

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 24-10443 (TMH)

Jointly Administered

**Proposed Objection Deadline:**

September 24, 2024 at 10:00 a.m. (ET)

**Requested Hearing Date:**

September 24, 2024 at 11:00 a.m. (ET)

**DEBTORS’ MOTION FOR ENTRY OF AN ORDER  
(I) AUTHORIZING THE DEBTORS TO (A) ENTER INTO THE  
NEW PREMIUM FINANCING AGREEMENT, AND (B) PROVIDE  
ADEQUATE PROTECTION THEREON; (II) AUTHORIZING THE BANKS TO  
HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER REQUESTS  
RELATED TO THE FOREGOING; AND (III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (each, a “Debtor” and, collectively, the “Debtors”) respectfully submit this motion (this “Motion”) for the entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), (i) authorizing the Debtors to (a) enter into the New Premium Financing Agreement (as defined herein), and (b) provide adequate protection thereon; (ii) authorizing the Banks to honor and process check and electronic transfer requests related to the foregoing; and (iii) granting related relief. In support of this Motion, the Debtors incorporate by reference the Debtors’ previously filed motion seeking similar relief [Docket No. 8] (the “Original Insurance Motion”), which was approved by the Court on a final basis on April 23, 2024 [Docket No. 231]. In further support of this Motion, the Debtors

<sup>1</sup> The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, whose cases are being jointly administered, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information is available on a website of the Debtors’ claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).



respectfully represent as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012 (the “Amended Standing Order”). Pursuant to Local Rule 9013-1(f), the Debtors consent to a final order with respect to this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the above-captioned chapter 11 cases (these “Chapter 11 Cases”) and this Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 363(b) and 364(c) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”).

### **BACKGROUND**

#### **A. General Background**

4. On March 20, 2024 (the “Petition Date”), the Debtors each commenced with the Court a voluntary case under the Bankruptcy Code. The Debtors, with the exception of some inactive entities, are authorized to operate their businesses and manage their properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On April 9, 2024, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the official committee of unsecured creditors (the “Committee”). On April 16, 2024, the U.S. Trustee appointed a patient care ombudsman

[Docket No. 160] (the “Patient Care Ombudsman”) in these Chapter 11 Cases. No trustee or examiner has been appointed in these Chapter 11 Cases.

6. The factual background regarding the Debtors, including their business operations, capital and debt structure, and the events leading to the filing of these Chapter 11 Cases, is set forth in more detail in the *Declaration of David R. Campbell in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* [Docket No. 44] (the “First Day Declaration”).<sup>2</sup>

7. On the Petition Date, the Debtors filed the Original Insurance Motion, which was approved by the Court on an interim basis on March 22, 2024 [Docket No. 83] and on a final basis on April 23, 2024 [Docket No. 231] (the “Original Insurance Order”).

**B. The Debtors’ Insurance.**

8. As noted in the Original Insurance Motion, the Debtors’ healthcare professional and general liability Insurance Policy through AXA is financed through a premium finance agreement (the “Existing Premium Finance Agreement”) with FIRST Insurance Funding (“First Insurance”), which is attached to the Original Insurance Motion as Exhibit D.<sup>3</sup> Pursuant to the Premium Finance Agreement, First Insurance has agreed to pay the applicable premiums due under the AXA Insurance Policy in exchange for a combination of upfront and monthly payments from the Debtors. The Debtors’ obligations under the Premium Finance Agreement are secured by all sums due under the AXA Insurance Policy, including any unearned premiums or other sums that may become payable under the AXA Insurance Policy.

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<sup>2</sup> Capitalized terms not otherwise defined shall have the meaning ascribed in the First Day Declaration or the Original Insurance Motion, as applicable.

<sup>3</sup> The Premium Finance Agreement includes both the original agreement and a recently obtained correction from First Insurance. For the avoidance of doubt, the term “Premium Finance Agreement” includes both documents as included and attached to the Original Insurance Motion as Exhibit D.

9. Certain of the Debtors' property insurance and commercial automobile insurance policies came due for renewal or replacement on June 30, 2024. Accordingly, the Debtors initiated new property insurance and automobile policies (collectively, the "AFCO Policies") with new carriers—property insurance with Travelers Casualty & Surety Company of America ("Travelers") and commercial automobile insurance with National Liability & Fire Insurance Company ("National"). The AFCO Policies' premiums were to be paid in full at the outset of the policy period and therefore the Debtors determined that it would be most cost-effective and a financial benefit to the Debtors to finance the AFCO Policies' premiums to provide the Debtors added liquidity and flexibility for business operations.

10. The Debtors initially worked with First Insurance to obtain additional premium financing. After discussions with First Insurance were unsuccessful, the Debtors reached out to AFCO Credit Corporation ("AFCO") regarding the same. At the outset of discussions with AFCO, the Debtors believed that execution of any new premium financing was authorized by the Original Insurance Order and that AFCO was aligned with that understanding. Recently, AFCO notified the Debtors that an order explicitly authorizing the Debtors to enter into new premium financing with AFCO would be required.

11. Accordingly, the Debtors seek to enter into a new Premium Finance Agreement (the "New Premium Finance Agreement") with AFCO for the financing of the AFCO Policies upon Court approval. A true and correct copy of the New Premium Finance Agreement is attached hereto as **Exhibit B**.

