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PROPOSED COUNSEL TO THE DEBTORS  
AND DEBTORS IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,<sup>1</sup>  
  
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING THE DEBTORS TO (A) MAINTAIN EXISTING INSURANCE  
POLICIES AND PAY ALL INSURANCE OBLIGATIONS ARISING THEREUNDER,  
(B) RENEW, REVISE, EXTEND, SUPPLEMENT, CHANGE, OR ENTER INTO NEW  
INSURANCE POLICIES, (C) PAY BROKERAGE FEES AND  
(II) GRANTING CERTAIN RELATED RELIEF**

The above-captioned debtors and debtors in possession (the “**Debtors**”) hereby move (the “**Motion**”) for entry of an interim order (the “**Interim Order**”) and a final order (the “**Final Order**”), substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively, pursuant to Sections 105(a), 362, 363, 1107, and 1108 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.



(the “**Bankruptcy Rules**”), (i) authorizing the Debtors to (a) maintain existing Insurance Policies (as defined below) and pay all obligations arising thereunder, (b) renew, revise, extend, supplement, change, or enter into new insurance policies as needed in its business judgment, and (c) pay brokerage fees arising on account of the Debtors’ insurance policies and (ii) granting certain related relief, including scheduling a hearing to consider approval of the Motion on a final basis (the “**Final Hearing**”). In support of the Motion, the Debtors rely upon the *Declaration of Nick Harshfield in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”),<sup>2</sup> filed concurrently herewith. In further support of this Motion, the Debtors respectfully state as follows:

### **JURISDICTION AND VENUE**

1. The Court has jurisdiction over these cases pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent to the entry of a final order or judgment by the Court in connection with this Motion if it is 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. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and other predicates for the relief requested herein are Bankruptcy Code Sections 105(a), 362, 363, 1107, and 1108 and Bankruptcy Rules 6003 and 6004.

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<sup>2</sup> Capitalized terms used but not defined in this Motion shall have the meanings given to them in the First Day Declaration.

## **BACKGROUND**

### **A. General Background**

4. On the date hereof (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the “**Court**”).

5. The Debtors continue to operate and manage their business as debtors in possession pursuant to Bankruptcy Code Sections 1107(a) and 1108.

6. No trustee, examiner, or official committee of unsecured creditors has been appointed.

7. The factual background regarding the Debtors and the events leading to the filing of the above-referenced chapter 11 cases (the “**Chapter 11 Cases**”) is set forth in the First Day Declaration, which is incorporated herein by reference.

## **RELIEF REQUESTED**

8. By this Motion, the Debtors request entry of the Interim Order and the Final Order, substantially in the forms of Exhibit A and Exhibit B, respectively, (i) authorizing, but not directing, the Debtors to (a) maintain existing Insurance Policies (as defined below) and pay all obligations arising thereunder, (b) renew, revise, extend, supplement, change, or enter into new insurance policies as needed in its business judgment, and (c) pay brokerage fees arising on account of the Debtors’ insurance policies and (ii) granting related relief, including scheduling the Final Hearing.

## **THE DEBTORS’ INSURANCE POLICIES**

### **I. Insurance Policies**

9. Non-Debtor Lifespace Communities, Inc. (“**Lifespace**”) is the direct sole member of the Debtor Northwest Senior Housing Corporation (“**Edgemere**”). Lifespace is an Iowa not-

for-profit corporation, authorized to do business in Texas, whose mission is to create communities that celebrate the lives of seniors. Lifespace owns and operates fourteen (14) other communities in seven (7) states. On May 10, 2019, Lifespace and Debtor Senior Quality Lifestyles Corporation (“**SQLC**”) executed the Affiliation Agreement pursuant to which Lifespace affiliated with and became the sole member of SQLC. Further, under the Affiliation Agreement Lifespace took over the management of three communities, including Edgemere.

10. Pursuant to the Management Services Agreements dated August 15, 2019 (the “**MSA**”), Edgemere delegated general day-to-day operational responsibility to Lifespace. Further, under the MSA, Lifespace provides certain risk management, insurance administration, and other administrative services to the Debtors and certain non-Debtor affiliates (such non-Debtor affiliates, collectively with Lifespace and the Debtors, the “**Lifespace Group**”). In turn, the members of the Lifespace Group reimburse or prepay Lifespace for the cost of such goods and services using various methodologies based on the particular good or service procured, or in some cases directly pay their allocated share to the third-party providing goods or services (such allocation and payment system, collectively with the determination, allocation, and payment of a corporate overhead fee to Lifespace, the “**Intercompany Accounting Protocol**”).<sup>3</sup>

11. In the ordinary course of the Lifespace Group’s businesses, Lifespace procures various insurance policies (each, an “**Insurance Policy**,” and, collectively, the “**Insurance Policies**”) through several third-party insurance carriers (each an “**Insurance Carrier**,” and, collectively, the “**Insurance Carriers**”). Individual members of the Lifespace Group, including

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<sup>3</sup> Concurrently herewith, the Debtors have filed the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing (A) Continued Use of Debtors’ Existing Cash Management System, (B) Maintenance of Debtors’ Existing Bank Accounts, and (C) Continued Use of Debtors’ Existing Business Forms and (II) Granting Related Relief* (the “**Cash Management Motion**”), which further describes the Debtors’ cash management system. Through the Cash Management Motion, the Debtors have requested authority to continue to participate in and fulfill its obligations under the Intercompany Accounting Protocol.

the Debtors, are covered under the applicable Insurance Policies as additional named insureds. The Debtors participate in and are covered by the Lifespace-procured property, commercial auto, cyber liability, directors and officers, fiduciary, crime, terrorism and sabotage, environmental, wind, and commercial general liability Insurance Policies.<sup>4</sup> A schedule of the Insurance Policies covering the Debtors is attached to each of the Proposed Interim Order and Proposed Final Order as Exhibit 1 (the “**Insurance Schedule**”) and incorporated herein by reference.<sup>5</sup>

## II. Premium Payments

12. Lifespace pays the premium for each Insurance Policy, then allocates the cost to the covered members of the Lifespace Group and seeks reimbursement in the allocated amount under the Intercompany Accounting Protocol. The allocation methodology under the Intercompany Accounting Protocol for each policy under which the Debtors are additional named insureds is as follows:

- The cost of the Lifespace Group’s network security, crime, fiduciary, environmental, and workers’ compensation insurance by the employee head count at each community; and
- The cost of the Lifespace Group’s property, wind, and auto insurance by the relative value of the property covered by the insurance.

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<sup>4</sup> Debtor SQLC obtained director and officer insurance coverage in 2018 – before SQLC became affiliated with Lifespace and before Lifespace took over day-to-day operations of Edgemere under the MSA. These insurance policies remain in effect and they are not subject to premium financing. The Debtors are not required to pay annual premiums related to their director and officer insurance coverage.

