

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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

**DEBTORS' EMERGENCY MOTION TO (1) CONDITIONALLY APPROVE DISCLOSURE STATEMENT; (2) SCHEDULE CONFIRMATION HEARING; (3) ESTABLISH VOTING DEADLINE AND PROCEDURES FOR OBJECTIONS TO CONFIRMATION; (4) APPROVE FORM OF BALLOTS; AND (5) ESTABLISH SOLICITATION AND TABULATION PROCEDURES**

(Relates to Docket Nos. 757 and 758)

**IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING, UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY-ONE DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EXPEDITED CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE.**

**A HEARING WILL BE CONDUCTED ON THIS MATTER ON FEBRUARY 20, 2019, AT 10:00 A.M. IN COURTROOM 400, UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, 515 RUSK STREET, HOUSTON, TEXAS 77002.**

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

<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.



**To the Honorable Marvin Isgur,  
United States Bankruptcy Judge:**

Neighbors Legacy Holdings, Inc. and certain of its affiliates and subsidiaries, as debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), file this Expedited Motion (the “Motion”) for an Order (1) Conditionally Approving Disclosure Statement; (2) Scheduling Confirmation Hearing; (3) Establishing Voting Deadline and Procedures for Filing Objections to Confirmation; (4) Approving Form of Ballots; and (5) Establishing Solicitation and Tabulation Procedures.

**I. PRELIMINARY STATEMENT**

1. The Debtors filed these Chapter 11 Cases, defined below, in order to sell substantially all of their assets and wind down their business. The Debtors have completed sales for substantially all of their assets and are in the process of selling any remaining miscellaneous assets. The Debtors are now winding up operations, which will be completed through their *Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (the “Plan”).

2. Accordingly, the Debtors seek entry of an Order (the “Proposed Order”) (a) conditionally approving their Disclosure Statement; (b) scheduling the confirmation hearing; (c) establishing the voting deadline and procedures for filing objections to confirmation; (d) approving the forms of ballots; and (e) establishing solicitation and tabulation procedures.

3. In connection with the foregoing, the Debtors request that the Court approve the following schedule of proposed dates:

<b>Event</b>	<b>Deadline</b>
Voting Record Date	February 15, 2019
Commencement of Plan Solicitation and Mailing of Combined Notice	February 22, 2019

<b>Event</b>	<b>Deadline</b>
Deadline to File 3018 Motion	February 18, 2019, at 5:00 p.m. (Prevailing Central Time)
Plan Supplement Filing Deadline	Five (5) calendar days prior to the Plan Voting Deadline
Plan Voting Deadline	March 20, 2019, at 5:00 p.m. (Prevailing Central Time)
Deadline to Object to Disclosure Statement, Confirmation	March 15, 2019, at 5:00 p.m. (Prevailing Central Time)
Combined Hearing on Final Approval of Disclosure Statement and Confirmation of Plan (the “ <u>Combined Hearing</u> ”)	March 22, 2019, at 9:30 a.m. (Prevailing Central Time)
Plan Effective Date	To Be Determined

4. Listed below are the attachments and exhibits cited in this Motion:

<b>Pleading</b>	<b>Exhibit</b>
Form of Ballot for Class 2 (Other Secured Claims)	Exhibit 1 to the Proposed Order
Form of Ballot for Class 3 (Prepetition Secured Loan Claims)	Exhibit 2 to the Proposed Order
Form of Ballot for Class 4 (General Unsecured Claims)	Exhibit 3 to the Proposed Order
Form of Notice of Non-Voting Status	Exhibit 4 to the Proposed Order

## **II. JURISDICTION AND VENUE**

5. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. § 1408.

### III. BACKGROUND

#### A. General Case Background

6. On July 12, 2018, and July 23, 2018 (collectively, 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”). These Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b) [Doc. No. 10]. A detailed description surrounding the facts and circumstances of these chapter 11 cases is set forth in the *Declaration of Chad J. Shandler in Support of Chapter 11 Petitions and First Day Pleadings*. [Doc. No. 16].

#### B. Significant Asset Sales

7. On September 12, 2018, the Court entered its *Order (A) Approving the Sale of Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (the “Sale Order”) [Doc. No. 482].<sup>2</sup> The Sale Order approved the sale of substantially all of the Debtors’ assets to five separate buyers in five separate asset packages. The Debtors’ last sale closed on November 13, 2018.

8. On November 26, 2018, the Court entered its *Order Establishing Procedures for Sales of Certain Miscellaneous Assets Outside the Ordinary Course of Business Free and Clear of All Liens, Claims, Interests and Encumbrances* (the “Miscellaneous Asset Order”) [Doc. No. 698], which authorizes the Debtors to sell any remaining miscellaneous assets, in accordance with the procedures set forth in the Miscellaneous Asset Order, in order to further maximize value for their estates.

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<sup>2</sup> On September 14, 2018, at Docket No. 484, the Court entered its *Supplemental Order (A) Approving the Sale of Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief*, which approves the form of Asset Purchase Agreement for Greater Texas Emergency Centers, LLC.

9. On February 8, 2019, the Debtors filed their *Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (the “Plan”) [Doc. No. 757] and *Disclosure Statement for Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (the “Disclosure Statement”). [Doc. No. 758].

#### **IV. BASIS FOR EMERGENCY RELIEF**

10. Following the sale of substantially all their assets, the Debtors have been consensually using the cash collateral of the Prepetition Secured Parties, as defined in the Plan, to wind down operations and negotiate a plan of liquidation. Delay in soliciting the Debtors’ Plan and scheduling a confirmation hearing will increase the administrative costs in this case without a reciprocal benefit to the estates. Accordingly, the Debtors request that the Court consider this matter on an expedited basis.

#### **The Plan of Liquidation**

11. The Plan contemplates classifying all claims against and interests in the Debtors (other than Administrative Expense Claims, Fee Claims, DIP Claims, and Priority Tax Claims) as follows:

<b>Class</b>	<b>Claim/Interest</b>	<b>Status</b>	<b>Voting Rights</b>
1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Other Secured Claims	Impaired	Entitled to Vote
3	Prepetition Secured Loan Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Entitled to Vote
5	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
6	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
7	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
8	Neighbors Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

## **V. RELIEF REQUESTED**

### **A. Conditional Approval of the Disclosure Statement**

12. The Debtors request that the Court enter an order approving the Disclosure Statement on a conditional basis. The last sale of substantially all of the Debtors' assets closed on November 13, 2018. The Debtors have not operated their emergency centers since the Closing Date and the Plan is a straight-forward plan of liquidation. Conditional approval of the Disclosure Statement is appropriate in this case because it will allow the Debtors to proceed with the solicitation and confirmation of the Plan in an expeditious and economical manner. The Debtors intend to seek final approval of the Disclosure Statement concurrent with Plan confirmation.

**B. Voting Deadline and Voting Record Date**

13. Pursuant to Bankruptcy Rule 3017(c), at the time of or before the approval of the Disclosure Statement, “the court shall fix a time within which the holders of claims and interests may accept or reject the plan.” The Debtors request that the Court establish March 20, 2019, (the “Voting Deadline”) as the deadline by which all ballots accepting or rejecting the Plan must be actually received by the Debtors’ voting agent, Kurtzman Carson Consultants, LLC (“KCC” or the “Voting Agent”). The Debtors further request that the Court establish February 15, 2019 (the “Voting Record Date”), as the record date for determining the holders of Claims that may vote on the Plan.

14. The Debtors propose that, to be counted as a vote to accept or reject the Plan, each Ballot must be properly executed, completed, and delivered to the Voting Agent: (i) by first-class mail (whether in the return envelope provided with each Ballot or otherwise); (ii) by overnight courier; or by (iii) by hand delivery so that it is actually received by the Voting Agent no later than the Voting Deadline.

15. In addition to accepting hard copy ballots via first class mail, overnight courier, and hand delivery, the Debtors request authorization to accept ballots via electronic, online transmissions, solely through a customized online balloting portal on the Debtors’ case website to be maintained by the Voting Agent (the “eBallot Portal”). Parties entitled to vote may cast an electronic Ballot and electronically sign and submit the Ballot instantly by utilizing the eBallot Portal (which allows a holder to submit an electronic signature). The encrypted ballot data and audit trail created by such electronic submission shall become part of the record of any Ballot submitted in this manner and the creditor’s electronic signature will be deemed to be immediately legally valid and effective.

**C. Approval of Form of Ballots**

16. Bankruptcy Rule 3017(d) provides that ballots for accepting and rejecting a plan should conform substantially to Official Form No. 14. The Debtors will use three forms of ballots substantially in the forms attached as **Exhibits 1, 2, and 3** to this Motion. All ballots will be accompanied by return envelopes addressed as follows:

Neighbors Legacy Holdings, Inc. Ballot Processing  
c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

17. KCC, in its capacity as the Voting Agent in this case, will accept, review, validate and tabulate the ballots and will also report to the Court on the votes for acceptance and rejection of the Plan in a reasonable and timely manner.