12. The Debtors have worked closely with their insurance broker, HUB International Midwest Limited ("HUB") to communicate with Travelers and National regarding the funding of their respective policy premiums. To date, the Debtors have made one direct payment in the amount of \$214,764.00 to National to maintain coverage. Travelers and National are aware that

AFCO requires Court approval (via the proposed order appended to this Motion) to be in a position to finance the AFCO Policies' premiums, and have been forbearing their right to cancel the policies pending approval at the next available omnibus hearing, which is September 24, 2024. The Debtors anticipate that both carriers will exercise their right to cancel these two policies if the relief sought in this Motion is delayed beyond September 24, 2024. Accordingly, the Debtors seek approval of this Motion on shortened notice, as is reflected in a concurrently filed motion seeking same.

13. As collateral to secure the total amount payable under the New Premium Finance Agreement and any other past, present, or future extensions of credit (the "Indebtedness"), the Debtors propose to grant AFCO a first priority secured interest in the gross unearned premiums which would be payable in the event of cancellation of the AFCO Policies and which further authorizes AFCO to cancel the AFCO Policies and obtain the return of any unearned premiums in the event of a default in the payment of any installment due. The New Premium Finance Agreement provides that the loan terms are governed by Illinois law with the option for AFCO to prosecute any action to enforce its rights under the New Premium Finance Agreement in the Supreme Court of the State of New York, County of New York.

14. Pursuant to the Original Insurance Order, the Debtors are authorized to pay prepetition obligations in connection with the Existing Premium Finance Agreement, honor its terms and pay premiums thereunder, "and to enter into, renew, amend, supplement, and/or extend premium financing agreements as necessary, to the extent that the Debtors determine that such action is in the ordinary course of business." *See* Original Insurance Order ¶¶ 2 & 4. Thus, the Debtors believe that they already have Court approval and authorization to honor and/or enter into the New Premium Finance Agreement. However, the Debtors are filing this Motion at AFCO's

request and, per AFCO's request, are seeking entry of a further order providing for additional protections (as set forth herein) in order to finalize the New Premium Finance Agreement.

**RELIEF REQUESTED**

15. By this Motion, the Debtors seek entry of the Proposed Order, (i) authorizing the Debtors to enter into the New Premium Financing Agreement, on the terms and with the protections afforded herein, in the ordinary course of business; (ii) authorizing the Banks to honor and process check and electronic transfer requests related to the foregoing; and (iii) granting related relief.

**BASIS FOR RELIEF REQUESTED**

16. By this Motion, and pursuant to the Original Insurance Order, the Debtors seek entry of the Proposed Order authorizing the Debtors to enter into the New Premium Finance Agreement. As noted above, the Debtors' healthcare professional and general liability insurance policy is financed through the Existing Premium Finance Agreement. Similarly, the Debtors are prepared to execute the New Premium Finance Agreement for the financing of the Debtors' AFCO Policies. The financing of the AFCO Policies is essential to obtaining and preserving such policies and, thus, the preservation of value of the Debtors' business and operations.

17. Section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). Moreover, the Operating Guidelines for Chapter 11 Cases of the U.S. Trustee (the "U.S. Trustee Guidelines") require debtors to maintain insurance coverage throughout the pendency of the Chapter 11 Cases. Further, in the Debtors' business judgement, the terms of the New Premium Finance Agreement represent the best possible terms for financing the premiums of the AFCO Policies. Financing of the AFCO

Policies is essential as some of the AFCO Policies are required by the various regulations, laws, and contracts that govern the Debtors' commercial activities.

18. The Debtors submit that their execution of the New Premium Finance Agreement constitutes a transaction in the ordinary course of business. *See e.g., Drabkin v. A.I. Credit Corp.*, 800 F.2d 1153, 1154 (Fed. Cir. 1986) (a premium financing agreement is a “common commercial arrangement.”); *see In re Roth American*, 975 F.2d at 952 n.4 (citing *U.S. v. Estate of Deutscher*, 115 B.R. 592, 598-99 (M.D. Tenn. 1990), for the proposition that “trustee’s use of fund to . . . reinstate insurance was in ordinary course of business”). Notwithstanding the foregoing, the Debtors seek approval of the New Premium Finance Agreement, the protections set forth in this Motion and the Proposed Order, and to make the payments under the New Premium Finance Agreement, out of an abundance of caution and upon the request of AFCO.

19. The New Premium Finance Agreement is an integral part of the Debtors' insurance program and vital to the Debtors' ability to ensure uninterrupted coverage under the AFCO Policies, the Debtors are seeking approval to enter the New Premium Financing Agreement, subject to further additional protections set forth in this Motion and the Proposed Order.

20. Pursuant to the terms of the New Premium Finance Agreement, the Debtors are appointing AFCO as attorney-in-fact with the irrevocable power to affect cancellation of the AFCO Policies or any substitution, rewrite, or renewal thereof in accordance with the provisions in the New Premium Finance Agreement and to receive all sums assigned to AFCO or in which AFCO has a security interest.