<sup>5</sup> The descriptions of the Insurance Policies in this Motion and as set forth on the Insurance Schedule constitute a summary only. The actual terms of the Insurance Policies and related agreements will govern in the event of any inconsistency with the descriptions contained in this Motion or the Insurance Schedule. In addition to the Insurance Policies described in this Motion and listed on the Insurance Schedule, Lifespace and the Debtors maintain numerous insurance policies with respect to, among other things, workers’ compensation, employee health, dental, vision, life, accidental death & dismemberment, and short-term and long-term disability. These programs are described, and relief is requested with respect to such programs, in the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Commissions, Employee Benefits, Prepetition Payroll Taxes, and Other Obligations, (B) Maintain Compensation and Benefits Programs, and Pay Related Administrative Obligations, and (C) Make Payroll Deductions, (II) Authorizing Applicable Banks and Other Financial Institutions to Honor and Process Related Checks and Transfers, and (III) Granting Related Relief* (the “**Employee Wage Motion**”), filed contemporaneously herewith.

13. The Premiums for the Lifespace Group's all-risk property Insurance Policy are financed through a premium financing agreement, a copy of which is attached hereto as Exhibit C (the "**Premium Financing Agreement**") with IPFS Corporation ("**IPFS**"). Pursuant to the Premium Financing Agreement, Lifespace Group made an initial down payment of approximately \$147,500. Lifespace has made or will make a total of 11 monthly premium payments in the amount of \$122,305.97 (which are due on the first (1<sup>st</sup>) of each month beginning on November 1, 2021), with interest accruing at a rate of 2.750% annually.<sup>6</sup> As of the Petition Date, there is approximately \$612,000 outstanding on account of the Premium Financing Agreement, of which approximately \$148,000 is attributable to Edgemere.

14. The premiums not financed by Lifespace are paid in advance by Lifespace and reimbursed under the Intercompany Accounting Protocol by the members of the Lifespace Group on either a monthly or quarterly basis, as shown in the Insurance Schedule. Such policies are generally one year in length and renew at various times throughout the year. The total cost of the non-financed premiums for Insurance Policies purchased by Lifespace for 2022 is approximately \$2,824,000, of which approximately \$153,000 is attributable to Edgemere.

15. As of the Petition Date, Lifespace is current on its payment obligations on account of the Insurance Policies and the Debtors are current on their obligations to reimburse Lifespace therefor. However, the Debtors hereby seek authority to pay any premiums, intercompany reimbursements, or other obligations incidental to the Insurance Policies (collectively with the Brokerage Fees (defined below), the "**Insurance Obligations**") that may arise in order to avoid any disruption or adverse impact to its estate as a result of non-payment.

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<sup>6</sup> At the beginning of the coverage period, approximately \$147,500 is paid as a down payment from Lifespace to IPFS. Subsequently, IPFS remits to the appropriate Insurance Carriers the full premium.

### III. Insurance Brokers

16. Lifespace obtains the Insurance Policies through a broker (the “**Insurance Broker**”).<sup>7</sup> The Insurance Broker assists Lifespace in obtaining comprehensive insurance coverage for the Lifespace Group’s operations in the most cost-effective manner, negotiates policy terms, provisions, and premiums, and provides the members of the Lifespace Group with ongoing support throughout the applicable policy periods. Lifespace pays the Insurance Broker certain fees as a percentage of the annual premiums of the Insurance Policies placed by the Broker (the “**Brokerage Fees**”). Lifespace’s total Brokerage Fees for 2021 were approximately \$385,000, of which approximately \$20,000 was allocated to the Debtors.

### BASIS FOR RELIEF

#### I. Maintaining the Insurance Policies and Paying Obligations Related Thereto Is Required by the Bankruptcy Code and the United States Trustee.

17. The Insurance Policies are essential to preserve the value of the Debtors’ business, properties, and assets. Bankruptcy Code Section 1112(b)(4)(C) 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). Further, some of the Insurance Policies are required by regulations and laws that govern the Debtors’ business operations, and various of the Debtors’ contracts require that it maintain appropriate insurance coverage.

18. Moreover, the United States Trustee’s *Guidelines for Chapter 11 Cases* for the Northern and Eastern Districts of Texas (the “**UST Guidelines**”) also require that a debtor “must maintain appropriate insurance coverage and make all premium payments when due” for certain

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<sup>7</sup> As of the execution date of the Premium Financing Agreement, Arthur J. Gallagher was the Insurance Broker for Lifespace. However, since the Fall of 2021, Lifespace has used Marsh McLennan Agency (“**Marsh**”) as the Insurance Broker. The historical brokerage fees described in this Motion was paid to Arthur J. Gallagher but going forward brokerage fees will be paid to Marsh.

types of insurance coverage throughout its chapter 11 case. *See* UST Guidelines § VII. Continuation of the Insurance Policies is essential to the preservation of the value of the Debtors' business, property, and assets.

19. Given this requirement, the Debtors believe that authorization to maintain the Insurance Policies, pay all Insurance Obligations, renew, revise, extend, supplement, or change existing Insurance Policies as the Debtors deem necessary and appropriate, the ability to enter into new insurance policies as needed in the Debtors' business judgment, and the ability to pay brokerage fees arising on account of the Insurance Policies, are necessary to protect and safeguard the Debtors' ongoing operations and ensure compliance with the UST Guidelines.

## **II. Payment of the Insurance Obligations Is Permitted as Ordinary Course Expenses.**

20. Bankruptcy Code Section 105(a) provides, in pertinent part, that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

21. Bankruptcy Code Section 363(c) provides, in pertinent part:

If the business of the debtor is authorized to be operated under section . . . 1108 . . . of this title and unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c). The Insurance Obligations that the Debtors seek to pay by this Motion are squarely within the definition of payments made in the ordinary course of business contemplated by section 363(c). Therefore, and in light of the need for the Debtors to preserve the value of their business, the relief requested herein is proper and should be granted.



