business and the Assets for the benefit of all creditors of their estates.

d. Approval of any reimbursement or breakup fee and entry of this Order is (i) a necessary and appropriate inducement to the Stalking Horse Bidder (1) to make an initial offer which will serve as a “floor” for further bidding, and (2) to enter into the Stalking Horse Agreement(s) and consummate the transactions contemplated thereby, and (ii) a condition precedent to closing the transactions contemplated by the Stalking Horse Agreement(s).

**IT IS THEREFORE ORDERED THAT**

1. The Motion is granted to the extent set forth in this Order. Any objections to the Motion that have not been resolved or withdrawn are hereby overruled on the merits. The Bid Procedures, attached as **Exhibit A**, are hereby approved and shall be used in connection with the proposed sale of the Assets. The form of Stalking Horse Agreement attached to this Order as **Exhibit B** is approved.

2. Objections (if any) to approval of the Stalking Horse Bidder as the party submitting the Highest and Best Bid or to approval of a proposed sale of the Assets to the Stalking Horse Bidder, shall be in writing, shall set forth the name of the objecting party, the basis for the objection and the specific grounds therefor, and shall be filed with the Court and served upon each of the following so as to be actually received on or before \_\_:\_0\_.m. (local time in Houston, Texas) on \_\_\_\_\_, 2018: (i) counsel to the Debtors, Porter Hedges LLP, 1000 Main Street, 36th Floor, Houston, Texas 77002, Attention: John F. Higgins, Esq. (email: [jhiggins@porterhedges.com](mailto:jhiggins@porterhedges.com)) and Eric M. English, Esq. (email: [eenglish@porterhedges.com](mailto:eenglish@porterhedges.com)),

and (ii) counsel to the Stalking Horse Bidder, Attention: Anwar-i-Qadeer, Esq. (email: [qadeer@qadeerlaw.com](mailto:qadeer@qadeerlaw.com)).

3. Objections (if any) to approval of any party other than the Stalking Horse Bidder as the party submitting the Highest and Best Bid or to approval of the proposed sale of the Assets to a party other than the Stalking Horse Bidder, shall be in writing, shall set forth the name of the objecting party, the basis for the objection and the specific grounds therefor, and shall be filed with the Court and served upon each of the following so as to be actually received on or before \_\_:00 m. (local time in Houston, Texas) on \_\_\_\_\_, 2018: (i) counsel to the Debtors, Porter Hedges LLP, 1000 Main Street, 36th Floor, Houston, Texas 77002, Attention: John F. Higgins, Esq. (email: [jhiggins@porterhedges.com](mailto:jhiggins@porterhedges.com)) and Eric M. English Esq. (email: [eenglish@porterhedges.com](mailto:eenglish@porterhedges.com)), and (ii) counsel to the Stalking Horse Bidder, Attention: Anwar-i-Qadeer, Esq. (email: [qadeer@qadeerlaw.com](mailto:qadeer@qadeerlaw.com)).

4. Any objection not filed and served in accordance with the preceding two paragraphs shall be deemed waived and shall be forever barred.

5. The failure of any third party to file and serve an objection to the sale as ordered and directed herein shall be deemed the consent of such party to the granting of the Motion and the sale and transfer of the Assets.

6. No later than 10 (ten) days prior to the Sale Hearing, the Debtors will file with the Court and serve on each non-debtor party to an executory contract or unexpired lease a notice setting forth the amount of cure owed thereunder according to the Debtors' books and records (the "Cure Notice"). The Cure Notice shall state the cure amount that the Debtors believe is necessary to assume such contract or lease pursuant to Bankruptcy Code section 365 (the "Cure Amount"), and notify each non-debtor party that such party's lease or contract may be assumed

and assigned to the Stalking Horse Bidder or to the successful bidder to be identified at the conclusion of the Auction.

7. No later than five (5) days prior to the Sale Hearing, any objection to the Cure Amount must be filed with the Court (the "Cure Objection Deadline"). Any objection to the Cure Amount must state with specificity what cure the non-debtor party to the executory contract or unexpired lease believes is required with appropriate documentation in support thereof. If no objection is timely received, the Cure Amount set forth in the Cure Notice shall be controlling notwithstanding anything to the contrary in any executory contract, unexpired lease or other document as of the date of the Cure Notice; the non-debtor party to the executory contract or unexpired lease shall be deemed to have stipulated that the Cure Amount set forth in the Cure Notice is correct; the non-debtor party shall be forever barred, estopped and enjoined from asserting or claiming that any additional amounts are due or other defaults exist, that conditions to assignment must be satisfied under such contract or lease or that there is any objection or defense to the assumption and assignment of such contract or lease, including any argument that there exist conditions to assumption and assignment that must be satisfied under such contract or lease or that any required consent to assignment has not been given.

8. Following entry of this Order, the Debtors shall be authorized, but not obligated, in an exercise of their business judgment, to select one or more bidders to act as a stalking horse bidder as set forth in the Bid Procedures.

9. In the event that the Debtors consummate an Alternative Transaction (as such term is defined in the Stalking Horse Agreement(s)), which would include a sale of the Purchased Assets to any party other than a Stalking Horse Bidder, or fail to conduct the Auction or sell the Purchased Assets in compliance in all material respects with the Bid Procedures

Order, the Debtors are directed to incur and pay the Bid Protections, in accordance with the Bidding Procedures, in connection with any stalking horse agreement with a Stalking Horse Bidder if the Debtors Determine that the Bid Protections is in the best interest of the Debtors' estates. To the extent a determination is made to provide for and pay the Bid Protections, the Debtors will file a notice of such determination, and such Bid Protections may be paid without further action or order by the Court.

10. The Bid Procedures and the Bid Protections are fair and reasonable, are reasonably calculated to produce the best and highest offers for the Assets, and will confer actual benefits upon the Debtors' estates. The Bid Procedures and the Bid Protections represent an exercise of the Debtors' sound business judgment and will facilitate an orderly sale process.

11. The Debtors shall serve a copy of this Order as contemplated in the Motion.

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

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