



ENTERED  
08/08/2018

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

<b>In re:</b>  <b>NEIGHBORS LEGACY HOLDINGS, INC.,</b> <i>et al.,</i>  <b>Debtors.<sup>1</sup></b>	§ § <b>Chapter 11</b> § § <b>Case No. 18-33836 (MI)</b> § § <b>(Jointly Administered)</b> §
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**FINAL ORDER AUTHORIZING THE DEBTORS TO (I) CONTINUE OPERATING  
THEIR CASH MANAGEMENT SYSTEM, (II) HONOR CERTAIN PREPETITION  
OBLIGATIONS, (III) MAINTAIN EXISTING BUSINESS FORMS, AND (IV)  
GRANTING RELATED RELIEF**

[Relates To Doc. No. 9]

The above-referenced debtors and debtors-in-possession (collectively, the “Debtors”) filed their motion (the “Motion”)<sup>2</sup> for entry of final order (a) authorizing, but not directing, the Debtors to continue using their existing cash management system, bank accounts, and business forms, and to pay related prepetition obligations, and (b) authorizing the continuance of intercompany transactions and honoring certain related prepetition obligations including, to the extent applicable, granting administrative expense status to post-petition intercompany claims between and among the Debtors pursuant to Bankruptcy Code section 503(b)(1). 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

<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.



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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 Motion is GRANTED as set forth in this Final Order (the "Order").
2. The Debtors are authorized to continue to use their existing Cash Management System and shall maintain through the use thereof detailed records reflecting all transfers of funds under the terms and conditions provided for by the existing agreements with the institutions participating in the Cash Management System, except as modified by this Order. In connection with the ongoing use of the Cash Management System, the Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly.
3. The Debtors are authorized to (a) designate, maintain and continue to use any and all of their respective Bank Accounts in existence as of the Petition Date, with the same account numbers, styles, and document forms as are currently employed, including but not limited to the accounts identified in Exhibit A to the Motion; (b) if necessary, open new accounts whenever they are needed; (c) deposit funds in, and withdraw funds from, the Bank Accounts by all usual means, including checks, wire transfers, ACH transfers, drafts, electronic fund transfers, or other items presented, issued, or drawn on the Bank Accounts; (d) pay ordinary course bank fees in connection with the Bank Accounts, including any fees arising prior to the Petition Date; (e) perform their obligations under the documents and agreements governing the Bank Accounts;

and (f) treat the Bank Accounts for all purposes as accounts of the Debtors in their capacities as debtors in possession.

4. The Debtors are authorized to continue to use their existing checks and business forms without alteration or change and without the designation "Debtor in Possession" or a bankruptcy case number imprinted upon them. Any new check stock used by the Debtors shall contain the designation "Debtor in Possession."

5. Subject to the terms of this Order, all Banks at which the Bank Accounts are maintained are authorized, without further order, (a) to continue to administer, service, and maintain the Bank Accounts as such accounts were administered, serviced and maintained pre-petition, without interruption and in the ordinary course, (b) in accordance the terms of any pre-petition agreements that exist between them relating to the Bank Accounts, to exercise rights of offset with respect to any indebtedness or obligation owed by any Debtor to a Bank that arises out of or relates to Debtors' Cash Management System, regardless of whether such indebtedness or obligation was incurred or arose prior to or after the Petition Date, including, without limitation, (i) all service charges, fees, and expenses related to the maintenance or administration of the Bank Accounts or the processing of any ACH transaction or wire or other transfer, (ii) all overdrafts and indebtedness arising from checks or other payment items deposited in or credited to any Bank Account and returned or otherwise not collected for any reason, (iii) any adjustments or corrections of any posting or encoding errors, and (iv) all amounts payable or reimbursable in respect of ACH transactions, wire transfers, or other treasury management transactions; and (c) and to honor any and all checks, wire transfers, ACH transfers, electronic fund transfers or other items presented, issued or drawn on the Bank Accounts.