**III. Payment of the Insurance Obligations Is Appropriate under Bankruptcy Code Sections 363(b) and 105(a).**

22. To the extent that the Court determines that the payment of the Insurance Obligations is not within the scope of the ordinary course of business of the Debtors, this Court may grant the relief requested herein pursuant to Bankruptcy Code Section 363(b). Section 363(b)(1) authorizes the trustee to use property of the estate other than in the ordinary course of business after notice and a hearing. *See* § 363(b)(1). Courts have authorized payment of prepetition obligations under Bankruptcy Code Section 363(b) where a sound business purpose exists for doing so. *See, e.g., Cadle Co. v. Mims (In re Moore)*, 608 F.3d 253, 262 (5th Cir. 2010) (“Courts will look to the trustee’s articulated business justification or sound business reasons for the proposed sale [under § 363].”); *In re Continental Air Lines, Inc.*, 780 F.2d 1223, 1226 (5th Cir. 1986) (“[T]here must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”); *see also In re Tropical Sportswear Int’l Corp.*, 320 B.R. 15, 20 (Bankr. M.D. Fla. 2005) (“Bankruptcy courts recognize that section 363 is a source for authority to make critical vendor payments, and section 105 is used to fill in the blanks.”); *Official Comm. of Unsecured Creditors of LTV Aerospace & Defense Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143 (2d Cir. 1992) (holding that a court may approve an application under section 363(b) upon a showing of a good business reason for the disposition); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (finding a sound business reason to pay prepetition wages, but denying creditor’s request to order payment); *Armstrong World Indus., Inc. v. James A. Phillips, Inc., (In re James A. Phillips, Inc.)*, 29 B.R. 391, 397 (Bankr. S.D.N.Y. 1983) (relying on section 363 to allow contractor to pay prepetition claims).

23. The Debtors have a sound business purpose for paying the Insurance Obligations. Failure to timely pay amounts due under the Insurance Policies will harm the Debtors’ estates as

non-payment of premiums may cause an insurance company to terminate coverage. Such termination would (a) cause the Debtors to be out of compliance with UST Guidelines as well as applicable regulatory requirements to maintain insurance, (b) place additional strains on the Debtors' relationships with employees and Residents who benefit from the Debtors' insurance coverage, and (c) eviscerate the Debtors' ability to prevent loss in value from casualty, natural disaster, or another unforeseen event. Further, the Insurance Broker continues to provide valuable services to the Debtors, and failure to pay Brokerage Fees which accrued prepetition could lead the Insurance Broker to withhold such services during the Chapter 11 Cases. Replacing the Insurance Broker during the Chapter 11 Cases could prove a costly and time-consuming distraction for the Debtors, especially during the crucial initial period of the Chapter 11 Cases.

**IV. This Court May Allow Payment of Insurance Obligations under the Necessity of Payment Doctrine.**

24. Courts have authorized payment of prepetition obligations under the doctrine of necessity when payment of certain creditors' prepetition claims is necessary or appropriate to preserve or enhance the value of a debtor's estate for the benefit of all creditors. *See In re CEI Roofing, Inc.*, 315 B.R. 50 (Bankr. N.D. Tex. 2004) (approving payment of priority wage claims and employee benefits); *In re Mirant Corp.*, 296 B.R. 427 (Bankr. N.D. Tex. 2003) (approving payment of prepetition claims to critical vendors); *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) ("[I]t is only logical that the bankruptcy court be able to use section 105(a) of the Code to authorize satisfaction of the pre-petition claim in aid of preservation or enhancement of the estate," and "this Court is prepared to apply the Doctrine of Necessity to authorize payment of prepetition claims in appropriate cases."); *In re Pers. Commc'ns Devices, LLC*, 588 B.R. 661, 666 (Bankr. E.D.N.Y. 2018) ("[The necessity of payment] rule recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment

is essential to the continued operation of the debtor,” (quoting *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175–176 (Bankr. S.D.N.Y. 1989)). Although the “necessity of payment doctrine” has not been codified in the Bankruptcy Code, “courts have used their equitable power under section 105(a) of the Code to authorize the payment of pre-petition claims when such payment is deemed necessary to the survival of a debtor in a chapter 11 reorganization.” *In re Just for Feet, Inc.*, 242 B.R. 821, 824 (D. Del. 1999); *see also In re Pioneer Health Servs.*, 570 B.R. 228, 233 (Bankr. S.D. Miss. 2017) (“Historically, courts that have granted critical vendor motions have based their decisions on 11 U.S.C. § 105 and the equitable ‘doctrine of necessity’ . . . .”) (citing *In re Just for Feet, Inc.*).

25. Furthermore, courts have long recognized that paying some categories of prepetition obligations outside a plan of reorganization is often necessary to realize the paramount purpose of chapter 11, which is to prevent the forced liquidation of the debtor and preserve its potential for financial rehabilitation. *See In re CoServ*, 273 B.R. at 497 (applying a form of the doctrine of necessity in noting that payment of unsecured prepetition claims is appropriate where such payment is the “only means to effect a substantial enhancement of the estate”); *In re Lehigh & N.E. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (noting that the doctrine of necessity permits “immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid”); *In re Bos. & Me. Corp.*, 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtor’s continued operation). As one court noted, “a per se rule proscribing the payment of pre-petition indebtedness may well be too inflexible to permit the

effectuation of the rehabilitative purposes of the Code.” *In re Structurlite Plastics Corp.*, 86 B.R. 922, 932 (Bankr. S.D. Ohio 1988).

26. Pursuant to Bankruptcy Code Sections 1107(a) and 1108, a debtor in possession is a fiduciary charged with “holding the bankruptcy estate and operating the business for the benefit of [its] creditors and (if the value justifies) equity owners.” *In re CoServ*, 273 B.R. at 497. Inherent in the fiduciary duties of a debtor in possession is the obligation to “protect and preserve the estate, including an operating business’s going-concern value,” which, in certain instances, can be fulfilled “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* Indeed, the court in *In re CoServ* specifically noted that the preplan satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate . . . .” *Id.*

27. The continuation of the Debtors’ Insurance Policies is especially important because if any of the Insurance Policies are discontinued, the Debtors would be exposed to substantial liability, to the detriment of Residents, creditors, and all interested parties. In the event of termination of insurance coverage, the Debtors would need to obtain replacement insurance, likely at higher prices than they currently pay. Thus, in light of the importance of maintaining insurance coverage with respect to its business activities, the Debtors submit that it is in the best interest of its estate to maintain the Insurance Policies and to pay any prepetition amounts determined to be due.

28. Furthermore, the Debtors should be authorized to renew, revise, extend, supplement, or change existing Insurance Policies, or enter into new insurance policies as needed in the Debtors’ business judgment, to ensure that appropriate insurance coverage is maintained during the Chapter 11 Cases and that the Debtors are fulfilling their fiduciary duties. The Debtors

should also be authorized to pay brokerage fees arising on account of the Debtors' Insurance Policies to ensure that insurance coverage is maintained so that the Debtors may concentrate their efforts and resources on the Chapter 11 Cases.

