

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

In re:

FIRST GUARANTY MORTGAGE
CORPORATION, *et al.*,¹
Debtors.

Chapter 11

Case No. 22-10584 (CTG)

(Jointly Administered)

Ref. Docket No. 6

**INTERIM ORDER GRANTING MOTION OF DEBTORS FOR
ENTRY OF ORDER (I) AUTHORIZING THE DEBTORS TO CONTINUE
(A) INSURANCE PROGRAMS AND (B) PREPETITION SURETY BONDS,
AND PAY OBLIGATIONS ARISING THEREUNDER, AND (II) RELATED RELIEF**

Upon consideration of the *Motion of Debtors for Entry of Order (I) Authorizing the Debtors to Continue (A) Insurance Programs and (B) Prepetition Surety Bonds, and Pay Obligations Arising Thereunder, and (II) Related Relief* [Docket No. 6] (the “Motion”)² which was filed by the above-referenced debtors and debtors-in-possession (collectively, the “Debtors”) for entry of an order (this “Interim Order”), pursuant to sections 105(a), and 363(b) of the Bankruptcy Code and Bankruptcy Rule 6003; and upon consideration of the Declaration of Aaron Samples in Support of Chapter 11 Petitions and First Day Motions, and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 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 February 29, 2012; and this

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: First Guaranty Mortgage Corporation (9575); and Maverick II Holdings, LLC (5621). The Debtors’ mailing address is 5800 Tennyson Parkway, Suite 450, Plano, TX 75024.

² All capitalized terms used but not otherwise defined in herein shall have the meanings ascribed to them in the Motion.



Court having found that the Debtors' notice of the Motion and opportunity for a hearing (the "Hearing") on the Motion were appropriate under the circumstances and no other notice need be provided; and the Court having held the Hearing; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein and that the relief granted herein being in the best interests of the Debtors, their estates, creditors and all parties in interest; and upon all of the proceedings before the Court and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. The Debtors are hereby authorized, but not directed, to pay, in their sole discretion and in the ordinary course of their business, all premiums, premium finance payments, claims, deductibles, retrospective adjustments, administrative and broker's fees and all other obligations arising under the Insurance Programs and Surety Bond Programs on account of such prepetition obligations without further order of this Court *provided, that*, such payments shall not exceed \$75,000 in the aggregate on an interim basis pending a final hearing on the Motion.
3. The Debtors are hereby authorized, but not directed, to maintain their Insurance Programs and Surety Bond Programs without interruption, on the same basis and in accordance with the same practices and procedures that were in effect prior to the Petition Date and in the ordinary course of their business, in their business judgment and at their sole discretion, without further application to this Court. For the avoidance of doubt, nothing in this Interim Order shall limit the Debtors' ability to cancel any outstanding Surety Bonds. The Debtors are also authorized to maintain their Surety Bond Programs in accordance with practices and procedures that were in effect before the commencement of these chapter 11 cases, including but not limited

to, paying all prepetition and postpetition amounts due in connection with the Surety Bond Programs, renewing or securing new surety bonds, posting collateral, and honoring indemnity agreements.

4. The Debtors are hereby authorized, but not directed, to renew, supplement, or modify their Insurance Programs and or obtain replacement or tail coverage, as needed, at their sole discretion and in the ordinary course of their business, without further application to this Court.

5. Nothing in this Interim Order or the Motion is intended or should be construed as (a) an admission as to the validity or priority of any claim against the Debtors, (b) a waiver of the Debtors' rights to dispute any claim, including the validity or priority thereof, or (c) an approval, assumption, or reaffirmation of any agreement, contract, or lease whether under section 365(a) of the Bankruptcy Code or otherwise. Likewise, any payment made pursuant to this Interim Order is not intended and should not be construed as an admission as to the validity or priority of any claim or a waiver of the Debtors' rights to subsequently dispute such claim. In the event of any claims against the surety bonds issued on behalf of any of the Debtors, the Debtors will notify the specific surety that issued the surety bonds of the claim and seek input and guidance from that surety. The surety that issued the surety bonds shall retain all rights and defenses in connection with any claim, including any rights granted in the contractual agreement(s) of indemnity executed by the Debtor(s). The ultimate discretion of how to resolve a claim against a surety bond shall rest with the surety that issued the surety bond.