21. Further, the Debtors and AFCO have reached an agreement on the adequate protection package appropriate for this situation:

- a. Debtors are authorized and directed to timely make all payments due under the New Premium Finance Agreement and AFCO be authorized to receive and apply such

payments to Indebtedness owed by the Debtors to AFCO as provided in the New Premium Finance Agreement.

- b. In the event that the Debtors default upon any of the terms of the New Premium Finance Agreement, AFCO may exercise such rights as it may otherwise have under state law, but for the pendency of these Chapter 11 Cases and, without the necessity of further application to the Court, cancel all insurance policies listed on the New Premium Finance Agreement or any amendment thereto, and receive and apply all unearned insurance premiums to the account of the Debtors. In the event that, after such application of unearned premiums, any sums still remain due to AFCO pursuant to the New Premium Finance Agreement, such deficiency shall be deemed an administrative expense of the Debtors' estate. In exercising such rights, AFCO shall comply with the notice and other relevant provisions of the New Premium Finance Agreement.

22. Section 364(c) provides, in relevant part, “[i]f the [debtor] is unable to obtain unsecured credit...the court, after notice and a hearing, may authorize the obtaining of [secured] credit or the incurring of debt...secured by a lien on property of the estate that is not otherwise subject to a lien.” 11 U.S.C. § 364(c)(2). In short, section 364(c) of the Bankruptcy Code authorizes a debtor, in the exercise of its business judgment, to incur secured debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interests of the debtor's estate. *In re Ames Dept. Stores*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (with respect to post-petition credit, courts “permit debtors-in-possession to exercise their basic business judgment consistent with their fiduciary duties”).

23. Bankruptcy courts routinely defer to a debtor's business judgment on most business decisions, including the decision to borrow money, unless such decision fails the arbitrary and



capricious standard. *See In re Trans World Airlines, Inc.*, 163 B.R. 964, 974 (Bankr. D. Del. 1994) (noting that approval of interim loan, receivables facility and asset-based facility “reflect[ed] sound and prudent business judgment... [was] reasonable under the circumstances and in the best interests of [the debtor] and its creditors”).

24. Lenders, such as AFCO, are generally unwilling to finance insurance premiums on an unsecured basis. Here, AFCO is willing to finance the Premiums only if the Debtors (i) grant AFCO a first priority security interest in the AFCO Policies, and irrevocably appoint AFCO as the Debtors’ attorney-in-fact, as provided for in the New Premium Finance Agreement, and (ii) agree to the other terms and conditions of the New Premium Finance Agreement. The Debtors have determined, in an exercise of their business judgment, that their ability to finance the AFCO Policies’ premiums will help manage their cash flow and liquidity. Because financing the premiums that are necessary to be paid in order to maintain essential insurance coverage is in the best interests of the Debtors, their estates, creditors, and other parties in interest, the Court should authorize the Debtors to enter in the Premium Finance Agreement, and to grant AFCO the protections provided for therein on account of AFCO’s agreement to finance the Premiums.

25. The Debtors believe that the terms of the New Premium Finance Agreement are commercially fair and reasonable. The Debtors are required to maintain adequate insurance coverage and without it, would be forced to cease operations. The Debtors have been unable to obtain unsecured credit to fund the AFCO Policies.

26. The relief requested by this Motion is warranted and appropriate under the circumstances. The Debtors submit that authorization of the New Premium Finance Agreement will ensure that the Debtors can continue necessary operations and will not prejudice the legitimate interests of creditors and other parties in interest, including Debtors’ secured creditors.

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

27. The Debtors seek a waiver of any stay of the effectiveness of an order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As set forth above and in the Original Insurance Motion, the relief sought herein is necessary for the Debtors to operate without interruption and to preserve value for their estates. To implement the foregoing successfully, the Debtors request that the Proposed Order includes a finding that the Debtors have established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h). For this reason and those set forth above, the Debtors submit that ample cause exists to justify a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h).

**NOTICE**

28. Notice of this Motion has been given via email and overnight delivery to the following parties or, in lieu thereof, to their counsel, if known: (a) the U.S. Trustee; (b) counsel to the Committee; (c) the office of the attorney general for each of the states in which the Debtors operate; (d) United States Attorney’s Office for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Department of Justice; (g) the Prepetition Lenders; (h) the DIP Lender; (i) counsel to the Patient Care Ombudsman; and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

*[Remainder of page intentionally left blank]*

WHEREFORE, the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: September 19, 2024  
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &  
TAYLOR, LLP**

*/s/ Shella Borovinskaya*

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and

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*Counsel for the Debtors and Debtors in  
Possession*

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 24-10443 (TMH)

Jointly Administered

**Proposed Objection Deadline:**  
September 24, 2024 at 10:00 a.m. (ET)

**Requested Hearing Date:**  
September 24, 2024 at 11:00 a.m. (ET)

**NOTICE OF MOTION**

PLEASE TAKE NOTICE that, on September 19, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to (A) Enter Into the New Premium Financing Agreement, and (B) Provide Adequate Protection Thereon; (II) Authorizing the Banks to Honor and Process Check and Electronic Transfer Requests Related to the Foregoing; and (III) Granting Related Relief* (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that the Debtors have requested that any objections to the Motion be filed on or before **September 24, 2024 at 10:00 a.m. (ET)** (the “Proposed Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the proposed undersigned counsel to the Debtors so as to be received on or before the Proposed Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT THE DEBTORS HAVE REQUESTED THAT A HEARING TO CONSIDER THE MOTION BE HELD ON **SEPTEMBER 24, 2024 AT 11:00 A.M. (ET)** BEFORE THE HONORABLE THOMAS M. HORAN, UNITED STATES BANKRUPTCY COURT JUDGE FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.

**PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.**

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<sup>1</sup> The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, whose cases are being jointly administered, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information is available on a website of the Debtors’ claims and noticing agent at <https://www.kccllc.net/Petersen>.

Dated: September 19, 2024  
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT &  
TAYLOR, LLP**

*/s/ Shella Borovinskaya*

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and

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*Counsel for the Debtors and Debtors in  
Possession*

**Exhibit A**

**Proposed Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**In re**

**SC HEALTHCARE HOLDING, LLC *et al.*,**

**Debtors.<sup>1</sup>**

Chapter 11

Case No. 24-10443 (TMH)

Jointly Administered

**Ref. Docket No.** \_\_\_\_

**ORDER (I) AUTHORIZING THE DEBTORS TO (A) ENTER INTO THE NEW PREMIUM FINANCING AGREEMENT, AND (B) PROVIDE ADEQUATE PROTECTION THEREON; (II) AUTHORIZING THE BANKS TO HONOR AND PROCESS CHECK AND ELECTRONIC TRANSFER REQUESTS RELATED TO THE FOREGOING; AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”), allowing the Debtors to enter into the New Premium Finance Agreement and to provide adequate protection thereunder; and upon consideration of all pleadings related thereto; and this Court having entered that certain *Order Shortening Notice with Respect to Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to (A) Enter Into the New Premium Financing Agreement, and (B) Provide Adequate Protection Thereon; (II) Authorizing the Banks to Honor and Process Check and Electronic Transfer Requests Related to the Foregoing; and (III) Granting Related Relief*; and it appearing that no other or further notice of the Motion is required; and it appearing that this Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and it appearing that this is a core proceeding pursuant to 28 U.S.C.

<sup>1</sup> The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, whose cases are being jointly administered, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information is available on a website of the Debtors’ claims and noticing agent at [www.kccllc.net/Petersen](http://www.kccllc.net/Petersen).

<sup>2</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.

§ 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtors, their estates, and their creditors; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized and directed to:
  - a. enter into the New Premium Finance Agreement attached to the Motion as **Exhibit B**;
  - b. grant AFCO a first priority secured interest in any and all unearned premiums and dividends which may become payable under the AFCO Policies for whatever reason and loss payments which reduce the unearned premiums, subject to any mortgagee or loss payee interests; and
  - c. pay to AFCO all sums due pursuant to the New Premium Finance Agreement.
3. The full rights of AFCO pursuant to the New Premium Finance Agreement and controlling state law are preserved and protected and are and shall remain unimpaired by the pendency of these Chapter 11 Cases or any subsequent appointment of a trustee.
4. In the event that the Debtors default upon any of the terms of the New Premium Finance Agreement, AFCO may exercise such rights as it may otherwise have under state law, but for the pendency of these Chapter 11 Cases and, without the necessity of further application to this Court, cancel all insurance policies listed on the New Premium Finance Agreement or any amendment thereto, and receive and apply all unearned insurance premiums to the account of the Debtors. In the event that, after such application of unearned premiums, any sums still remain due to AFCO pursuant to the New Premium Finance Agreement, such deficiency shall be deemed an



administrative expense of the Debtors' estate. In exercising such rights, AFCO shall comply with the notice and other relevant provisions of the New Premium Finance Agreement.

5. Without limitation, the liens, security interests and rights in the collateral granted under the New Premium Financing Agreement are: (i) are senior to (a) the liens of any lender providing DIP or cash collateral financing in this Case and (b) to any claims under 11 U.S.C. §§ 503, 506(c) or 507(b); and (ii) shall not be subject to avoidance, priming or surcharge by any party in interest. Pursuant to the New Premium Finance Agreement, the Debtors irrevocably appoints AFCO as its attorney-in-fact in the event of default to cancel any financed insurance policies and collect the collateral, as described herein.

6. If additional premiums become due to insurance companies under the policies financed under the New Premium Finance Agreement, the Debtors and AFCO or its successor or assigns are authorized to modify the Premium Finance Agreement as necessary to pay the additional premiums without the necessity of further hearing or order of this Court.

7. The New Premium Finance Agreement and the liens and security interests in the unearned premiums granted pursuant thereto shall continue in full force and effect and Indebtedness due under the New Premium Finance Agreement shall remain due and owing notwithstanding: (i) the dismissal or closure of these Chapter 11 Cases, (ii) the discharge of the Debtors, or (ii) the confirmation of a plan of reorganization.