29. Courts in this jurisdiction have approved relief similar to the relief requested in this Motion. *See, e.g., In re Red River Waste Solutions, LP*, Case No. 21-42423 (ELM) (Bankr. N.D. Tex. Oct. 15, 2021) [Docket No. 32] (authorizing debtors to continue their insurance policies, pay obligations, and enter into, renew, amend, supplement, extend, and/or purchase insurance policies); *In re Studio Movie Grill Holdings, LLC*, No. 20-32622 (SGJ) (Bankr. N.D. Tex. Oct. 29, 2020) (same); *In re TriVascular Sales LLC*, No. 20-31840 (SGJ) (Bankr. N.D. Tex. Aug. 10, 2020) (same); *In re Tuesday Morning Corp.*, No. 20-31476 (HDH) (Bankr. N.D. Tex. May 29, 2020) (same); *In re The LaSalle Grp., Inc.*, No. 19-31484 (SGJ) (Bankr. N.D. Tex. Aug. 8, 2019) (same); *In re PHI, Inc.*, No. 19-30923 (HDH) (Bankr. N.D. Tex. April 17, 2019) (same); *In re TPP Acquisition, Inc.*, Case No. 16-33437 (HDH) (Bankr. N.D. Tex. Sep. 9, 2016) [Docket No. 81] (same); *In re Connect Transport, L.L.C.*, Case No. 16-33971 (HDH) (Bankr. N.D. Tex. Oct. 7, 2016) [Docket No. 43] (same); *In re Erickson Incorporated*, Case No. 16-34393 (HDH) (Bankr. N.D. Tex. Nov. 10, 2016) [Docket No. 54] (same); *In re CHC Group Ltd.*, Case No. 16-31854 (BJH) (Bankr. N.D. Tex. May 7, 2016) [Docket No. 62] (same).

**V. Cause Exists to Authorize and Direct the Debtors' Financial Institutions to Honor Checks and Electronic Funds Transfers.**

30. The Debtors also request that all applicable banks and other financial institutions be authorized to receive, process, honor, and pay all checks presented for payment, and to honor all electronic payment requests made by the Debtors related to the obligations described herein, whether such checks were presented or electronic requests are submitted prior to, on, or after the

Petition Date.<sup>8</sup> The Debtors represent that they have sufficient availability of funds to pay the amounts described herein by virtue of funds to be made available under the Debtors' proposed access to cash collateral and the budget contemplated thereby. Also, under the Debtors' existing cash management system, the Debtors represent that checks or wire transfer requests can be readily identified as relating to an authorized payment made with respect to the Insurance Policies. Accordingly, all applicable financial institutions should be authorized and directed to receive, process, honor, and pay any and all checks or wire transfer requests with respect to the Insurance Policies.

#### **VI. Bankruptcy Rule 6003 Has Been Satisfied and Bankruptcy Rule 6004 Should Be Waived**

31. Certain isolated aspects of the relief requested herein may, if granted, be subject to Bankruptcy Rule 6003. Pursuant to Bankruptcy Rule 6003, as court may grant such relief if it is necessary to avoid immediate and irreparable harm. The Debtors submit that facts set forth herein demonstrate that the relief requested is necessary to avoid immediate and irreparable harm to the Debtors, and, thus, Bankruptcy Rule 6003 has been satisfied.

32. Additionally, to the extent that any aspect of the relief sought herein constitutes a use of property under Bankruptcy Code Section 363(b), the Debtors seek a waiver of the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors seek in this Motion is immediately necessary in order for the Debtors to be able to continue to operate their business and preserve the value of its estates. The Debtors thus submit that the requested waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h) is appropriate.

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<sup>8</sup> Concurrently with this Motion, the Debtors have filed the Cash Management Motion.

**RESERVATION OF RIGHTS**

33. Nothing contained herein is intended or should be construed as an admission of the validity of any claim against the Debtors; a waiver of the Debtors' rights to dispute any claim; or an approval, assumption, or rejection of any agreement, contract, or lease under Bankruptcy Code Section 365. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any claim or a waiver of the Debtors' right to dispute such claim subsequently.

**NOTICE**

34. Notice of this Motion will be provided to: (a) the U.S. Trustee; (b) the holders of the thirty (30) largest unsecured claims against the Debtors on an aggregate basis; (c) UMB Bank, N.A., as Trustee and counsel thereto; (d) Lifespace Communities, Inc. and counsel thereto; (e) the United States Attorney's Office for the Northern District of Texas; (f) the Internal Revenue Service; (g) the United States Department of Justice; (h) the Texas State Attorney General; (i) the United States Securities and Exchange Commission; (j) the Insurance Carriers; (k) the Insurance Broker; and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002.

35. The Debtors respectfully submit that such notice is sufficient and that no further notice of this Motion is required.

**NO PRIOR REQUEST**

36. No previous request for the relief sought herein has been made to this Court or any other court.

**WHEREFORE**, the Debtors respectfully request that the Court enter the Proposed Interim Order and Proposed Final Order, substantially in the forms attached as Exhibit A and Exhibit B, respectively, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: April 14, 2022  
Dallas, Texas

**POLSINELLI PC**

/s/ Trinitee G. Green

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– and –

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PROPOSED COUNSEL TO THE DEBTORS  
AND DEBTORS IN POSSESSION



**Exhibit A**

**Proposed Interim Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,<sup>1</sup>  
  
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS  
TO (A) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL  
OBLIGATIONS ARISING THEREUNDER, (B) RENEW, REVISE, EXTEND,  
SUPPLEMENT, CHANGE, OR ENTER INTO NEW INSURANCE POLICIES,  
(C) PAY BROKER FEES AND (II) GRANTING CERTAIN RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned chapter 11 cases (the “**Debtors**”) for entry of an interim order (this “**Interim Order**”), pursuant to Bankruptcy Code Sections 105(a), 363, 1107, and 1008 and Bankruptcy Rules 6003 and 6004, (i) authorizing, but not directing, the Debtors to (a) maintain existing Insurance Policies

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

<sup>2</sup> All capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

and pay all obligations arising thereunder, (b) renew, revise, extend, supplement, change, or enter into new insurance policies as needed in its business judgment, and (c) pay brokerage fees arising on account of the Debtors' insurance policies and (ii) granting related relief, including scheduling a hearing to consider approval of the Motion on a final basis (the "**Final Hearing**"); and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and the opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; and all objections, if any, to the Motion having been withdrawn, resolved or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The relief requested in the Motion is GRANTED on an interim basis as set forth herein.
2. The Final Hearing on the Motion shall be held on \_\_\_\_\_, 2022 at \_\_\_\_:\_\_\_\_ \_\_.m., prevailing Central Time. Any objections or responses to entry of a final order (the "**Final Order**") on the Motion shall be filed with the Court and served on the following parties at least

seven (7) days prior to the commencement of the Final Hearing: (a) the Debtors, 8523 Thackery Street, Dallas, Texas 75225 (attn: Nick Harshfield); (b) proposed counsel to the Debtor, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201 (attn: Trinitee G. Green) and 600 3<sup>rd</sup> Avenue, 42<sup>nd</sup> Floor, New York, NY 10016 (attn: Jeremy R. Johnson and Brenna A. Dolphin); (c) the Office of the United States Trustee for the Northern District of Texas (Dallas Division), Earle Cabell Federal Building, 1100 Commerce Street, Room 976, Dallas, TX 75242; (d) counsel to UMB Bank N.A., as Trustee, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, MA 02111 (attn: Daniel Bleck); (e) counsel to Lifespace Communities, Inc., Dorsey & Whitney LLP, 801 Grand Avenue, Suite 4100, Des Moines, IA 50309 (attn: David D. Grossklaus) and Perkins Coie LLP, 110 North Wacker Drive, 34<sup>th</sup> Floor, Chicago, IL 60606 (Attn: Eric E. Walker); (f) counsel to any statutory committee appointed in this chapter 11 case; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002.