**D. Approval of Solicitation Procedures**

18. In order to conduct an effective solicitation of the Plan, the Debtors seek entry of an order approving the solicitation procedures set forth below.

19. Bankruptcy Rule 3017(d) sets forth the material that must be provided to holders of claims and equity interests for purposes of soliciting their votes and providing adequate notice of the hearing on confirmation of a plan of reorganization. Specifically, Bankruptcy Rule 3017(d) provides in relevant part:

Upon approval of a disclosure statement, – except to the extent the court orders otherwise with respect to one or more unimpaired classes of creditors or equity security holders—the Debtors in possession, trustee, proponent of the plan, or clerk as the court orders shall mail to all creditors and equity security holders, and in a chapter 11 reorganization case shall transmit to the United States Trustee,

- (1) the plan, or a court-approved summary of the plan;
- (2) the disclosure statement approved by the court;
- (3) notice of the time within which acceptances and rejections of such plan may be filed; and



- (4) any other information as the court may direct, including any court opinion approving the disclosure statement or a court-approved summary of the opinion.

In addition, notice of the time fixed for filing objections and the hearing on confirmation shall be mailed to all creditors and equity security holders in accordance with Rule 2002(b), and a form of ballot conforming to the appropriate Official Form shall be mailed to creditors and equity security holders entitled to vote on the plan.

20. Pursuant to applicable provisions of the Bankruptcy Code, only those classes of claims or equity interests that are (i) “impaired” by a chapter 11 plan and (ii) entitled to receive a distribution under such a plan are entitled to vote on a chapter 11 plan. Only holders of Claims in 2 (Other Secured Claims), Class 3 (Prepetition Secured Loan Claims), and Class 4 (General Unsecured Claims) are impaired and entitled to vote on the Plan. The holders of Claims in Class 1 (Other Priority Claims) are unimpaired and are conclusively deemed to have accepted the Plan. The holders of Claims and/or Interests in Classes 5 (Section 510(b) Claims), 6 (Intercompany Claims), 7 (Intercompany Interests), and 8 (Neighbors Equity Interests) are impaired and are conclusively deemed to have rejected the Plan. Consequently, the Plan only permits holders of Claims in Classes 2, 3 and 4 to vote on the Plan (hereinafter referred to collectively as the “Voters”).

21. Upon conditional approval of the Disclosure Statement, the following solicitation materials (collectively, the “Solicitation Package”) will be distributed to each of the Voters who are holding claims as of the Voting Record Date:

- a. Plan;
- b. Disclosure Statement with all exhibits and attachments thereto;
- c. the Order, (1) Conditionally Approving Disclosure Statement; (2) Scheduling Confirmation Hearing; (3) Establishing Voting Deadline and Procedures for Filing Objections to Confirmation; (4) Approving Form of Ballots; (5) Establishing Solicitation and Tabulation Procedures (the “Solicitation Procedures Order”);

- d. Ballots, including voting instructions; and
- e. a pre-addressed return envelope.

22. Given the volume of documents included in the Solicitation Package and in an effort to minimize costs, the Debtors propose to serve the Solicitation Package – other than the ballots, the Confirmation Hearing Notice, the Notice of Non-Voting Status (as defined below), and the return envelopes – on a flash drive.

23. Holders of non-voting Claims or Interests in Classes 1 (Other Priority Claims), 5 (Section 510(b) Claims), 6 (Intercompany Claims), 7 (Intercompany Interests), and 8 (Neighbors Equity Interests) will also receive a Notice of Non-Voting Status, attached as **Exhibit 4**.

24. The Debtors shall mail a Solicitation Package to each person or entity listed on the Debtors' schedules (other than creditors with claims scheduled as disputed, contingent or unliquidated who have failed to timely file a proof of claim), and to each entity having timely filed a proof of claim that has not been disallowed, withdrawn or expunged on or before the Record Date. The Debtors shall serve the Solicitation Package no later than five (5) business days after entry of the Solicitation Procedures Order.

25. Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased duplicate Claims within the same Voting Class, as determined by the Debtors shall be provided with only one Solicitation Package and one ballot for voting a single Claim in such Class, regardless of whether the Debtors have objected to such duplicate Claims.

26. Parties that are not entitled to vote on the Plan, such as holders of unimpaired Claims, and parties to executory contracts and leases (unless such parties have filed proofs of claim on accounts of rejection claims) shall receive a Solicitation Package without a Ballot.

27. The Debtors will not be required to provide any part of the Solicitation Package to any creditor (or alleged creditor): (a) whose claim has either not been scheduled or allowed pursuant to the Plan or has been scheduled as disputed, contingent or unliquidated and the bar date applicable to such creditor for filing a proof of claim has passed, and such creditor did not file a timely proof of Claim; (b) who filed a proof of claim with the Clerk of the Court that was subsequently disallowed and all appeals have been exhausted; (c) who may allege it is the transferee of a Claim but has not filed a notice of transfer of Claim, to the extent required by Bankruptcy Rule 3001(e); or (d) who filed a proof of claim after the claims bar date.

28. The Debtors will not be required to serve the Solicitation Package on any entity for which the notice of the hearing on the approval of the Disclosure Statement has been returned by the United States Postal Service as undeliverable, unless the Debtors receive an accurate address for such addressee.

29. The Debtors request authority to make non-substantive modifications to the Plan, Disclosure Statement and other documents in the Solicitation Package prior to distribution in order to insert dates and deadlines or make corrections or modifications of a typographical, conforming and/or ministerial nature. The Debtors also request authority to make substantive modifications to the Disclosure Statement and other documents in the Solicitation Package occurring after the entry of the Order, but prior to distribution, subject to the consent and approval of the Prepetition Secured Parties and the Committee (each as defined in the Plan).

#### **E. Procedures for Vote Tabulation**

30. For the purposes of voting, the amount of a claim used to tabulate acceptance or rejection of the Plan shall be either (a) the claim amount listed on the Debtors' schedules, provided that (i) such claim is not scheduled as contingent, unliquidated or disputed, and (ii) no proof of claim has been timely filed; (b) the liquidated amount specified in a proof of claim

timely filed with the Court, to the extent such proof of claim is not the subject of an objection to claim filed before the Voting Deadline, or in the case of claims resolved pursuant to a stipulation or order entered by the Court before the Voting Deadline, the amount set forth in such stipulation or order; or (c) the Allowed (as defined in the Plan) amount of such claim as provided for in the Plan.

31. If a creditor casts a ballot and has filed a proof of claim that is the subject of an objection filed before the Voting Deadline, the creditor's ballot shall not be counted, unless temporarily allowed by the Court for voting purposes in accordance with Bankruptcy Rule 3018, after notice and a hearing prior to the Confirmation Hearing. Ballots cast by creditors whose claims are not listed on the Debtors' schedules, but who have timely filed proofs of claim in unliquidated or unknown amounts that are not the subject of an objection filed before the commencement of the Confirmation Hearing or whose claims are Allowed (as defined in the Plan) as provided in the Plan, will have their ballots counted towards satisfying the numerosity requirements of Section 1126(c) of the Bankruptcy Code, but will not have their ballots counted toward satisfying the aggregate amount provisions of that section.

32. If a claim for which a proof of claim has been timely filed for unknown or undetermined amounts, or is wholly unliquidated, or contingent (as determined on the face of the claim or after a reasonable review of the supporting documentation by the Voting Agent) and such claim has not been allowed, such Claim shall be temporarily allowed for voting purposes only, and not for purposes of allowance or distribution, at \$1.00.

33. Ballots received by the Debtors in the following categories shall not be counted as an acceptance or rejection of the Plan, unless otherwise ordered by the Court:

- a. Ballots where the claimant or its representative did not use the authorized form, or a form of ballot substantially similar to such authorized form;

- b. Ballots not received by the Debtors on or before the Voting Deadline;
- c. Ballots where the claimant or the authorized representative checked boxes indicating both acceptance and rejection of the Plan;
- d. Ballots not signed by the claimant or an authorized representative;
- e. Ballots where the individual or institution casting the Ballot (whether directly or as representative) was not a holder of a Claim as of the Voting Record Date and, therefore, was not entitled to vote; and
- f. Ballots transmitted by e-mail, facsimile, or other electronic means, with the exception of the Voting Agent's "eBallot" platform.

34. In addition, the following voting procedures and standard assumptions will be used in tabulating ballots:

- a. For purposes of the numerosity requirements of Section 1126(c) of the Bankruptcy Code, separate claims held by a single creditor in a particular class will be aggregated as if such creditor held one claim in such class, and the votes related to such claims will be treated as a single vote to accept or reject the Plan.
- b. Creditors must vote all of their claims within a particular class either to accept or reject the Plan and may not split their vote. Accordingly, a ballot (or multiple ballots with respect to multiple claims within a single class) that partially rejects and partially accepts the Plan will not be counted.
- c. Ballots that fail to indicate an acceptance or rejection of the Plan, but that are otherwise properly executed and received prior to the Voting Deadline, will not be counted.
- d. Only ballots that are timely received with original signatures will be counted. Unsigned ballots will not be counted.
- e. If prior to the Voting Deadline, a Voter casts more than one Ballot for the same Claim, the last properly completed Ballot received by the Debtors prior to the Voting Deadline will be deemed to reflect the Voter's intent and to supersede any prior Ballot.