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

9. The terms and conditions of this Order will be immediately effective and enforceable upon its entry.

**Exhibit B**

**New Premium Finance Agreement**

Agent/Broker/Producer (Name and Address)  
Hub International Midwest Limited  
55 E. Jackson Boulevard, 14th Floor  
Chicago, IL 60604

Telephone Number: 312-922-5000 Agency Code: HUB17302MWV

Insured (Name and Address as shown on the policy(ies) including all insureds covered by the policies below)  
Petersen Health Care Inc.; Petersen Health Care Companies  
830 W. Trailcreek Drive  
Peoria, IL 61614

Telephone Number: 309-689-5880

Creditor: AFCO Credit Corporation			Federal Truth In Lending Disclosures		
(A) Total Premiums	(B) Down Payment	(C) Amount Financed (The amount of credit provided to you or on your behalf)	(D) FINANCE CHARGE (The dollar amount the credit will cost you)	(E) Total of Payments (The amount you will have paid after you have made all payments as scheduled)	(F) ANNUAL PERCENTAGE RATE (The cost of your credit as a yearly rate)
\$1,938,356.00	\$542,740.00	\$1,395,616.00	* \$61,469.87	\$1,457,085.87	10.45%
Your PAYMENT SCHEDULE will be: Monthly			*Includes a non-refundable service charge of \$40.00	If the borrower under this Agreement is a consumer, you will receive an Itemization of the Amount Financed	
No. of Payments	Amount of Payments	When Payments are Due			
9	\$161,898.43	On the 30th day of the month, beginning 7/30/2024			
<p><b>Security:</b> You are giving a security interest in any and all unearned or return premium(s) and dividends which may become due under the policy(ies) being purchased.</p> <p><b>Late Charge:</b> You will be charged 5% of the payment, subject to a minimum charge of \$1.00 on any payment received more than 5 days after the due date.</p> <p><b>Cancellation Charge:</b> You will be charged a cancellation charge of \$25.00 if AFCO cancels any insurance policy in accordance with the terms of this Agreement.</p> <p><b>Prepayment:</b> If you voluntarily prepay in full prior to the last installment due date you will not be charged a prepayment fee and you may be entitled to a refund of part of the finance charge.</p> <p><b>See Above</b> and on the last page of this document for any additional information about non-payment default, any repayment in full before the scheduled date, and prepayment refunds and penalties.</p>					

**SCHEDULE OF POLICIES**

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Address of General or policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
KTK-CMB-6T3524 1-1-24  Audit= N Min Ernd= 30% AddCxlDays= 10	6/30/2024	Travelers Casualty & Surety Co of America Premium Finance Unit PO BOX 2953 Hartford, CT 06104	PROPERTY  Ref. Tax/Fee: \$0.00 Non-Ref. Tax/Fee: \$0.00	12	\$1,294,063.00

In consideration of the payment(s) to be made by AFCO CREDIT CORPORATION ("AFCO") to the above insurance company(ies) ("Insurer(s)", either directly or through your or their agents, representatives, or producer, the above-named insured ("Insured") (jointly and severally if more than one):

- PROMISE OF PAYMENT:** Promises to pay to the order of AFCO at the above address or any address AFCO may designate, the Total of Payments in accordance with the Payment Schedule set forth in the above Truth-in-Lending Disclosures as well as any other sums due pursuant to this Agreement. No additional authority, acts, approvals or licenses are or will be necessary as a prerequisite to the enforceability of this Agreement. AFCO may, at its option, pay loan proceeds to any agent, broker, general agent, managing general agent or insurer set forth herein. Payments to AFCO are deemed made only upon receipt in good funds. Checks are accepted, subject to collection.
- SECURITY INTEREST AND POWER OF ATTORNEY:** Irrevocably appoints AFCO as Attorney-In-Fact with full authority to affect cancellation of the policies covered hereby or any substitution, rewrite or renewal thereof in accordance with the provisions herein, to receive all sums assigned to AFCO or in which it has granted AFCO a security interest. AFCO may execute and deliver on behalf of the Insured all documents, forms and notices relating to the policies covered hereby in furtherance of this Agreement. The Power of Attorney is coupled with an interest and the powers given herein may be exercised by the Attorney-In-Fact, or its successors and assigns.
- RECEIPT OF AGREEMENT AND PRIVACY NOTICE:** Acknowledges that it has received a copy of all pages of this Agreement and if the borrower is a consumer, the Insured acknowledges that he has received a copy of AFCO's Privacy Statement.

**NOTICE: 1. DO NOT SIGN THIS AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS ANY BLANK SPACE. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED-IN COPY OF THIS AGREEMENT. 3. UNDER THE LAW, YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE SERVICE CHARGE.**