3. The Debtors are authorized to maintain their existing Insurance Policies and pay all Insurance Obligations and related reimbursements associated with the Insurance Policies as they become due in the ordinary course of business. The Debtors are also authorized to renew, revise, extend, supplement, change, or enter into new insurance policies as needed in its business judgment.

4. The Debtors are authorized to honor the terms of the existing premium financing agreements for the Insurance Policies and pay premiums thereunder in the ordinary course of business. The Debtors are further authorized to renew such premium financing agreements, enter into new premium finance agreements, and/or reimburse Lifespace for their allocated share of premiums under premium financing agreements through the Intercompany Accounting Protocol in the ordinary course of business.

5. All banks and financial institutions on which checks were drawn or from which electronic payment requests are made for payment of the prepetition obligations, approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designations or any particular check or electronic payment request as being approved by this Interim Order.

6. The Debtors are authorized to issue post-petition checks, or to effect post-petition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any payments authorized herein, including, without limitation, on account of Insurance Obligations.

7. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed as (a) an admission as to the validity or priority of any claim or lien against the Debtors or their estates, (b) a waiver of the Debtors' right to subsequently dispute such claim or lien on any grounds, (c) a promise or requirement to pay any prepetition claim, (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Interim Order, (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to Bankruptcy Code Section 365, or (f) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

8. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief granted in this Interim Order is necessary to avoid immediate and irreparable harm to the Debtors' estates.

9. Notice of the Motion shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice or waived.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

11. All payments made pursuant to this Order shall be subject to any interim or final order entered by the Court governing the Debtors' right to the use the cash collateral of UMB Bank, N.A., as Trustee, including the budget attached thereto.

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

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

### End of Order ###

Submitted by:

Trinitee G. Green (SBN 24081320)  
Polsinelli PC  
2950 N. Harwood, Suite 2100  
Dallas, Texas 75201  
Telephone: (214) 397-0030  
Facsimile: (214) 397-0033  
[tggreen@polsinelli.com](mailto:tggreen@polsinelli.com)

and

Jeremy R. Johnson (*Pro Hac Vice* Pending)  
Brenna A. Dolphin (*Pro Hac Vice* Pending)  
Polsinelli PC  
600 3rd Avenue, 42nd Floor  
New York, New York 10016  
Telephone: (212) 684-0199  
Facsimile: (212) 684-0197  
[jeremy.johnson@polsinelli.com](mailto:jeremy.johnson@polsinelli.com)  
[bdolphin@polsinelli.com](mailto:bdolphin@polsinelli.com)

*Proposed Counsel to Debtors and  
Debtors-in-Possession*

**Exhibit 1**

**Insurance Schedule**



**Insurance Schedule**

<b>COVERED DEBTOR</b>	<b>COVERAGE TYPE</b>	<b>CARRIER</b>	<b>POLICY NUMBER</b>	<b>POLICY PERIOD</b>	<b>PAYMENT PERIOD</b>
Northwest Senior Housing Corporation (Edgemere)	Property	Liberty Mutual Insurance Company	YAC-L9L-473506-011	10/1/2021 to 10/2/2022	Monthly
Northwest Senior Housing Corporation (Edgemere)	Terrorism & Sabotage	Underwriters at Lloyds, London (Hiscox)	UTS2567785.21	10/1/2021 to 10/1/2022	Monthly
Northwest Senior Housing Corporation (Edgemere)	Commercial Automobile	Sentry Insurance	9003329003	10/1/2021 to 1/1/2023	Monthly
Northwest Senior Housing Corporation (Edgemere)	Crime	Beazley Insurance Company	V24AD2220401	1/1/2022 to 1/1/2023	Quarterly
Northwest Senior Housing Corporation (Edgemere)	Cyber Liability	Beazley Insurance Company	W30754210101	10/01/2021 to 10/01/2022	Monthly
Northwest Senior Housing Corporation (Edgemere)	Environmental	Ironshore Specialty Insurance Company	00334700	10/1/2020 to 10/1/2023	Quarterly
Northwest Senior Housing Corporation (Edgemere)	Workers Compensation	Sentry Casualty Company	9003329001	1/1/2022 to 1/1/2023	Monthly
Northwest Senior Housing Corporation (Edgemere)	Commercial General/Professional	Caring Communities, a Reciprocal Risk Retention Group	CCRRG-0043-22	1/1/2022 to 1/1/2023	Quarterly
Senior Quality Lifestyles Corporation	Directors & Officers	National Union Fire Insurance Company of Pittsburgh, PA	03-406-33-04	12/1/2018 – unlimited tail	N/A
Senior Quality Lifestyles Corporation	Excess Directors & Officers	Starr Indemnity & Liability Company	1000620604171	12/1/2018 – 12/1/2024	N/A

**Exhibit B**

**Proposed Final Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,<sup>1</sup>  
  
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**FINAL ORDER (I) AUTHORIZING THE DEBTORS  
TO (A) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL  
OBLIGATIONS ARISING THEREUNDER, (B) RENEW, REVISE, EXTEND,  
SUPPLEMENT, CHANGE, OR ENTER INTO NEW INSURANCE POLICIES,  
(C) PAY BROKER FEES AND (II) GRANTING CERTAIN RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> of the debtors and debtors in possession in the above-captioned chapter 11 case (the “**Debtor**”) for entry of a final order (this “**Final Order**”), pursuant to Bankruptcy Code Sections 105(a), 363, 1107, and 1008 and Bankruptcy Rules 6003 and 6004, (i) authorizing, but not directing, the Debtors to (a) maintain existing Insurance Policies and pay

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

<sup>2</sup> All capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Motion.

all obligations arising thereunder, (b) renew, revise, extend, supplement, change, or enter into new insurance policies as needed in its business judgment, and (c) pay brokerage fees arising on account of the Debtors' insurance policies and (ii) granting related relief; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this matter being a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); and this Court being able to issue a final order consistent with Article III of the United States Constitution; and venue of this proceeding and the Motion in this District being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and the opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at an interim hearing and, if necessary, a final hearing, before this Court; and all objections, if any, to the Motion having been withdrawn, resolved or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The relief requested in the Motion is **GRANTED** on a final basis as set forth herein.
2. The Debtors are authorized to maintain their existing Insurance Policies and pay all Insurance Obligations and related reimbursements associated with the Insurance Policies as they become due in the ordinary course of business. The Debtors are also authorized to renew, revise, extend, supplement, change, or enter into new insurance policies as needed in their business judgment.