35. The Debtors may seek further clarification from the Court on vote tabulation and the solicitation process, and retain the right to object or raise any issue with respect to any Ballot.

**F. Establishment of Deadline and Procedures for Filing Objections to Confirmation of the Plan and the Disclosure Statement**

36. Any objections to confirmation of the Plan or final approval of the Disclosure Statement (including any supporting memoranda) must be in writing and (a) specify a caption setting forth the name of the court, the case number and title of the objection to which the response is directed, (b) state the name and address of the objector and the amount of its claim or the nature of its interest in the Debtors' chapter 11 cases, (c) specify the basis and nature of the objection, and (d) be filed with the Clerk of the Bankruptcy Court on or before February 18, 2019, at 5:00 p.m. (Prevailing Central Time).

37. All objections not timely filed and served in accordance with the provisions of this Motion shall be deemed waived.

**VI. BASIS FOR RELIEF REQUESTED**

**A. Conditional Approval of Adequacy of Disclosure Statement and Scheduling Consolidated Hearing for Final Approval of the Disclosure Statement and Confirmation of the Plan**

38. Bankruptcy Code section 105(a) provides generally that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” Bankruptcy Code section 105(d)(2)(B) further provides, among other things, that unless inconsistent with another provision of the Bankruptcy Code or the Bankruptcy Rules, the Court may issue an order that:

(v) fixes the scope and format of the notice to be provided regarding the hearing on approval of the disclosure statement; or

(vi) provides that the hearing on approval of the disclosure statement may be combined with the hearing on confirmation of the plan.

11 U.S.C. § 105(d)(2)(B)(v) and (vi).

39. The Debtors submit that conditional approval of the Disclosure Statement followed by the Combined Hearing on final approval of the Disclosure Statement and confirmation of the Plan is warranted under the circumstances of this case. The Debtors have liquidated substantially all of their assets pursuant to a Court approved sales process and, consequently, the Debtors have ceased their emergency center operations and now exist primarily to wind down their estates and these chapter 11 cases. A Combined Hearing on Disclosure Statement approval and Plan confirmation will expedite the confirmation process, which in turn will reduce the administrative expenses of these cases by allowing the Debtors to exit bankruptcy as quickly as possible.

**B. Approval of the Adequacy of Information Contained in the Disclosure Statement**

40. Bankruptcy Code section 1125 requires the Debtors to provide adequate information to holders of claims prior to soliciting acceptances for a plan of reorganization. Bankruptcy Code section 1125(a)(1) defines “adequate information” as “information of a kind, and in sufficient detail . . . that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan . . . .” The determination of what constitutes “adequate information” in each case rests within the discretion of the bankruptcy court. *In re Texas Extrusion Corp.*, 844 F.2d 1142, 1157 (5th Cir. 1988).

41. Further, a determination of adequate information should be the result of a practical, case specific analysis. As stated in the legislative history to Bankruptcy Code section 1125:

Precisely what constitutes adequate information in any particular instance will develop on a case-by-case basis. Courts will take a practical approach as to what is necessary under the circumstances of each case, such as the cost of preparation of the statements, the need for relative speed in solicitation and confirmation, and, of course, the need for investor protection. There will be a balancing of interests in each case. In reorganization cases, there is frequently great uncertainty. Therefore the need for flexibility is greatest.

H.R. Rep. No. 95-595, 95th Cong., 1st Sess. 409 (1977).

42. The information provided in the Disclosure Statement is sufficient in type and detail to enable creditors and equity security holders to make an informed judgment about the Plan, as required by Section 1125(a) of the Bankruptcy Code. The Disclosure Statement thoroughly discusses (i) the history of the Debtors, (ii) the Debtors' corporate and financial structure, (iii) the terms of the Plan, (iv) tax implications of the Plan on certain creditor and equity interest classes, (v) alternatives to the Plan, including liquidation under Chapter 7, (vi) the conditions to and means of implementing the Plan, and (vii) the feasibility of the Plan.

#### **VII. PRAYER**

43. The Debtors respectfully request that this Court enter an Order scheduling the hearing to consider confirmation of the Plan and final approval of the Disclosure Statement and approving the form and manner of notice thereof and granting such other and further relief as may be just and proper.

Dated: February 8, 2019.

Respectfully submitted,

**PORTER HEDGES LLP**

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**COUNSEL FOR DEBTORS  
AND DEBTORS IN POSSESSION**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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

**ORDER (1) CONDITIONALLY APPROVING DISCLOSURE STATEMENT;  
(2) SCHEDULING CONFIRMATION HEARING; (3) ESTABLISHING VOTING  
DEADLINE AND PROCEDURES FOR FILING OBJECTIONS TO CONFIRMATION;  
(4) APPROVING FORM OF BALLOTS; AND (5) ESTABLISHING SOLICITATION  
AND TABULATION PROCEDURES  
(Relates to Docket No. \_\_\_\_)**

1. Having considered the Debtors’ Expedited Motion for Order (1) Conditionally Approving Disclosure Statement; (2) Scheduling Confirmation Hearing; (3) Establishing Voting Deadline and Procedures for Filing Objections to Confirmation; (4) Approving Form of Ballots; and (5) Establishing Solicitation and Tabulation Procedures (the “Motion”), and the responses thereto, if any, the Court finds that the Disclosure Statement contains adequate information within the meaning of 11 U.S.C. § 1125 and should be conditionally approved.<sup>2</sup> Accordingly, it is **ORDERED** that

2. The Disclosure Statement [Doc. No. 758] is conditionally approved subject to the right of parties in interest to object as described below:

**Confirmation Hearing**

3. The Court will conduct a hearing on confirmation of the Plan, including timely filed objections to confirmation and objections to the Disclosure Statement on March 22, 2019, at 9:30 a.m., in Courtroom 404 of the United States Bankruptcy Court, 515 Rusk, Houston, Texas.

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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.kccellc.net/neighbors](http://www.kccellc.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> All capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Motion.

**Deadline to Object to Plan Confirmation and Disclosure Statement**

4. Any written objections to the Disclosure Statement or confirmation of the Plan shall be filed with the Court no later than March 15, 2019, by 5:00 p.m., prevailing Central Time. If no objections are timely filed, the conditional approval of the Disclosure Statement shall automatically become final without further order of this Court. Any objections or requests to modify the Disclosure Statement shall be considered at the Confirmation Hearing.

**Date for Acceptance or Rejection of the Plan**

5. Parties entitled to vote on the Plan shall return their written ballots accepting or rejecting the Plan to Neighbors Legacy Holdings, Inc. Ballot Processing c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245 such that they are actually received by no later than March 20, 2019.

6. The record date for determining the holders of Claims that may vote on the Plan is February 15, 2019.

**Service of Solicitation Package and Voting Procedures**

7. The solicitation procedures set forth in the Motion are approved.

8. The form of ballots attached as **Exhibit 1**, **Exhibit 2**, and **Exhibit 3** to this Order are approved.

9. The vote tabulation procedures set forth in the Motion are approved.

10. The Notice of Non-Voting Status attached as **Exhibit 4** to this Order is approved.

**DATED:** \_\_\_\_\_, 2019.

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**MARVIN ISGUR**  
**UNITED STATES BANKRUPTCY JUDGE**

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

<p><b>In re:</b></p> <p><b>NEIGHBORS LEGACY HOLDINGS, INC., et al.,</b></p> <p style="text-align: center;"><b>Debtors.<sup>1</sup></b></p>	§ § § § § § §	<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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**BALLOT FOR ACCEPTING OR REJECTING DEBTORS' JOINT PLAN OF LIQUIDATION OF NEIGHBORS LEGACY HOLDINGS, INC. AND ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**BALLOT FOR CLASS 2 OTHER SECURED CLAIMS**

**HOLDERS OF CLASS 2 OTHER SECURED CLAIMS SHOULD READ THIS ENTIRE BALLOT BEFORE COMPLETING. PLEASE COMPLETE, DATE, AND SIGN THE BALLOT AND RETURN IT PROMPTLY. YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT (AS DEFINED BELOW) ON OR BEFORE [MARCH 20, 2019], BY 5:00 P.M., PREVAILING CENTRAL TIME (THE "VOTING DEADLINE").**

Neighbors Legacy Holdings, Inc., and certain of its affiliates (the "Debtors") have provided to you this ballot (the "Ballot") to solicit your vote to accept or reject the *Debtors' Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as amended, modified, or supplemented from time to time, the "Plan").<sup>2</sup>

Please use this Ballot to cast your vote to accept or reject the Plan if you are, as of [February 15, 2019] (the "Voting Record Date"), a holder of an Other Secured Claim (a "Holder") against the Debtors.