**INSURED AGREES TO THE TERMS SET FORTH ABOVE AND ON ALL PAGES OF THIS AGREEMENT**

Petersen Health Care Inc.; Petersen Health Care Inc. Insured

INSURED'S NAME SIGNATURE OF THE INSURED OR AUTHORIZED REPRESENTATIVE TITLE DATE

INSURED'S NAME SIGNATURE OF THE INSURED OR AUTHORIZED REPRESENTATIVE TITLE DATE

**AGENT/BROKER/PRODUCER WARRANTIES AND REPRESENTATIONS**

The undersigned warrants and agrees: 1. The policies listed in the Schedule of Policies are in full force and effect, and the information and the premiums are correct. 2. The Insured has received a copy of this Agreement, has authorized this transaction and recognizes the security interest assigned herein. 3. To hold in trust for AFCO any payments made or credited to the Insured through or to the undersigned, directly or indirectly, actually or constructively by the insurance companies, their representatives or AFCO and to pay the monies as well as any unearned commissions to AFCO upon demand to satisfy the outstanding indebtedness of the Insured. 4. Any lien the undersigned has or may acquire in the return premiums arising out of the listed insurance policies is subordinate to AFCO's lien or security interest therein. 5. The policies comply with AFCO's eligibility requirements. 6. No audit or reporting form policies, policies subject to retrospective rating or minimum earned premium are included. 7. The deposit or provision premiums are not less than anticipated premiums to be earned for the full term of the policies. 8. The policies can be cancelled by the Insured and the unearned premiums will be computed on the standard short-rate or pro-rata table. 9. A proceeding in bankruptcy, receivership, or insolvency has not been instituted by or against the named Insured borrower. 10. That it has received the down payment and any other sums due as required by the Agreement and is holding same or they are attached to this Agreement. 11. No additional authority, acts, approvals or licenses are or will be necessary as a prerequisite to the enforceability of this Agreement. 12. AFCO will rely upon these representations in determining whether to accept this Agreement.

**THE UNDERSIGNED FURTHER WARRANTS THAT IT HAS RECEIVED THE DOWN PAYMENT AND ANY OTHER SUMS DUE AS REQUIRED BY THE AGREEMENT AND IS HOLDING SAME OR THEY ARE ATTACHED TO THIS AGREEMENT**

Hub International Midwest Limited Agent

AGENT OR BROKER SIGNATURE OF AGENT OR BROKER TITLE DATE

(4) ASSIGNMENT OF SECURITY INTEREST AND POWER OF ATTORNEY: The Insured assigns and hereby gives a security interest to AFCO as collateral for the total amount payable in this Agreement and any other past, present or future indebtedness of the Insured to AFCO, including any debt or liability for any reason under all insurance policies financed by AFCO, (b) loss payments which reduce the unearned premiums, subject to any mortgagee or loss payee interests and (c) any interest in any state guarantee fund relating to any financed policy. If any circumstances exist in which all premiums related to any policy could become fully earned in the event of any loss, AFCO shall be named a loss-payee with respect to such policy. AFCO at its option may enforce payment of this debt without recourse to the security given to AFCO. The Insured irrevocably appoints AFCO as its attorney in fact with full authority to (i) cancel all insurance financed by AFCO for the reason set forth in paragraph 13, whether pursuant to this or any other agreement, (ii) receive all sums hereby assigned to AFCO and (iii) execute and deliver on the Insured's behalf all documents, instruments of payment, forms and notices of any kind relating to the insurance in furtherance of this Agreement.

(5) WARRANTY OF ACCURACY: The Insured (i) warrants that all listed insurance policies have been issued to it and are in full force and effect and that it has not and will not assign any interest in the policies except for the interest of mortgagees and loss payees; (ii) authorizes AFCO to insert or correct on this Agreement, if omitted or incorrect, the insurer's name, the policy numbers, and the due date of the first installment and to correct any obvious errors; and (iii) authorizes AFCO to correct or remedy any error or omission in the completion of this Agreement. In the event of any such change, correction or insertion, or of any change in Blocks (A) thru (F), or in the Federal Truth-In-Lending Disclosures or in the Itemization of the Amount Financed Disclosures the Insured will be notified at the address shown hereon.

(6) REPRESENTATION OF SOLVENCY: The Insured represents that it is not insolvent or the subject of any insolvency proceeding.

(7) ADDITIONAL PREMIUMS: The money paid by AFCO is only for the premium as determined at the time the insurance policy is issued. AFCO's payment shall not be applied by the insurance company to pay for any additional premiums owed by the Insured resulting from any type of misclassification of the risk. The Insured shall pay to the insurer any additional premiums or any other sums that become due for any reason. The Insured agrees that, in the event the total premiums are greater than that shown hereon, or if the Insured requests additional premiums be added or additional premiums financed, this Agreement may be amended to reflect the actual premiums and the Insured will either (i) pay the difference in premium due or (ii) pay any required additional down payment and any additional finance charge permitted by law. In such event AFCO will forward the Insured a revision notice showing all information required by law. If AFCO assigns the same account number to any additional extension or extensions of credit, (i) this Agreement and any agreement or agreements identified by such account number shall be deemed to comprise a single and indivisible loan transaction, (ii) any default with respect to any component of such transaction shall be deemed a default with respect to all components of such transaction and (iii) any unearned premiums relating to any component of such transaction may be collected and applied by AFCO to the totality of such transaction.

(8) SPECIAL INSURANCE POLICIES: If the insurance policy is auditable or is a reporting form policy or is subject to retrospective rating, then the Insured promises to pay to the insurance company the earned premium computed in accordance with the policy provisions which is in excess of the amount of premium advanced by AFCO which the insurance company retains.

(9) FIRST NAMED INSURED: If the insurance policy provides that the first named insured in the policy shall be responsible for payment of premiums and shall act on behalf of all other insureds regarding the policy, then the same shall apply to this Agreement and the Insured represents that it is authorized to sign on behalf of all insureds. If not, then all insureds' names must be shown on this Agreement unless a separate agreement appoints an insured to act for the others.