3. The Debtors are authorized to honor the terms of their existing premium financing agreements for the Insurance Policies and pay premiums thereunder in the ordinary course of business. The Debtors are further authorized to renew such premium financing agreements, enter into new premium finance agreements, and/or reimburse Lifespace for their allocated share of premiums under premium financing agreements through the Intercompany Accounting Protocol in the ordinary course of business.

4. All banks and financial institutions on which checks were drawn or from which electronic payment requests are made for payment of the prepetition obligations, approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designations or any particular check or electronic payment request as being approved by this Final Order.

5. The Debtors are authorized to issue post-petition checks, or to effect post-petition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any payments authorized herein, including, without limitation, on account of Insurance Obligations.

6. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed as (a) an admission as to the validity or priority of any claim or lien against the Debtors or their estates, (b) a waiver of the Debtors' right to subsequently dispute such claim or lien on any grounds, (c) a promise or requirement to pay any prepetition claim, (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Final Order, (e) a request or authorization to

assume any prepetition agreement, contract, or lease pursuant to Bankruptcy Code Section 365, or (f) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

7. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief granted in this Final Order is necessary to avoid immediate and irreparable harm to the Debtors' estates.

8. Notice of the Motion shall be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice or waived.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

10. All payments made pursuant to this Order shall be subject to any interim or final order entered by the Court governing the Debtors' right to the use the cash collateral of UMB Bank, N.A., as Trustee, including the budget attached thereto.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

### End of Order ###

Submitted by:

Trinitee G. Green (SBN 24081320)  
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2950 N. Harwood, Suite 2100  
Dallas, Texas 75201  
Telephone: (214) 397-0030  
Facsimile: (214) 397-0033  
[tggreen@polsinelli.com](mailto:tggreen@polsinelli.com)

and

Jeremy R. Johnson (*Pro Hac Vice* Pending)  
Brenna A. Dolphin (*Pro Hac Vice* Pending)  
Polsinelli PC  
600 3rd Avenue, 42nd Floor  
New York, New York 10016  
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[bdolphin@polsinelli.com](mailto:bdolphin@polsinelli.com)

*Proposed Counsel to Debtors and  
Debtors-in-Possession*

**Exhibit 1**

**Insurance Schedule**



**Insurance Schedule**

<b>COVERED DEBTOR</b>	<b>COVERAGE TYPE</b>	<b>CARRIER</b>	<b>POLICY NUMBER</b>	<b>POLICY PERIOD</b>	<b>PAYMENT PERIOD</b>
Northwest Senior Housing Corporation (Edgemere)	Property	Liberty Mutual Insurance Company	YAC-L9L-473506-011	10/1/2021 to 10/2/2022	Monthly
Northwest Senior Housing Corporation (Edgemere)	Terrorism & Sabotage	Underwriters at Lloyds, London (Hiscox)	UTS2567785.21	10/1/2021 to 10/1/2022	Monthly
Northwest Senior Housing Corporation (Edgemere)	Commercial Automobile	Sentry Insurance	9003329003	10/1/2021 to 1/1/2023	Monthly
Northwest Senior Housing Corporation (Edgemere)	Crime	Beazley Insurance Company	V24AD2220401	1/1/2022 to 1/1/2023	Quarterly
Northwest Senior Housing Corporation (Edgemere)	Cyber Liability	Beazley Insurance Company	W30754210101	10/01/2021 to 10/01/2022	Monthly
Northwest Senior Housing Corporation (Edgemere)	Environmental	Ironshore Specialty Insurance Company	00334700	10/1/2020 to 10/1/2023	Quarterly
Northwest Senior Housing Corporation (Edgemere)	Workers Compensation	Sentry Casualty Company	9003329001	1/1/2022 to 1/1/2023	Monthly
Northwest Senior Housing Corporation (Edgemere)	Commercial General/Professional	Caring Communities, a Reciprocal Risk Retention Group	CCRRG-0043-22	1/1/2022 to 1/1/2023	Quarterly
Senior Quality Lifestyles Corporation	Directors & Officers	National Union Fire Insurance Company of Pittsburgh, PA	03-406-33-04	12/1/2018 – unlimited tail	N/A
Senior Quality Lifestyles Corporation	Excess Directors & Officers	Starr Indemnity & Liability Company	1000620604171	12/1/2018 – 12/1/2024	N/A

**Exhibit C**

**Premium Financing Agreement**

DocuSign Envelope ID: 26D9DFFB-8B80-4F99-BA4D-162FC16B9B0C

2777 ALLEN PARKWAY  
SUITE 550  
HOUSTON, TX 77019  
(877)687-9824 FAX: (832)308-7925  
CUSTOMER SERVICE: (800)247-6129

## PREMIUM FINANCE AGREEMENT

IPFS CORPORATION

<b>A</b>	<b>CASH PRICE (TOTAL PREMIUMS)</b>	<b>\$1,474,499.00</b>
<b>B</b>	<b>CASH DOWN PAYMENT</b>	<b>\$147,449.90</b>
<b>C</b>	<b>PRINCIPAL BALANCE (A MINUS B)</b>	<b>\$1,327,049.10</b>

**AGENT**  
(Name & Place of business)  
ARTHUR J GALLAGHER RISK  
MGMT.SVC.  
  
11550 FUQUA  
SUITE 205  
HOUSTON, TX 77034-0000  
(800)634-9513 FAX: (281)674-1460

**INSURED**  
(Name & Residence or business)  
LIFESPACE, INC  
4201 CORPORATE DR  
  
WEST DES MOINES, IA 50266-5906  
  
chris.lynn@lifespacecommunities.com

Commercial

Account #: \_\_\_\_\_

## LOAN DISCLOSURE

Quote Number: 17319213

Additional Policies Scheduled on Page 3

<b>ANNUAL PERCENTAGE RATE</b>	<b>FINANCE CHARGE</b>	<b>AMOUNT FINANCED</b>	<b>TOTAL OF PAYMENTS</b>
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled
2.750%	\$18,316.57	\$1,327,049.10	\$1,345,365.67

## YOUR PAYMENT SCHEDULE WILL BE

Number Of Payments	Amount Of Payments	When Payments Are Due
11	\$122,305.97	Beginning: MONTHLY 11/01/2021

ITEMIZATION OF THE AMOUNT FINANCED: THE AMOUNT FINANCED IS FOR APPLICATION TO THE PREMIUMS SET FORTH IN THE SCHEDULE OF POLICIES UNLESS OTHERWISE NOTED.