The Plan is attached as **Exhibit A** to the *Disclosure Statement for Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as amended, modified or supplemented from time to time, the "Disclosure Statement"), which accompanies this Ballot. The Disclosure Statement provides information to assist you in deciding whether to accept or reject the Plan. If you do not have a copy of the Disclosure Statement, you may obtain a copy from the Debtors' solicitation and voting agent, Kurtzman Carson Consultants, LLC ("KCC" or the "Voting Agent"), by calling 1-888-733-1437 (U.S./Canada) or

<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 used but not otherwise herein defined shall have the meanings ascribed to such terms in the Plan.

1-310-751-2634 (international), or by emailing NeighborsInfo@kccllc.com with a reference to “Neighbors” in the subject line and requesting that a copy be provided to you. You should review the Disclosure Statement and the Plan in their entirety before you vote. You may wish to seek independent legal advice concerning the Plan and your classification and treatment under the Plan.

**IMPORTANT NOTICE REGARDING TREATMENT FOR CLASS 2**

Except to the extent that a Holder of an Allowed Other Secured Claim and the Debtors or the Liquidating Trustee agree to a less favorable treatment, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Secured Claim, each such Holder shall receive either (i) Cash in an amount equal to the proceeds of the collateral securing such Holder’s Allowed Other Secured Claim after satisfaction in full of all superior liens up to the Allowed Amount of the Allowed Other Secured Claim; or (ii) to the extent the amount of an Allowed Other Secured Claim is greater than the value of the collateral securing such Allowed Other Secured Claim and there are no Liens on such collateral senior to the Lien held by or for the benefit of the Holder of such Allowed Other Secured Claim, solely the collateral securing such Allowed Other Secured Claim in full and final satisfaction of such Claim.

The Plan can be confirmed by the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) and thereby made binding on you if: (i) it is accepted by the holders of at least two-thirds of the aggregate principal amount and more than one-half in number of the Claims voted in each Impaired Class of Claims, and (ii) the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan, and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote or if you vote to reject the Plan. To have your vote counted, you must complete, sign, and return this Ballot to the Voting Agent by the Voting Deadline.

Your receipt of this Ballot does not signify that your Claim(s) has been or will be Allowed. This Ballot is solely for purposes of voting to accept or reject the Plan and not for the purpose of allowance or disallowance of or distribution on account of Class 2 Other Secured Claims. You must provide all of the information requested by this Ballot. Failure to do so may result in the disqualification of your vote.

**YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN AS YOUR RIGHTS MIGHT BE AFFECTED.**

**PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT**

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT HAS NOT BEEN PROPERLY SIGNED IN THE SPACE PROVIDED, YOUR VOTE MAY NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Principal Amount of Claims.** The undersigned hereby certifies that, as of the Voting Record Date, the undersigned was the holder (or authorized signatory of such a holder) of an Other Secured Claim in the amount set forth below.

\$ \_\_\_\_\_

**Item 2. Votes on the Plan.** Please vote either to accept or to reject the Plan with respect to your Claims below. Any Ballot not marked either to accept or reject the Plan, or marked both to accept and reject the Plan, shall not be counted in determining acceptance or rejection of the Plan.

The undersigned holder of a Class 2 Other Secured Claim votes to (check one box):

**Accept the Plan**       **Reject the Plan**

**Item 3. Optional Release Election.** Check the box below if you elect not to grant the releases contained in Article XI.C of the Plan. If you voted to reject the Plan in Item 2 above, or if you abstained from voting to accept or reject the Plan, check this box if you elect not to grant the releases contained in Article XI.C of the Plan. Election to withhold consent is at your option. If you voted to accept the Plan in Item 2 above, you may not complete this Item 3, and if you complete this Item 3, your “opt out” election will be ineffective. **If you submit a rejecting Ballot, or an abstention Ballot, and in each case, you do not check the box below, you will be deemed to consent to the releases contained in Article XI.C of the Plan to the fullest extent permitted by applicable law.**

**By submitting a rejecting Ballot or an abstention Ballot, and checking the box below electing not to grant the releases contained in Article XI.C of the Plan, you are not forfeiting your right to receive a recovery on account of your Class 2 Other Secured Claim provided that the Plan is otherwise confirmed by the Bankruptcy Court.**

The Holder of the Class 2 Other Secured Claim set forth in Item 1 elects to:

OPT OUT of the releases contained in Article XI of the Plan.

**Item 4. Acknowledgments.** By signing this Ballot, the Holder (or authorized signatory of such Holder) acknowledges receipt of the Plan, the Disclosure Statement, and the other applicable solicitation materials, and certifies that (i) it has the power and authority to vote to accept or reject the Plan, (ii) it was the Holder (or is entitled to vote on behalf of such Holder) of the Other Secured Claim described in Item 1 as of the Voting Record Date, and (iii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned hereunder, shall be binding on the transferees, successors, assigns, heirs, executors, administrators, trustees in

bankruptcy, and legal representatives of the undersigned, and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

\_\_\_\_\_  
Name of Holder

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Name of Institution

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
E-Mail Address

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. Ballots received after the Voting Deadline (if the Voting Deadline has not been extended) may not, at the Debtors' discretion, be counted. The Voting Agent will tabulate all properly completed Ballots received on or before the Voting Deadline.
2. Complete the Ballot by providing all the information requested, signing, dating, and returning the Ballot to the Voting Agent. Any Ballot that is illegible, contains insufficient information to identify the Holder, or is unsigned will not be counted. Ballots may not be submitted to the Voting Agent by facsimile. If neither the "accept" nor "reject" box is checked in Item 2, both boxes are checked in Item 2, or the Ballot is otherwise not properly completed, executed, or timely returned, then the Ballot shall not be counted in determining acceptance or rejection of the Plan.
3. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you and the Holders if (i) it is accepted by the holders of at least two-thirds of the aggregate principal amount and more than one-half in number of the Claims voted in each Impaired Class of Claims and (ii) the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.
4. You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different or inconsistent Claims within a single Class under the Plan, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted.
5. The Voting Agent's "eBallot" platform is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, e-mail, or other means of electronic transmission will not be counted.
6. The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of Claims.
7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan.
8. If you cast more than one Ballot voting the same Claims prior to the Voting Deadline, the latest received, properly executed Ballot submitted to the Voting Agent will supersede any prior Ballot.
9. If (i) the Debtors revoke or withdraw the Plan, or (ii) the Confirmation Order is not entered or consummation of the Plan does not occur, this Ballot shall automatically be null and

void and deemed withdrawn without any requirement of affirmative action by or notice to you.

10. There may be changes made to the Plan that do not cause material adverse effects on an accepting Class. If such non-material changes are made to the Plan, the Debtors will not resolicit votes for acceptance or rejection of the Plan.
11. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT, ANY SUPPLEMENTAL INFORMATION PROVIDED BY THE DEBTORS, OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
12. PLEASE RETURN YOUR BALLOT PROMPTLY.
13. IF YOU HAVE RECEIVED A DAMAGED BALLOT OR HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE VOTING AGENT BY CALLING 1-888-733-1437 (U.S./CANADA) OR 1-310-751-2634 (INTERNATIONAL) OR BY SENDING AN ELECTRONIC MAIL MESSAGE TO NEIGHBORSINFO@KCCLLC.COM WITH "NEIGHBORS" IN THE SUBJECT LINE. PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.
14. THE VOTING AGENT IS NOT AUTHORIZED TO AND WILL NOT PROVIDE LEGAL ADVICE.

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS MARCH 20, 2019, BY 5:00 P.M.**

**ALL BALLOTS MUST BE PROPERLY EXECUTED, COMPLETED, AND DELIVERED ACCORDING TO THE VOTING INSTRUCTIONS SO THAT THE BALLOTS ARE ACTUALLY RECEIVED BY THE VOTING AGENT NO LATER THAN THE VOTING DEADLINE.**

**Paper Ballot Voting Instructions**

If submitting a paper ballot, please use the enclosed preaddressed envelope or submit the ballot by (A) first class mail, (B) overnight delivery, or (C) personal delivery to the address set forth below

<p><b>NEIGHBORS LEGACY HOLDINGS, INC. BALLOT PROCESSING C/O KURTZMAN CARSON CONSULTANTS LLC 2335 ALASKA AVENUE EL SEGUNDO, CA 90245</b></p>
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**eBallot Voting Instructions**

To properly submit your Ballot electronically, you must electronically complete, sign, and return this customized electronic Ballot by utilizing the eballot platform on KCC's website by visiting [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors), clicking on the "Submit eBallot" link and following the instructions set forth on the website. Your Ballot must be received by KCC by 5:00 p.m., prevailing Central Time, on March 20, 2019, the Voting Deadline, unless such time is extended by the Debtors. **HOLDERS ARE STRONGLY ENCOURAGED TO SUBMIT THEIR BALLOTS VIA THE eBALLOT PLATFORM.** KCC's "eBallot" platform is the sole manner in which ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

**IMPORTANT NOTE:** You will need the following information to retrieve and submit your customized electronic Ballot:

Unique eBallot ID#: \_\_\_\_\_

To submit your Ballot via the "eBallot" platform, please visit the website at the following link: <https://eballot.kccllc.net/neighbors>. Click on the "Submit eBallot" section of the website and follow the instructions to submit your Ballot. Each eBallot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an eBallot for each eBallot ID# you receive, as applicable.