(10) FINANCE CHARGE: The finance charge shown in Block D begins to accrue as of the earliest policy effective date, unless otherwise indicated in the Schedule of Policies, and shall continue to accrue until the balance due AFCO is paid in full or until such other date as required by law, notwithstanding any cancellation of coverage. If AFCO issues a Notice of Cancellation, AFCO may recalculate the total finance charge payable pursuant to this Agreement, and the Insured agrees to pay interest, on the Amount Financed set forth herein, from the first effective date of coverage, at the highest lawful rate of interest.

(11) AGREEMENT BECOMES A CONTRACT: This Agreement becomes a binding contract when AFCO mails the Insured its written acceptance and is not a contract until such time. The Insured agrees that (i) this Agreement may be transmitted by facsimile, E-mail or other electronic means to AFCO, (ii) any such transmitted Agreement shall be deemed a fully enforceable duplicate original document and (iii) such Agreement, when accepted by AFCO, shall constitute a valid and enforceable contract.

(12) DEFAULT AND DISHONORED CHECK CHARGES: If the Insured is late in making a loan payment to AFCO by more than the number of days specified by law the Insured will pay to AFCO a delinquency charge equal to the maximum charge permitted by law. If a check is dishonored, AFCO may re-present the check electronically and collect a service fee not to exceed the lesser of \$25 or the amount permitted by law.

**(13) CANCELLATION: AFCO may cancel all insurance policies financed by AFCO after giving statutory notice and the full balance due to AFCO shall be immediately payable if the Insured does not pay any installment according to the terms of this or any other Agreement with AFCO. Payment of unearned premiums shall not be deemed to be payment of installments to AFCO, in full or in part.**

(14) CANCELLATION CHARGES: If AFCO cancels any insurance policy in accordance with the terms of this Agreement the Insured will pay AFCO a cancellation charge, if permitted, up to the limit specified by law.

(15) MONEY RECEIVED AFTER NOTICE OF CANCELLATION: Any payments made to AFCO after mailing of AFCO's Notice of Cancellation may be credited to the Insured's account without affecting the acceleration of this Agreement and without any liability or obligation to request reinstatement of a canceled policy. In the event that AFCO requests, on the Insured's behalf, reinstatement of the policy, such request does not guarantee that coverage will be reinstated. Any money AFCO receives from an insurance company shall be credited to the amount due AFCO with any surplus paid over to whomever it is entitled. No refund of less than \$1 shall be made. In case of a deficiency, the Insured shall remain liable and pay the same with interest as set forth above.

(16) ATTORNEY FEES - COLLECTION EXPENSE: If, for collection, this Agreement is referred to an attorney and/or other party who is not a salaried employee of AFCO, the Insured agrees to pay any reasonable attorney fees and costs as well as other reasonable collection expenses, as permitted by law or granted by the court.

(17) PREPAYMENT AND REFUND CREDITS: The Insured may voluntarily prepay the full amount due and under certain conditions be entitled to receive a partial refund of the FINANCE CHARGE computed in accordance with the method prescribed by law, after deducting any fully earned charge permitted by law. AFCO may retain an additional non-refundable service charge as indicated on Page 1 of this Agreement. Any minimum or fully earned fees will be deducted as permitted by law. The Insured agrees that any refunds may be applied against any debts owed AFCO.

(18) INSURANCE AGENT OR BROKER: The insurance agent or broker named in this Agreement is the Insured's agent, not AFCO's and AFCO is not legally bound by anything the agent or broker represents to the Insured orally or in writing. AFCO has not participated in the choice, placement, acquisition or underwriting of any financed insurance. Any disclosures made by the agent are made in its capacity as the Insured's agent and AFCO makes no representations with respect to the accuracy of any such disclosures.

(19) NOT A CONDITION OF OBTAINING INSURANCE: This Agreement is not required as a condition of obtaining insurance coverage.

(20) SUCCESSORS AND ASSIGNS: All legal rights given to AFCO shall benefit AFCO's successors and assigns. The Insured will not assign this Agreement and/or the policies without AFCO's written consent except for the interest of mortgagees and loss payees.

(21) LIMITATION OF LIABILITY - CLAIMS AGAINST AFCO: The Insured hereby irrevocably waives and releases AFCO from any claims, lawsuits and causes of action which may be related to any prior loans and/or to any act or failure to act prior to the time that this Agreement becomes a binding contract, pursuant to paragraph 11. AFCO's liability for breach of any of the terms of this Agreement or the wrongful exercise of any of its powers shall be limited to the amount of the principal balance outstanding, except in the event of gross negligence or willful misconduct. Any claims against AFCO shall be litigated exclusively in the Supreme Court of the State of New York, County of New York.

(22) DISCLOSURE: The insurance company or companies and their agents, any intermediaries and the insurance agent or broker named in this Agreement and their successors are authorized and directed to provide AFCO with full and complete information regarding all financed insurance policy or policies, including, without limitation, the status and calculation of unearned premiums.