6. The relief granted herein is without prejudice to the Debtors' ability to request further relief related to the Insurance Programs and the Surety Bond Programs; provided however, nothing in this Order shall be construed to obligate Liberty Mutual Insurance Company

(“Liberty”) or any other surety to renew or increase the amount of any existing surety bond or to issue any new surety bonds to the Debtors.

7. The Debtors will serve a copy of the providers of their Insurance Policies and Surety Bonds within three (3) business days after entry of this Interim Order.

8. If the Debtors (1) request renewal of any bonds issued by Liberty; or (2) request any new bonds to be issued by Liberty post-petition, then Liberty is entitled to adequate protection, with the amount and form of adequate protection to be determined by the Debtors and Liberty. If the Debtors and Liberty cannot agree on the amount and form of adequate protection, both parties reserve the right to request the Court’s intervention to resolve the issue. The Debtors also reserve the right to secure alternative bonding for any pre-petition bonds that are due for renewal post-petition, which will have the effect of relieving Liberty of further responsibility under the specific bond not renewed post-petition.

9. Notwithstanding anything herein to the contrary, the entry of this Order is without prejudice to, and nothing herein shall constitute a waiver of, expressly or implicitly, the rights, claims and defenses of Liberty under: (a) any indemnity agreements, surety bonds or any related agreements, contracts or documents executed by any indemnitor in connection with the surety bond program, which shall remain in full force and effect; or (b) applicable bankruptcy or non-bankruptcy law, including, without limitation, equitable subrogation rights, all of which rights are expressly reserved, nor shall it affect the Debtors' rights and defenses (if any) related thereto.

10. Granting the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors’ estates, and the requirements of Bankruptcy Rule 6003(b) have been satisfied.

11. Adequate notice of the Motion has been provided under the circumstances. Such notice satisfies the requirements of Bankruptcy Rule 6004(a). Notwithstanding Bankruptcy Rule 6004(h), 7062 and 9014, the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized and empowered to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

13. The final hearing (the “Final Hearing”) to consider the entry of a final order granting the relief requested in the Motion shall be held on July 28, 2022 at 10:00 a.m. prevailing Eastern Time.

14. Any objection to the entry of a final order granting the relief requested in the Motion shall be filed with the Court and served on or before July 21, 2022 at 4:00 p.m., prevailing Eastern Time, to (a) the Debtors; (b) proposed counsel to the Debtors, (i) Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90017-5704 (Attn: Samuel R. Maizel and Tania M. Moyron) or by e-mail at samuel.maizel@dentons.com and tania.moyron@dentons.com, and (ii) Pachulski Stang Ziehl & Jones LLP, 919 N. Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705 (Attn: Laura Davis Jones) or by email at ljones@pszjlaw.com; (c) counsel for the Cash Flow DIP Lender, Greenberg Traurig, LLP (Attn: Nancy Peterman (PetermanN@gtlaw.com), John D. Elrod (ElrodJ@gtlaw.com), Joseph Davis (DavisJ@gtlaw.com), and Danny Duerdoth (duerdothD@gtlaw.com); (d) counsel to the official committee of unsecured creditors, if one is appointed; and (e) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Benjamin A. Hackman (Benjamin.A.Hackman@usdoj.gov).

15. This Court will retain jurisdiction to address all disputes related to the interpretation, implementation, or enforcement of this Order.

A handwritten signature in black ink, appearing to read "Craig Goldblatt", written in a cursive style.

Dated: July 1st, 2022
Wilmington, Delaware

CRAIG T. GOLDBLATT
UNITED STATES BANKRUPTCY JUDGE