If you are unable to use the eballot platform or need assistance in completing and submitting your Ballot, please contact KCC:

VIA PHONE AT 1-888-733-1437 (U.S./CANADA) OR 1-310-751-2634 (INTERNATIONAL)  
OR BY SENDING AN ELECTRONIC MAIL MESSAGE TO  
NEIGHBORSINFO@KCCLLC.COM.

**Holders who cast a Ballot using KCC's "eBallot" platform should NOT also submit a paper Ballot.**

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

<p><b>In re:</b></p> <p><b>NEIGHBORS LEGACY HOLDINGS, INC., et al.,</b></p> <p style="text-align: center;"><b>Debtors.<sup>1</sup></b></p>	§ § § § § § §	<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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**BALLOT FOR ACCEPTING DEBTORS’ JOINT PLAN OF LIQUIDATION OF  
NEIGHBORS LEGACY HOLDINGS, INC. AND ITS DEBTOR AFFILIATES  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**BALLOT FOR CLASS 3 PREPETITION SECURED LOAN CLAIMS**

**HOLDERS OF CLASS 3 PREPETITION SECURED LOAN CLAIMS SHOULD READ THIS ENTIRE BALLOT BEFORE COMPLETING. PLEASE COMPLETE, DATE, AND SIGN THE BALLOT AND RETURN IT PROMPTLY. YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT (AS DEFINED BELOW) ON OR BEFORE [MARCH 20, 2019], BY 5:00 P.M., PREVAILING CENTRAL TIME (THE “VOTING DEADLINE”).**

Neighbors Legacy Holdings, Inc., and certain of its affiliates (the “Debtors”) have provided to you this ballot (the “Ballot”) to solicit your vote to accept or reject the *Debtors’ Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as amended, modified, or supplemented from time to time, the “Plan”).<sup>2</sup>

Please use this Ballot to cast your vote to accept or reject the Plan if you are, as of [February 15, 2019] (the “Voting Record Date”), a holder of a Prepetition Secured Loan Claim (a “Holder”) against the Debtors.

The Plan is attached as **Exhibit A** to the *Disclosure Statement for Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as amended, modified or supplemented from time to time, the “Disclosure Statement”), which accompanies this Ballot. The Disclosure Statement provides information to assist you in deciding whether to accept or reject the Plan. If you do not have a copy of the Disclosure Statement, you may obtain a copy from the Debtors’ solicitation and voting agent, Kurtzman Carson Consultants, LLC (“KCC” or the “Voting Agent”), by calling 1-888-733-1437 (U.S./Canada) or

<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 used but not otherwise herein defined shall have the meanings ascribed to such terms in the Plan.

1-310-751-2634 (international), or by emailing NeighborsInfo@kccllc.com with a reference to “Neighbors” in the subject line and requesting that a copy be provided to you. You should review the Disclosure Statement and the Plan in their entirety before you vote. You may wish to seek independent legal advice concerning the Plan and your classification and treatment under the Plan.

**IMPORTANT NOTICE REGARDING TREATMENT FOR CLASS 3**

Each Holder of a Prepetition Secured Loan Claim shall receive all Available Cash, plus the proceeds of the Remaining Prepetition Collateral up to the amount of the Prepetition Loan Claim outstanding after all payments made pursuant to the Final DIP Order.

The Plan can be confirmed by the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) and thereby made binding on you if: (i) it is accepted by the holders of at least two-thirds of the aggregate principal amount and more than one-half in number of the Claims voted in each Impaired Class of Claims, and (ii) the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan, and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote or if you vote to reject the Plan. To have your vote counted, you must complete, sign, and return this Ballot to the Voting Agent by the Voting Deadline.

Your receipt of this Ballot does not signify that your Claim(s) has been or will be Allowed. This Ballot is solely for purposes of voting to accept or reject the Plan and not for the purpose of allowance or disallowance of or distribution on account of Class 3 Prepetition Secured Loan Claims. You must provide all of the information requested by this Ballot. Failure to do so may result in the disqualification of your vote.

**YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN AS YOUR RIGHTS MIGHT BE AFFECTED.**

**PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT**

PLEASE COMPLETE ITEMS 1, 2 AND 3. IF THIS BALLOT HAS NOT BEEN PROPERLY SIGNED IN THE SPACE PROVIDED, YOUR VOTE MAY NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Principal Amount of Claims.** The undersigned hereby certifies that, as of the Voting Record Date, the undersigned was the holder (or authorized signatory of such a holder) of Prepetition Secured Loan Claim in the amount set forth below.

\$ \_\_\_\_\_

**Item 2. Votes on the Plan.** Please vote either to accept or to reject the Plan with respect to your Claims below. Any Ballot not marked either to accept or reject the Plan, or marked both to accept and reject the Plan, shall not be counted in determining acceptance or rejection of the Plan.

The undersigned holder of a Class 3 Prepetition Secured Loan Claim votes to (check one box):

**Accept** the Plan       **Reject** the Plan

**Item 3. Acknowledgments.** By signing this Ballot, the Holder (or authorized signatory of such Holder) acknowledges receipt of the Plan, the Disclosure Statement, and the other applicable solicitation materials, and certifies that (i) it has the power and authority to vote to accept or reject the Plan, (ii) it was the Holder (or is entitled to vote on behalf of such Holder) of the Prepetition Secured Loan Claim described in Item 1 as of the Voting Record Date, and (iii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned hereunder, shall be binding on the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy, and legal representatives of the undersigned, and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

\_\_\_\_\_  
Name of Holder

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Name of Institution

\_\_\_\_\_  
Street Address

---

City, State, Zip Code

---

Telephone Number

---

Date Completed

---

E-Mail Address

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. Ballots received after the Voting Deadline (if the Voting Deadline has not been extended) may not, at the Debtors' discretion, be counted. The Voting Agent will tabulate all properly completed Ballots received on or before the Voting Deadline.
2. Complete the Ballot by providing all the information requested, signing, dating, and returning the Ballot to the Voting Agent. Any Ballot that is illegible, contains insufficient information to identify the Holder, or is unsigned will not be counted. Ballots may not be submitted to the Voting Agent by facsimile. If neither the "accept" nor "reject" box is checked in Item 2, both boxes are checked in Item 2, or the Ballot is otherwise not properly completed, executed, or timely returned, then the Ballot shall not be counted in determining acceptance or rejection of the Plan.
3. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you and the Holders if (i) it is accepted by the holders of at least two-thirds of the aggregate principal amount and more than one-half in number of the Claims voted in each Impaired Class of Claims and (ii) the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.
4. You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different or inconsistent Claims within a single Class under the Plan, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted.
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7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan.
8. If you cast more than one Ballot voting the same Claims prior to the Voting Deadline, the latest received, properly executed Ballot submitted to the Voting Agent will supersede any prior Ballot.
9. If (i) the Debtors revoke or withdraw the Plan, or (ii) the Confirmation Order is not entered or consummation of the Plan does not occur, this Ballot shall automatically be null and

void and deemed withdrawn without any requirement of affirmative action by or notice to you.

10. There may be changes made to the Plan that do not cause material adverse effects on an accepting Class. If such non-material changes are made to the Plan, the Debtors will not resolicit votes for acceptance or rejection of the Plan.
11. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT, ANY SUPPLEMENTAL INFORMATION PROVIDED BY THE DEBTORS, OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
12. PLEASE RETURN YOUR BALLOT PROMPTLY.
13. IF YOU HAVE RECEIVED A DAMAGED BALLOT OR HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE VOTING AGENT BY CALLING 1-888-733-1437 (U.S./CANADA) OR 1-310-751-2634 (INTERNATIONAL) OR BY SENDING AN ELECTRONIC MAIL MESSAGE TO NEIGHBORSINFO@KCCLLC.COM WITH "NEIGHBORS" IN THE SUBJECT LINE. PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.
14. THE VOTING AGENT IS NOT AUTHORIZED TO AND WILL NOT PROVIDE LEGAL ADVICE.