**Security:** Refer to paragraph 1 below for a description of the collateral assigned to Lender to secure this loan.

**Late Charges:** A late charge will be imposed on any installment in default 5 days or more. This late charge will be 5.00% of the installment due.

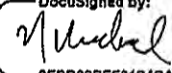
**Prepayment:** If you pay your account off early, you may be entitled to a refund of a portion of the finance charge computed by the actuarial method on a 360 day basis or as otherwise allowed by law. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$10.00. See the terms below and on the next page for additional information about nonpayment, default and penalties.

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
W30754210101	10/01/2021	LLOYD'S LONDON - CERTAIN UNDERWRITE	CYBER LIABILITY	0.000%	12	68,000.00 Tax: 680.00
Broker Fee:						\$0.00
TOTAL:						\$1,474,499.00

The undersigned insured directs IPFS Corporation (herein, "Lender") to pay the premiums on the policies described on the Schedule of Policies. In consideration of such premium payments, subject to the provisions set forth herein, the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender, the amount stated as Total of Payments in accordance with the Payment Schedule, in each case as shown in the above Loan Disclosure. The named insured(s), on a joint and several basis if more than one, hereby agree to the following provisions set forth on pages 1 and 2 of this Agreement: **1. SECURITY:** To secure payment of all amounts due under this Agreement, insured assigns Lender a security interest in all right, title and interest to the scheduled policies, including (but only to the extent permitted by applicable law): (a) all money that is or may be due insured because of a loss under any such policy that reduces the unearned premiums (subject to the interest of any applicable mortgagee or loss payee), (b) any unearned premium under each such policy, (c) dividends which may become due insured in connection with any such policy and (d) interests arising under a state guarantee fund. **2. POWER OF ATTORNEY:** Insured irrevocably appoints its Lender attorney-in-fact with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to its Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this Agreement.

**NOTICE:** A. Do not sign this agreement before you read it or if it contains any blank space. B. You are entitled to a completely filled in copy of this agreement. C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge. D. Keep your copy of this agreement to protect your legal rights.

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.

DocuSigned by:  
  
OFBD63BFF8124CA...

10/21/2021 | 3:50 PM CDT

Signature of Insured or Authorized Agent

DATE

Signature of Agent

DATE

DocuSign Envelope ID: 26D9DFFB-8B80-4F99-BA4D-162FC16B9B0C

The finance charge begins to accrue as of the earliest policy effective date.

**4. AGREEMENT EFFECTIVE DATE:** This Agreement shall be effective when written acceptance is mailed to the insured by Lender. **5. DEFAULT AND DELINQUENT PAYMENTS:** If any of the following happens insured will be in default: (a) a payment is not made when it is due, (b) a proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against insured, or (c) insured fails to keep any promise the insured makes in this Agreement; provided, however, that, to the extent required by applicable law, insured may be held to be in default only upon the occurrence of an event described in clause (a) above. The acceptance by Lender of one or more late payments from the insured shall not estop Lender or be a waiver of the rights of Lender to exercise all of its rights hereunder or under applicable law in the event of any subsequent late payment. **6. CANCELLATION:** Lender may cancel the scheduled policies after providing at least 10 days notice of its intent to cancel or any other required statutory notice if the insured does not pay any installment according to the terms of this Agreement or transfers any of the scheduled policies to a third party and the unpaid balance due to Lender shall be immediately due and payable by the insured. Lender at its option may enforce payment of this debt without recourse to the security given to Lender. **7. CANCELLATION CHARGES:** If Lender cancels any insurance policy in accordance with the terms of this Agreement and applicable law, then the insured shall pay Lender a cancellation charge equal to \$15.00 or the maximum amount permitted by law. If cancellation occurs, the insured agrees to pay a finance charge on the outstanding indebtedness at the maximum rate authorized by applicable state law in effect on the date of cancellation until the outstanding indebtedness is paid in full or until such other date as required by law. (Not applicable in KY, NV, and VT) **8. INSUFFICIENT FUNDS (NSF) CHARGES:** If insured's check or electronic funding is dishonored for any reason, the insured will pay to Lender a fee of \$20.00 or the maximum amount permitted by law. (Not applicable in AL and KY). **9. MONEY RECEIVED AFTER CANCELLATION:** Any payments made to Lender after Lender's Notice of Cancellation of the insurance policy(ies) has been mailed may be credited to the insured's account without any obligation on the part of Lender to request reinstatement of any policy. Any money Lender receives from an insurance company shall be credited to the balance due Lender with any surplus refunded to whomever is entitled to the money. In the event that Lender does request a reinstatement of the policy(ies) on behalf of the insured, such a request does not guarantee that coverage under the policy(ies) will be reinstated or continued. Only the insurance company has authority to reinstate the policy(ies). The insured agrees that Lender has no liability to the insured if the policy(ies) is not reinstated and Lender may charge a reinstatement fee where permitted up to the maximum amount allowed by law. **10. ASSIGNMENT:** The insured agrees not to assign this Agreement or any policy listed hereon or any interest therein (except for the interest of mortgagees or loss payees), without the written consent of Lender, and that Lender may sell, transfer and assign its rights hereunder or under any policy without the consent of the insured, and that all agreements made by the insured hereunder and all rights and benefits conferred upon Lender shall inure to the benefit of Lender's successors and assigns (and any assignees thereof). **11. INSURANCE AGENT OR BROKER:** The insured agrees that the insurance agent or broker soliciting the policies or through whom the policies were issued is not the agent of Lender; and the agent or broker named on the front of this Agreement is neither authorized by Lender to receive installment payments under this Agreement nor to make representations, orally or in writing, to the insured on Lender's behalf (except to the extent expressly required by applicable law). As and where permissible by law, Lender may compensate your agent/broker for assisting in arranging the financing of your insurance premiums. If you have any questions about this compensation you should contact your agent/broker. **12. FINANCING NOT A CONDITION:** The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance. **13. COLLECTION COSTS:** Insured agrees to pay attorney fees and other collection costs to Lender to the extent permitted by law if this Agreement is referred to an attorney or collection agency who is not a salaried employee of Lender, to collect any money insured owes under this Agreement. (Not applicable in KY) **14. LIMITATION OF LIABILITY:** The insured agrees that Lender's liability to the insured, any other person or entity for breach of any of the terms of this Agreement for the wrongful or improper exercise of any of its powers under this Agreement shall be limited to the amount of the principal balance outstanding, except in the event of Lender's gross negligence or willful misconduct (not applicable in KY). Insured recognizes and agrees that Lender is a lender only and not an insurance company and that in no event does Lender assume any liability as an insurer hereunder or otherwise. **15. CLASSIFICATION AND FORMATION OF AGREEMENT:** This Agreement is and will be a general intangible and not an instrument (as those terms are used in the Uniform Commercial Code) for all purposes. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of the insured and agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy. **16. REPRESENTATIONS AND WARRANTIES:** The insured represents that (a) the insured is not insolvent or presently the subject of any insolvency proceeding (or if the insured is a debtor of bankruptcy, the bankruptcy court has authorized this transaction), (b) if the insured is not an individual, that the signatory is authorized to sign this Agreement on behalf of the insured, (c) all parties responsible for payment of the premium are named and have signed this Agreement, and (d) there is no term or provision in any of the scheduled policies that would require Lender to notify or get the consent of any third party to effect cancellation of any such policy. **17. ADDITIONAL PREMIUM FINANCING:** Insured authorizes Lender to make additional advances under this premium finance agreement at the request of either the insured or the insured's agent with the insured's express authorization, and subject to the approval of Lender, for any additional premium on any policy listed in the Schedule of Policies due to changes in the insurable risk. If Lender consents to the request for an additional advance, Lender will send insured a revised payment amount ("Revised Payment Amount"). Insured agrees to pay the Revised Payment Amount, which may include additional finance charges on the newly advanced amount, and acknowledges that Lender will maintain its security interest in the Policy with full authority to cancel all policies and receive all unearned premium if insured fails to pay the Revised Payment Amount. **18. PRIVACY:** Our privacy policy may be found at <https://ipfs.com/Privacy>. **19. ENTIRE DOCUMENT / GOVERNING LAW:** This document is the entire Agreement between Lender and the insured and can only be changed in writing and signed by both parties except that the insured authorizes Lender to insert or correct on this Agreement, if omitted or incorrect, the insurer's name and the policy number(s). Lender is also authorized to correct patent errors and omissions in this Agreement. In the event that any provision of this Agreement is found to be illegal or unenforceable, it shall be deemed severed from the remaining provisions, which shall remain in full force and effect. The laws of the State of Missouri will govern this Agreement. **20. AUTHORIZATION:** The insurance company(ies) and their agents, any intermediaries and the agent / broker named in this Agreement and their successors and assigns are hereby authorized and directed by insured to provide Lender with full and complete information regarding all financed insurance policy(ies), including without limitation the status and calculation of unearned premiums, and Lender is authorized and directed to provide such parties with full and complete information and documentation regarding the financing of such insurance policy(ies), including a copy of this Agreement and any related notices. **21. WAIVER OF SOVEREIGN IMMUNITY:** The insured expressly waives any sovereign immunity available to the insured, and agrees to be subject to the laws as set forth in this Agreement (and the jurisdiction of federal and/or state courts) for all matters relating to the collection and enforcement of amounts owed under this Agreement and the security interest in the scheduled policies granted hereby.