6. The Debtors shall promptly provide Banks with lists of the checks (specifying by check sequencing number, dollar amount and payee information), drafts, wires, ACH transactions or other payment items that are to be dishonored by such Banks, if any (the “Instructions”), and the Banks are authorized to accept and rely upon, without further inquiry, the Instructions. No Bank shall incur, and each is hereby released from, any liability for (a) relying upon the Instructions, and (b) honoring a prepetition check, wire transfer, ACH transfer, electronic fund transfer, or other item drawn on any Bank Account in the good-faith belief that the Court has authorized such prepetition check, wire transfer, ACH transfer, electronic fund transfer, or other item to be honored, or as a result of a good-faith error.

7. The Debtors are authorized to implement such reasonable changes to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Bank Accounts or opening any new accounts following the Petition Date, whenever the Debtors deem that such accounts are needed or appropriate, and whether or not the banks in which the accounts are opened are designated depositories in the Southern District of Texas. Notwithstanding the foregoing, any new account that the Debtors open will be (a) with a bank that is organized under the laws of the United States of America or any state therein, and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation, and at a UST approved depository (b) designated a “Debtor in Possession” account by the relevant bank, and (c) with a bank that agrees to be bound by the terms of this Order. The new accounts are deemed to be Bank Accounts and are similarly subject to the rights, obligations and relief granted in this Order. The Debtors shall provide the United States Trustee and the Official Committee of Unsecured Creditors with prompt notice of any new accounts that are opened, or

Bank Accounts that are closed. The Banks are authorized to honor the Debtors' requests to open or close (as the case may be) any Bank Account(s).

8. For Banks at which the Debtors hold accounts that are party to a Uniform Depository agreement with the Office of the United States Trustee for the Southern District of Texas, within fifteen (15) days from the date of entry of this Order the Debtors shall (a) contact each Bank, (b) provide the Bank with each of the Debtors' employer identification numbers, and (c) identify each of their accounts held at such Banks as being held by a debtor in possession. For Banks that are not party to a Uniform Depository Agreement with the Office of the United States Trustee for the Southern District of Texas, the Debtors shall use their good-faith efforts to cause the bank to execute a Uniform Depository agreement in a form prescribed by the Office of the United States Trustee within forty-five (45) days of the date of entry of this Order.

9. Notwithstanding anything to the contrary in the Motion, the Debtors shall have until November 2, 2018 to comply with the requirements of section 345(b) of the Bankruptcy Code of the Complex Chapter 11 Guidelines; provided that the Debtors must comply with section 345 of the Bankruptcy Code only to the extent that any of the Debtors' cash is (a) not held either in (i) a bank account that is an authorized depository under the UST Operating Guidelines; or (ii) a bank account that is insured by the FDIC; or (b) exceeds the applicable FDIC insurance limits.

10. The Debtors are authorized to continue to engage in Intercompany Transactions as they deem appropriate to execute the Cash Management System and manage the day-to-day operations of their businesses, and the Debtors shall continue to maintain records with respect to all transfers of cash (including pursuant to such transactions) so that all Intercompany Transactions may be readily ascertained, traced, and recorded properly on applicable

intercompany accounts; *provided however*, that absent further order of the Court, the Debtors shall not make any intercompany advances or transfers from NEC Eastside Emergency Center, LP or NEC Zaragoza Emergency Center, LP for the purpose of satisfying the obligations of any Deficient Center. For the avoidance of doubt, the Debtors may continue to make intercompany transfers from all Debtor entities, including NEC Eastside Emergency Center, LP and NEC Zaragoza Emergency Center, LP, to satisfy each entity's respective pro rata share of corporate obligations, including but not limited to, rent, benefits, payroll, overhead, equipment leases, and debt service.

11. All claims arising from Intercompany Transactions against a Debtor by another Debtor, arising after the petition date, shall be afforded administrative claim status, subject and subordinate to other administrative claims as may be provided pursuant to this Court's orders. To the extent that such administrative claims are obviated by a debtor's mutual obligations to the Agent on the debtors' principal secured debt, appropriate adjustments will be made.

12. Notwithstanding anything to the contrary in the Motion or this Order, any payment, obligation, or other relief authorized by this Order, shall be subject to and limited by the requirements imposed on the Debtors under the terms of any interim or final orders approving the use of cash collateral.

13. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon entry hereof.

14. The Debtors are hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Order.

15. The Court retains exclusive jurisdiction with respect to all matters arising or related to the implementation, interpretation, and enforcement of this Order.

Dated: August 8, 2018.



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