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS MARCH 20, 2019, BY 5:00 P.M., PREVAILING CENTRAL TIME.**

**ALL BALLOTS MUST BE PROPERLY EXECUTED, COMPLETED, AND DELIVERED ACCORDING TO THE VOTING INSTRUCTIONS SO THAT THE BALLOTS ARE ACTUALLY RECEIVED BY THE VOTING AGENT NO LATER THAN THE VOTING DEADLINE.**

**Paper Ballot Voting Instructions**

If submitting a paper ballot, please use the enclosed preaddressed envelope or submit the ballot by (A) first class mail, (B) overnight delivery, or (C) personal delivery to the address set forth below

<p><b>NEIGHBORS LEGACY HOLDINGS, INC. BALLOT PROCESSING C/O KURTZMAN CARSON CONSULTANTS LLC 2335 ALASKA AVENUE EL SEGUNDO, CA 90245</b></p>
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**eBallot Voting Instructions**

To properly submit your Ballot electronically, you must electronically complete, sign, and return this customized electronic Ballot by utilizing the eballot platform on KCC's website by visiting [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors), clicking on the "Submit eBallot" link and following the instructions set forth on the website. Your Ballot must be received by KCC by 5:00 p.m., prevailing Central Time, on March 20, 2019, the Voting Deadline, unless such time is extended by the Debtors. **HOLDERS ARE STRONGLY ENCOURAGED TO SUBMIT THEIR BALLOTS VIA THE eBALLOT PLATFORM.** KCC's "eBallot" platform is the sole manner in which ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

**IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Ballot:**

**Unique eBallot ID#: \_\_\_\_\_**

To submit your Ballot via the "eBallot" platform, please visit the website at the following link: <https://eballot.kccllc.net/neighbors>. Click on the "Submit eBallot" section of the website and follow the instructions to submit your Ballot. Each eBallot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an eBallot for each eBallot ID# you receive, as applicable.

If you are unable to use the eballot platform or need assistance in completing and submitting your Ballot, please contact KCC:

VIA PHONE AT 1-888-733-1437 (U.S./CANADA) OR 1-310-751-2634 (INTERNATIONAL)  
OR BY SENDING AN ELECTRONIC MAIL MESSAGE TO  
NEIGHBORSINFO@KCCLLC.COM.

**Holders who cast a Ballot using KCC's "eBallot" platform should NOT also submit a paper Ballot.**



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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

**BALLOT FOR ACCEPTING DEBTORS' JOINT PLAN OF LIQUIDATION OF  
NEIGHBORS LEGACY HOLDINGS, INC. AND ITS DEBTOR AFFILIATES  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**BALLOT FOR CLASS 4 GENERAL UNSECURED CLAIMS**

**HOLDERS OF CLASS 4 GENERAL UNSECURED CLAIMS SHOULD READ THIS ENTIRE BALLOT CAREFULLY BEFORE COMPLETING.**

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS [MARCH 20, 2019], BY 5:00 P.M., PREVAILING CENTRAL TIME (THE "VOTING DEADLINE").**

**PLEASE COMPLETE, DATE, AND SIGN THE BALLOT AND RETURN IT PROMPTLY. YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT (AS DEFINED BELOW) ON THE VOTING DEADLINE.**

Neighbors Legacy Holdings, Inc., and certain of its affiliates (the "Debtors") have provided to you this ballot (the "Ballot") to solicit your vote to accept or reject the *Debtors' Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as amended, modified, or supplemented from time to time, the "Plan").<sup>2</sup>

Please use this Ballot to cast your vote to accept or reject the Plan if you are, as of [February 15, 2019] (the "Voting Record Date"), a holder of a General Unsecured Claim (a "Holder") against the Debtors.

The Plan is attached as **Exhibit A** to the *Disclosure Statement for Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as amended, modified or supplemented from time to time, the "Disclosure Statement"), which accompanies this Ballot. The Disclosure Statement provides information to assist you in deciding whether to accept or reject the Plan. If you do not have a copy of the Disclosure Statement,

<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 used but not otherwise herein defined shall have the meanings ascribed to such terms in the Plan.

you may obtain a copy from the Debtors' solicitation and voting agent, Kurtzman Carson Consultants, LLC ("KCC" or the "Voting Agent"), by calling 1-888-733-1437 (U.S./Canada) or 1-310-751-2634 (international), or by emailing NeighborsInfo@kccllc.com with a reference to "Neighbors" in the subject line and requesting that a copy be provided to you. You should review the Disclosure Statement and the Plan in their entirety before you vote. You may wish to seek independent legal advice concerning the Plan and your classification and treatment under the Plan.

**IMPORTANT NOTICE REGARDING TREATMENT FOR  
CLASS 4 GENERAL UNSECURED CLAIMS**

Each Holder of a Class 4 General Unsecured Claim shall receive its Pro Rata share of the Liquidating Trust Cash; *provided, however*, that any Prepetition Deficiency Claim will (i) not receive any recovery from the first \$1,000,000 of Distributions from the Liquidating Trust Cash; (ii) receive the entire amount of the first \$125,000 of Distributions after the first \$1,000,000 of Distributions from the Liquidating Trust Cash; and (iii) share Pro Rata with other General Unsecured Claims on any Distributions from the Liquidating Trust Cash over \$1,125,000.

The Plan can be confirmed by the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") and thereby made binding on you if: (i) it is accepted by the holders of at least two-thirds of the aggregate principal amount and more than one-half in number of the Claims voted in each Impaired Class of Claims, and (ii) the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan, and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote or if you vote to reject the Plan. To have your vote counted, you must complete, sign, and return this Ballot to the Voting Agent by the Voting Deadline.

Your receipt of this Ballot does not signify that your Claim(s) has been or will be Allowed. This Ballot is solely for purposes of voting to accept or reject the Plan and not for the purpose of allowance or disallowance of or distribution on account of Class 4 General Unsecured Claims. You must provide all of the information requested by this Ballot. Failure to do so may result in the disqualification of your vote.

**NOTICE REGARDING CERTAIN RELEASE,  
EXCULPATION, AND INJUNCTION PROVISIONS IN PLAN**

If you (i) vote to accept the Plan, (ii) abstain from voting on the Plan and do not opt out of the releases provided by the Plan, or (iii) vote to reject the Plan and do not opt out of the releases provided by the Plan, you shall be deemed to have consented to the releases contained in Article XI of the Plan. **Please carefully read the instructions set forth below regarding the decision to grant or opt-out of the releases contained in Article XI of the Plan.**

Article XI.C *Releases by Holders of Claims and Interests*

To the fullest extent permitted by applicable law and approved by the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors and the other Released Parties from any and all past or present Claims, Interests, indebtedness and obligations, rights, suits, losses, damages, injuries, costs, expenses, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, asserted or unasserted, suspected or unsuspected, accrued or unaccrued, fixed, contingent, pending or threatened, existing or hereafter arising, in law, equity, or otherwise, whether for tort, fraud, contract violations of federal or state laws or otherwise, those causes of action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; *provided, however*, that the foregoing release shall not operate to waive or release any Causes of Action of any Releasing Party: arising from claims for fraud, gross negligence, or willful misconduct *provided, further*, the foregoing release shall not release the Debtors' current and former subsidiaries, Affiliates, directors, members, managers, officers, principals, partners, agents, employees, shareholders, holders of Series LLC Interests, holders of Neighbors Equity Interests. Notwithstanding anything to the contrary in the foregoing, the "Third Party Releases" set forth in this paragraph do not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed in connection with the Plan.

**Relevant Definitions Related to Release and Exculpation Provisions:**

"*Released Party*" means, collectively, and in each case in its capacity as such, (a) the Prepetition Secured Parties, (b) the DIP Secured Parties, (c) the Chief Restructuring Officer, and, with respect to each of the foregoing Entities in clauses (a) through (c), such Entity's current or former subsidiaries and Affiliates, and their managed accounts or funds, officers, managers, managing members, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals; *provided, however*, that if a Holder of Prepetition Loan Claim does not vote to approve the Plan or objects to confirmation of the Plan, such Holder shall not be a Released Party. For the sake of clarity, the Debtors' current and former subsidiaries, Affiliates, directors, members, managers, officers, principals, partners, agents, employees, shareholders, holders of Series LLC Interests, holders of Neighbors Equity Interests shall not be considered a Released Party.

"*Releasing Parties*" means, collectively, and in each case in its capacity as such: (a) the Debtors, (b) the Prepetition Secured Parties, (c) the DIP Secured Parties, (d) the Committee, (e) each Holder of a Claim or Interest that accepts or is deemed to accept the Plan, (f) each other Holder of a Claim that is entitled to vote on the Plan and does not both (x) vote to reject the Plan or abstain from voting to accept or reject the Plan and (y) elect the Release Opt-Out on its Ballot, and (g) with respect to each of the foregoing Entities in clauses (b) through (e), such Entity's

current or former subsidiaries and Affiliates, and its and their managed accounts or funds, officers, directors, managers, managing members, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals.

**YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE, EXCULPATION AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.**

**PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE COMPLETING THIS BALLOT**

PLEASE COMPLETE ITEMS 1, 2, 3, AND 4. IF THIS BALLOT HAS NOT BEEN PROPERLY SIGNED IN THE SPACE PROVIDED, YOUR VOTE MAY NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Principal Amount of Claims.** The undersigned hereby certifies that, as of the Voting Record Date, the undersigned was the holder (or authorized signatory of such a holder) of General Unsecured Claims in the amount set forth below.

\$

**Item 2. Votes on the Plan.** Please vote either to accept or to reject the Plan with respect to your Claims below. Any Ballot not marked either to accept or reject the Plan, or marked both to accept and reject the Plan, shall not be counted in determining acceptance or rejection of the Plan.