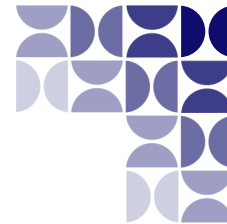
(23) ENTIRE DOCUMENT - GOVERNING LAW - ENFORCEMENT VENUE: This document is the entire agreement between AFCO and the Insured and can only be changed in a writing signed by both parties except as stated in paragraph (5). The laws of the state indicated in the Insured's address as set forth herein will govern this Agreement. AFCO may, at its option, prosecute any action to enforce its rights hereunder in the Supreme Court of the State of New York, County of New York, and the Insured (i) waives any objection to such venue and (ii) will honor any order issued by or judgment entered in such Court.

(24) WAIVER OF SOVEREIGN IMMUNITY: The Insured hereby certifies that it is empowered to enter into this Agreement without any restrictions and that the individual signing it has been fully empowered to do so. To the extent that the Insured either possesses or claims sovereign immunity for any reason, such sovereign immunity is expressly waived and the Insured agrees to be subject to the jurisdiction of the laws and courts set forth in the preceding paragraphs.

**ADDENDUM TO PREMIUM FINANCE AGREEMENT – PROMISSORY NOTE**

**SCHEDULE OF POLICIES**

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Address of General or policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
73APB009023  Audit= N Min Ernd= 0% AddCxlDays= 10	6/30/2024	National Liability & Fire Insurance Co Commonwealth Underwriters Ltd. 2112 W. Laburnum Ave., Ste 105C Richmond, VA 23227	AUTO LIABILITY  Ref. Tax/Fee: Non-Ref. Tax/Fee:	12	\$644,293.00  \$0.00 \$0.00
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		
Audit= Min Ernd= AddCxlDays=			Ref. Tax/Fee: Non-Ref. Tax/Fee:		



## Recurring ACH Debit Authorization Form

Please complete this fillable digital form to have your payments automatically debited from your account listed below. Email the completed form to your Agent/Broker with your signed PFA. Or email directly to AFCO Direct at [payments@afcodirect.com](mailto:payments@afcodirect.com). If you need to print this form, please fax to 877.226.5297.

Name: Petersen Health Care Inc.; Petersen Health Care Companies  
 Address: 830 W. Trailcreek Drive Peoria, IL 61614  
 Phone: 309-689-5880  
 Quote or Account # 2679668.2

Account Holder Name:		
Bank Name:		
Account Type:	Checking <input type="checkbox"/> Savings <input type="checkbox"/>	
Routing Number:		
Account Number:		
Account Holder Email Address:		

PLEASE ATTACH A VOIDED CHECK FOR ACCOUNT VERIFICATION & CONFIRMATION PURPOSES. It is agreed that you hereby authorize AFCO Direct to initiate an automatic debit to the financial account indicated (and authorize said financial institution to honor such debit) for any and all installments due under the AFCO Direct quote or account number listed above. It is further agreed that any additional fees, including but not limited to, late fees, non-sufficient funds fees and cancellations fee, will also be charged and debited from the indicated account should they accrue during the term of the loan. The debited installment amount is subject to change in the event of the financing of an additional premium or the crediting of an endorsement refund to the original PFA which has been processed to your existing account. You further understand, agree and affirm that: (1) the information you have provided above is correct and accurate; (2) you are authorized to enter into this agreement and are the signer on the above account; (3) funds will be available to cover the amount of the existing obligation on the payment due date or the business day prior to the due date should the due date fall on a weekend or holiday; (4) this authorization will remain in full force and effect until either (a) you request termination of this agreement by providing AFCO Direct written notice of the desire to terminate automatic ACH debit fifteen (15) days prior to desired termination date at the address or email below and/or (b) you receive written notification from AFCO Direct of termination resulting from the rejection of an ACH debit due to NSF or a closed account. AFCO Direct reserves the right to remove this ACH Debit Authorization at its sole discretion should an ACH debit be returned as unpaid for any reason, but AFCO Direct reserves its right to reestablish future ACH debits based on this authorization unless this authorization has been terminated as outlined above; (5) You may authorize changes to the bank account to be debited, authorize the extension of this document to additional AFCO Direct accounts or quotes, and authorize its use to ACH debit for the Down Payment on the indicated quote or account or any subsequent authorized quote or account, provided that authorization is granted in writing (an email request is deemed an acceptable notification in writing). You are authorizing AFCO Direct to act upon such request, without the necessity of an additional ACH Debit Authorization form; (6) Please check below if you wish for AFCO Direct to initiate an ACH Debit for the Down Payment on your quote/account. Do not provide this authorization if you have or intend to send the Down Payment directly to your authorized Insurance Agent. You hereby grant to your authorized Insurance Agent a limited attorney-in-fact to authorize AFCO Direct to initiate an ACH Debit for your Down Payment, either through use of the check box below or with their written instruction to AFCO Direct (an email request from your Insurance Agent to AFCO Direct is deemed an acceptable notification in writing).

\*  \*\*\*\*\*  
 \* I INCLUDE DOWN PAYMENT. By checking this box, you authorize AFCO Direct to initiate an ACH debit for your down payment and you are  
 \* confirming you have not issued, nor do you intend to issue, the down payment directly to your authorized Insurance Agent.  
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**Authorized & Agreed to by:**

BY: \_\_\_\_\_  
 Authorized Signatory of Account Holder                      Printed Name & Title                      Date