#### AGENT/BROKER REPRESENTATIONS

The agent/broker executing this, and any future, agreement represents, warrants and agrees: (1) installment payments totaling \$0.00 and the down payment indicated in Box "B" on Page 1 has been received from the insured in immediately available funds, (2) the insured has received a copy of this Agreement; if the agent/broker has signed this Agreement on the insured's behalf, the insured has expressly authorized the agent/broker to sign this Agreement on its behalf or, if the insured has signed, to the best of the undersigned's knowledge and belief such signature is genuine, (3) the policies are in full force and effect and the information in the Schedule of Policies including the premium amounts is correct, (4) no direct company bill, audit, or reporting form policies or policies subject to retrospective rating or to minimum earned premium are included, except as indicated, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (5) the policies can be cancelled by the insured or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated, (6) there are no bankruptcy, receivership, or insolvency proceedings affecting the insured, (7) to hold Lender, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from these representations or from errors, omissions or inaccuracies of agent/broker in preparing this Agreement, (8) to pay the down payment and any funding amounts received from Lender under this Agreement to the insurance company or general agent (less any commissions where applicable), (9) to hold in trust for Lender or its assigns any payments made or credited to the insured through or to agent/broker directly or indirectly, actually or constructively by the insurance companies and to pay the monies, as well as the unearned commissions to Lender or its assigns upon demand to satisfy the outstanding indebtedness of the insured, (10) all material information concerning the insured and the financed policies necessary for Lender to cancel such policies and receive the unearned premium has been disclosed to Lender, (11) no term or provision of any financed policy requires Lender to notify or get the consent of any third party to effect cancellation of such policy, and (12) to promptly notify Lender in writing if any information on this Agreement becomes inaccurate.

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**AGENT**

(Name &amp; Place of business)

ARTHUR J GALLAGHER RISK MGMT.SVC.

11550 FUQUA

SUITE 205

HOUSTON, TX 77034-0000

(800)634-9513 FAX: (281)674-1460

**INSURED**

(Name &amp; Residence or business)

LIFESPACE, INC

4201 CORPORATE DR

WEST DES MOINES, IA 50266-5906

chris.lynn@lifespacecommunities.com

Account #: \_\_\_\_\_

**SCHEDULE OF POLICIES**

Quote Number: 17319213

(continued)

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
9003329003	10/01/2021	SENTRY SELECT INSURANCE CO	AUTO LIABILITY	0.000%	12	257,161.00
UTS2567785.21	10/01/2021	LLOYD'S LONDON - CERTAIN UNDERWRITE RISK PLACEMENT SERVICES	TERRORISM	0.000%	12	32,300.00 Tax: 323.00
YAC-L9L-473506-011	10/01/2021	LIBERTY MUTUAL FIRE INSURANCE CO	PROPERTY	0.000%	12	1,116,035.00

Broker Fee: \$0.00

**TOTAL:** \$1,474,499.00



**MULTI-NAMED INSURED  
ADDENDUM TO PREMIUM FINANCE AGREEMENT**

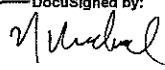
This is an addendum to a certain Premium Finance Agreement Disclosure Statement and Security Agreement between:

Northwest Senior Housing Corporation  
Lifespace, Inc  
Tarrant County Senior Living Center, Inc  
Newcastle Place, LLC

and IPFS Corporation to finance an initial amount of \$1,326,959.10 plus such additional premium amounts as the parties may agree from time to time, submitted herewith (hereinafter the "Agreement").

The Insured(s)/Borrower(s) and the Agent or Broker each hereby represent and warrant as follows:

1. The "Insured/Borrower" as set forth in the Agreement is authorized to sign this agreement on behalf of all insured under the policies.
2. The Insured/Borrower as set forth in the Agreement is the only party entitled or required to receive any notice of any kind from IPFS Corporation and all such notices are sufficient if sent to the address set forth in the Agreement. There shall be only one such address in the Agreement.
3. In the event that more than one name appears in the Insured/Borrower part of the Agreement, any notices addressed to the first named listed shall be full, complete and adequate notice to all such persons.

DocuSigned by:  
  
0FBD63BFF8124CA...

10/28/2021 | 1:39 PM CDT

Insured/Borrower

Date

  
Agent or Broker

10-28-21  
Date