**Prior to voting on the Plan, please note the following important information regarding releases by Holders of Claims and Interest:**

**If you vote to accept the Plan, you shall be deemed to have consented to the release, injunction, and exculpation provisions set forth in Articles XI.B., XI.C., XI.D. and XI.E. of the Plan.**

**If you (i) vote to accept the Plan, (ii) abstain from voting on the Plan and do not check the box in Item 3 below, or (iii) vote to reject the Plan and do not check the box in Item 3 below, you shall be deemed to have consented to the releases contained in Article X of the Plan.**

**The Disclosure Statement and the Plan must be referenced for a complete description of the release, injunction, and exculpation.**

The undersigned holder of a Class 4 General Unsecured Claim votes to (check one box):

**Accept** the Plan       **Reject** the Plan

**Abstain** from voting on the Plan

**Item 3. Optional Opt Out Release Election.** Check the box below if you elect not to grant the releases contained in Article XI.C of the Plan. If you voted to reject the Plan in Item 2 above, or if you abstained from voting to accept or reject the Plan, check this box if you elect not to grant the releases contained in Article XI.C of the Plan. Election to withhold consent is at your option. If you voted to accept the Plan in Item 2 above, you may not complete this Item 3, and if you complete this Item 3, your “opt out” election will be ineffective. **If you submit a rejecting Ballot, or an abstention Ballot, and in each case, you do not check the box below, you will be deemed to consent to the releases contained in Article XI.C of the Plan to the fullest extent permitted by applicable law.**

**By submitting a rejecting Ballot or an abstention Ballot, and checking the box below electing not to grant the releases contained in Article XI.C of the Plan, you are not forfeiting your right to receive a recovery on account of your Class 4 General Unsecured Claim provided that the Plan is otherwise confirmed by the Bankruptcy Court.**

The Holder of the Class 4 General Unsecured Claim set forth in Item 1 elects to:

- OPT OUT of the releases contained in Article XI of the Plan.

**Item 4. Acknowledgments.** By signing this Ballot, the Holder (or authorized signatory of such Holder) acknowledges receipt of the Plan, the Disclosure Statement, and the other applicable solicitation materials, and certifies that (i) it has the power and authority to vote to accept or reject the Plan, (ii) it was the Holder (or is entitled to vote on behalf of such Holder) of the Class 4 General Unsecured Claim(s) described in Item 1 as of the Voting Record Date, and (iii) all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned hereunder, shall be binding on the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy, and legal representatives of the undersigned, and shall not be affected by, and shall survive, the death or incapacity of the undersigned.

\_\_\_\_\_  
Name of Holder

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Name of Institution

\_\_\_\_\_  
Street Address

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City, State, Zip Code

---

Telephone Number

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Date Completed

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E-Mail Address

## VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

1. Ballots received after the Voting Deadline (if the Voting Deadline has not been extended) may not, at the Debtors' discretion, be counted. The Voting Agent will tabulate all properly completed Ballots received on or before the Voting Deadline.
2. Complete the Ballot by providing all the information requested, signing, dating, and returning the Ballot to the Voting Agent. Any Ballot that is illegible, contains insufficient information to identify the Holder, or is unsigned will not be counted. Ballots may not be submitted to the Voting Agent by facsimile. If neither the "accept" nor "reject" box is checked in Item 2, both boxes are checked in Item 2, or the Ballot is otherwise not properly completed, executed, or timely returned, then the Ballot shall not be counted in determining acceptance or rejection of the Plan.
3. The Plan can be confirmed by the Bankruptcy Court and thereby made binding upon you and the Holders if (i) it is accepted by the holders of at least two-thirds of the aggregate principal amount and more than one-half in number of the Claims voted in each Impaired Class of Claims and (ii) the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.
4. You must vote all your Claims within a single Class under the Plan either to accept or reject the Plan. Accordingly, if you return more than one Ballot voting different or inconsistent Claims within a single Class under the Plan, the Ballots are not voted in the same manner, and you do not correct this before the Voting Deadline, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan likewise will not be counted.
5. If you voted to reject the Plan or if you are abstaining from voting to accept or reject the Plan, and in each case elect not to grant the releases contained in Article XI.E. of the Plan, you must check the box in Item 3. Election to withhold consent is at your option. If you submit a rejecting Ballot, or if you abstain from submitting a Ballot, and in each case, you do not check the box in Item 3, you will be deemed to consent to the releases set forth in Article XI.E. of the Plan.
6. If you vote to accept the Plan by checking the "accept" box in Item 2, but you also check the box in Item 3, your election not to grant the releases will not be counted, as your vote in favor of the plan shall be deemed a consent to the releases set forth in Article XI.E. of the Plan.
7. The Voting Agent's "eBallot" platform is the sole manner in which Ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, e-mail, or other means of electronic transmission will not be counted.



8. The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of Claims.
9. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan.
10. If you cast more than one Ballot voting the same Claims prior to the Voting Deadline, the latest received, properly executed Ballot submitted to the Voting Agent will supersede any prior Ballot.
11. If (i) the Debtors revoke or withdraw the Plan, or (ii) the Confirmation Order is not entered or consummation of the Plan does not occur, this Ballot shall automatically be null and void and deemed withdrawn without any requirement of affirmative action by or notice to you.
12. There may be changes made to the Plan that do not cause material adverse effects on an accepting Class. If such non-material changes are made to the Plan, the Debtors will not resolicit votes for acceptance or rejection of the Plan.
13. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS CONTAINED IN THE MATERIALS MAILED WITH THIS BALLOT, ANY SUPPLEMENTAL INFORMATION PROVIDED BY THE DEBTORS, OR OTHER MATERIALS AUTHORIZED BY THE BANKRUPTCY COURT.
14. PLEASE RETURN YOUR BALLOT PROMPTLY.
15. IF YOU HAVE RECEIVED A DAMAGED BALLOT OR HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CONTACT THE VOTING AGENT BY CALLING 1-888-733-1437 (U.S./CANADA) OR 1-310-751-2634 (INTERNATIONAL) OR BY SENDING AN ELECTRONIC MAIL MESSAGE TO NEIGHBORSINFO@KCCLLC.COM WITH "NEIGHBORS" IN THE SUBJECT LINE. PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.
16. THE VOTING AGENT IS NOT AUTHORIZED TO AND WILL NOT PROVIDE LEGAL ADVICE.

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., PREVAILING CENTRAL TIME, ON MARCH 20, 2019.**

**ALL BALLOTS MUST BE PROPERLY EXECUTED, COMPLETED, AND DELIVERED ACCORDING TO THE VOTING INSTRUCTIONS SO THAT THE BALLOTS ARE ACTUALLY RECEIVED BY THE VOTING AGENT NO LATER THAN THE VOTING DEADLINE.**



**Paper Ballot Voting Instructions**

If submitting a paper ballot, please use the enclosed preaddressed envelope or submit the ballot by (A) first class mail, (B) overnight delivery, or (C) personal delivery to the address set forth below

<p><b>NEIGHBORS LEGACY HOLDINGS, INC. BALLOT PROCESSING C/O KURTZMAN CARSON CONSULTANTS LLC 2335 ALASKA AVENUE EL SEGUNDO, CA 90245</b></p>
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**eBallot Voting Instructions**

To properly submit your Ballot electronically, you must electronically complete, sign, and return this customized electronic Ballot by utilizing the eballot platform on KCC's website by visiting [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors), clicking on the "Submit eBallot" link and following the instructions set forth on the website. Your Ballot must be received by KCC by 5:00 p.m., prevailing Central Time, on March 20, 2019, the Voting Deadline, unless such time is extended by the Debtors. **HOLDERS ARE STRONGLY ENCOURAGED TO SUBMIT THEIR BALLOTS VIA THE eBALLOT PLATFORM.** KCC's "eBallot" platform is the sole manner in which ballots will be accepted via electronic or online transmission. Ballots submitted by facsimile, email or other means of electronic transmission will not be counted.

**IMPORTANT NOTE:** You will need the following information to retrieve and submit your customized electronic Ballot:

**Unique eBallot ID#:** \_\_\_\_\_

To submit your Ballot via the "eBallot" platform, please visit the website at the following link: <https://eballot.kccllc.net/neighbors>. Click on the "Submit eBallot" section of the website and follow the instructions to submit your Ballot. Each eBallot ID# is to be used solely for voting only those Claims described in Item 1 of your electronic Ballot. Please complete and submit an eBallot for each eBallot ID# you receive, as applicable.

If you are unable to use the eballot platform or need assistance in completing and submitting your Ballot, please contact KCC:

VIA PHONE AT 1-888-733-1437 (U.S./CANADA) OR 1-310-751-2634 (INTERNATIONAL)  
OR BY SENDING AN ELECTRONIC MAIL MESSAGE TO  
[NEIGHBORSINFO@KCCLLC.COM](mailto:NEIGHBORSINFO@KCCLLC.COM).

**Holders who cast a Ballot using KCC's "eBallot" platform should NOT also submit a paper Ballot.**

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

<p><b>In re:</b></p> <p><b>NEIGHBORS LEGACY HOLDINGS, INC., et al.,</b></p> <p style="text-align: center;"><b>Debtors.<sup>1</sup></b></p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<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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**NOTICE OF NON-VOTING STATUS**

**PLEASE TAKE NOTICE THAT** Neighbors Legacy Holdings, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”) have commenced solicitation of votes to accept the *Debtors’ Joint Plan of Liquidation of Neighbors Legacy Holdings, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time, the “Plan”).<sup>2</sup> Copies of the Plan and the Disclosure Statement may be obtained free of charge by visiting the website maintained by the Debtors’ voting agent, Kurtzman Carson Consultants, LLC (the “Voting Agent”), at [www.kccllc.net/neighbors](http://www.kccllc.net/neighbors). Copies of the Plan and Disclosure Statement may also be obtained by calling the Voting Agent at 1-888-733-1437 (U.S./Canada) or 1-310-751-2634 (international), or by emailing NeighborsInfo@kccllc.com with a reference to “Neighbors” in the subject line.

**You are receiving this notice (the “Notice”) because, according to the Debtors’ books and records, you are a holder of a Claim or Interest in Class 1 (Other Priority Claims), Class 5 (Section 510(b) Claims), Class 6 (Intercompany Claims), Class 7 (Intercompany Interests), or Class 8 (Neighbors Equity Interests) under the Plan. Pursuant to the terms of the Plan, Class 1 (Other Priority Claims) is unimpaired and therefore, pursuant to section 1126(f) of title 11 of the United States Code (the “Bankruptcy Code”), deemed to have accepted the Plan and is not entitled to vote on the Plan. Class 5 (Section 510(b) Claims), Class 6 (Intercompany Claims), Class 7 (Intercompany Interests), and Class 8 (Neighbors Equity Interests) are impaired and not receiving any distribution under the Plan and therefore, pursuant to section 1126(g) of the Bankruptcy Code, are deemed to have rejected the Plan and are not entitled to vote on the Plan.**

The deadline for filing objections to confirmation of the Plan is [March 15, 2019], at 5:00 p.m. (Prevailing Central Time) (the “Objection Deadline”). Any objections to the Plan must be: (i) in writing, (ii) filed with the Clerk of the Court together with proof of service thereof, (iii) set forth the name of the objecting party, and the nature and amount of any claim or interest asserted by the

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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 used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

objecting party against the estate or property of the Debtors, and state the legal and factual basis for such objection, and (iv) conform to the applicable Bankruptcy Rules and the Bankruptcy Local Rules.

In addition to being filed with the Clerk of the Court, any such objections should be served upon the following parties so as to be received by the Objection Deadline:

- (i) Neighbors Legacy Holdings, Inc., 10800 Richmond Avenue, Houston, Texas 77042 (Attn: Chad J. Shandler, Chief Restructuring Officer);
- (ii) Counsel to the Debtors, Porter Hedges LLP, 1000 Main Street, Suite 3600, Houston, Texas 77002 (Attn: John F. Higgins, Esq.);
- (iii) Counsel to KeyBank National Association in its capacity as Agent and DIP Agent, Reed Smith LLP, Three Logan Square, 1717 Arch Street, Suite 3100, Philadelphia, PA 19103 (Attn: Matthew E. Tashman);
- (iv) Counsel to the Official Committee of Unsecured Creditors, Cole Schotz, P.C., 301 Commerce Street, Suite 1700, Fort Worth, Texas 76103 (Attn: Michael D. Warner); and
- (v) The Office of the United States Trustee for the Southern District of Texas (the "U.S. Trustee"), 515 Rusk Street, Suite 3516, Houston, TX 77002.

If you have any questions concerning this Notice, the Disclosure Statement, or the Plan, or wish to obtain a paper copy of the Plan, the Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent.

**Notice Regarding Certain Release,  
Exculpation, and Injunction Provisions in Plan**

PLEASE BE ADVISED THAT THE PLAN CONTAINS CERTAIN RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, INCLUDING:

*Article XI.B Releases by the Debtors*

**To the fullest extent permitted by applicable law and approved by the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Released Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever been released and discharged by the Debtors and the Estates from any and all past or present Claims, Interests, indebtedness and obligations, rights, suits, losses, damages, injuries, costs, expenses, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, suspected or unsuspected, accrued or unaccrued, fixed, contingent, pending or threatened, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract violations of federal or state laws or otherwise, those causes of action based on veil piercing or alter-**

ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, the Estates, or their Affiliates would have been legally entitled to assert (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; *provided, however*, that the foregoing “*Debtor Releases*” shall not operate to waive or release any Causes of Action of any Debtor: arising from claims for fraud, gross negligence, or willful misconduct; *provided, further*, the foregoing “*Debtor Releases*” shall not release the Debtors’ current and former subsidiaries, Affiliates, directors, members, managers, officers, principals, partners, agents, employees, shareholders, holders of Series LLC Interests, holders of Neighbors Equity Interests. Notwithstanding anything to the contrary in the foregoing, the “*Debtor Releases*” set forth in this paragraph do not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed in connection with the Plan.

*Article XI.C Releases by Holders of Claims and Interests*

To the fullest extent permitted by applicable law and approved by the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors and the other Released Parties from any and all past or present Claims, Interests, indebtedness and obligations, rights, suits, losses, damages, injuries, costs, expenses, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, asserted or unasserted, suspected or unsuspected, accrued or unaccrued, fixed, contingent, pending or threatened, existing or hereafter arising, in law, equity, or otherwise, whether for tort, fraud, contract violations of federal or state laws or otherwise, those causes of action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; *provided, however*, that the foregoing release shall not operate to waive or release any Causes of Action of any Releasing Party: arising from claims for fraud, gross negligence, or willful misconduct *provided, further*, the foregoing release shall not release the Debtors’ current and former subsidiaries, Affiliates, directors, members, managers, officers, principals, partners, agents, employees, shareholders, holders of Series LLC Interests, holders of Neighbors Equity Interests. Notwithstanding anything to the contrary in the foregoing, the “*Third Party Releases*” set forth in this paragraph do not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed in connection with the Plan.

*Article XI.D Exculpation*

To the fullest extent permitted by applicable law no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Exculpated Claim, obligation, Cause of Action or liability for any Exculpated Claim, except for those that are determined in a final order to have constituted actual fraud, gross negligence, willful

misconduct, or criminal conduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan.

Article XI.E *Injunction*

Except for obligations issued pursuant to the Plan, from and after the Effective Date, all Entities who hold or may hold Claims or Interests and the Releasing Parties are permanently enjoined from taking any of the following actions against the Debtors or any Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Holder has Filed a motion requesting the right to perform such setoff on or before the Confirmation Date; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan. Nothing in the Plan or the Confirmation Order shall preclude any Entity from pursuing an action against one or more of the Debtors in a nominal capacity to recover insurance proceeds so long as the Debtors, as applicable, and any such Entity agree in writing that such Entity will: (a) waive all Claims against the Debtors and the Estates related to such action and (b) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

**Relevant Definitions Related to Release and Exculpation Provisions:**

“*Exculpated Party*” means each of the Debtors, the Prepetition Secured Parties, the DIP Secured Parties, the Committee and each of its members, but solely in their capacities as such, and not individually, the Chief Restructuring Officer, the Patient Care Ombudsman, and, with respect to each of the foregoing, its and their officers, directors, managers, managing members, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals, in their capacity as such, only to the extent such officers, directors, managers, managing members, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals worked for or otherwise represented the Debtors after the Petition Date. For the avoidance of doubt, the term Exculpated Party shall include the Debtors’ officers, if any, that are terminated after the closing of all of the Purchase Agreements.

“*Released Party*” means, collectively, and in each case in its capacity as such, (a) the Prepetition Secured Parties, (b) the DIP Secured Parties, (c) the Chief Restructuring Officer, and, with respect to each of the foregoing Entities in clauses (a) through (c), such Entity’s current or former subsidiaries and Affiliates, and their managed accounts or funds, officers, managers,

managing members, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals; *provided, however*, that if a Holder of Prepetition Loan Claim does not vote to approve the Plan or objects to confirmation of the Plan, such Holder shall not be a Released Party. For the sake of clarity, the Debtors' current and former subsidiaries, Affiliates, directors, members, managers, officers, principals, partners, agents, employees, shareholders, holders of Series LLC Interests, holders of Neighbors Equity Interests shall not be considered a Released Party.

**"Releasing Parties"** means, collectively, and in each case in its capacity as such: (a) the Debtors, (b) the Prepetition Secured Parties, (c) the DIP Secured Parties, (d) the Committee, (e) each Holder of a Claim or Interest that accepts or is deemed to accept the Plan, (f) each other Holder of a Claim that is entitled to vote on the Plan and does not both (x) vote to reject the Plan or abstain from voting to accept or reject the Plan and (y) elect the Release Opt-Out on its Ballot, and (g) with respect to each of the foregoing Entities in clauses (b) through (e), such Entity's current or former subsidiaries and Affiliates, and its and their managed accounts or funds, officers, directors, managers, managing members, principals, partners, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other Professionals.

**YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE, EXCULPATION AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.**

Dated: Houston, Texas  
February \_\_, 2019

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