

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

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In re: : Chapter 11

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HERITAGE HOME GROUP LLC, et al., : Case No. 18-11736 (KG)

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Debtors.¹ : Jointly Administered

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-----X **RE: Docket No. 631**

**ORDER CONVERTING THE DEBTORS' CHAPTER 11 CASES
TO CASES UNDER CHAPTER 7**

Upon consideration of the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of an order, pursuant to section 1112(a) of the Bankruptcy Code, converting the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code, as more fully described in the Motion; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 1334 and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that this is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these chapter 11 cases and of the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and adequate notice of the Motion has been given under the circumstances, and that no other or further notice need be given; and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and a hearing

¹ The Debtors in these chapter 11 cases, along with the last four digits of each debtor's tax identification number, as applicable, are: Heritage Home Group LLC (9506); HH Global II B.V. (0165); HH Group Holdings US, Inc. (7206); HHG Real Property LLC (3221); and HHG Global Designs LLC (1150). The Debtors' corporate headquarters is located at 1925 Eastchester Drive, High Point, North Carolina 27265.

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



having been held to consider the relief requested in the Motion (the “Hearing”); and upon the record of the Hearing; and upon the certification of counsel related hereto; and after due deliberation and sufficient cause appearing therefor; it is hereby

ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Effective as of March 15, 2019, at 4:00 p.m. (ET), the Debtors’ cases shall be converted to cases under chapter 7 of the Bankruptcy Code.
3. Professionals shall file final statements and applications for compensation (including, without limitation, fees and expenses that are not the subject of any previous application, and any “holdback” retained in accordance with the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [D.I. 171]) (collectively, the “Fee Applications”) on or before **April 15, 2019, at 4:00 p.m. (ET)**, or be forever barred from receiving any such compensation. Objections, if any, to a Fee Application must be filed and served on counsel to the Debtors and the party filing such Fee Application, so as to be actually received on or before April 29, 2019, at 4:00 p.m. (ET). A hearing on such timely filed final Fee Applications shall be held before this Court on May 16, 2019, at 10:00 a.m. (ET) (the “Fee Hearing”).
4. Within two business days following the Fee Hearing, the DIP Agent, on behalf of the DIP Lenders, shall remit to the Carve-Out Reserve Account (a) \$1,159,250 for the period through the date of the Notice of Default plus (b) \$350,000 for the period following the date of the Notice of Default less (i) the aggregate amount of funds remitted to the Carve-Out Reserve Account from the date of the Notice of Default and (ii) in the event a Professional’s Allowed Professional Fees are less than the budgeted amounts for such Professional in the

Budget, the difference between such amounts; *provided however* that subject to the DIP Agent remitting up to an aggregate amount of \$1,509,250 to the Carve-Out Reserve Account, the DIP Agent shall continue to apply proceeds from DIP Collateral (as defined in the Final DIP Order) to pay down DIP Obligations consistent with the Final DIP Order.

5. For the avoidance of doubt, the Carve-Out Reserve Account shall be administered outside of the chapter 7 estates and not subject to administration by or turnover to a chapter 7 trustee; *provided however* that any amounts remitted by the DIP Agent to the Carve-Out Reserve Account in excess of Allowed Professional Fees shall be refunded to the DIP Agent and such excess, if any, shall remain DIP Collateral (as defined in the Final DIP Order).

6. Nothing herein shall constitute a waiver of any of the DIP Agent's rights under the Final DIP Order, the DIP Financing Documents, or the Pre-Petition Financing Documents referenced therein.

7. The Debtors shall:

- (a) within 7 days of the Conversion Date, turn over to the chapter 7 trustee all records and property of the estate under their custody and control as required by Bankruptcy Rule 1019(4);
- (b) within 15 days of the Conversion Date, as required by Bankruptcy Rule 1019(5), file a schedule of unpaid debts incurred after the Petition Date and before the conversion date, which schedule shall include the name and address of each creditor holding any such debt; and
- (c) within 30 days of the Conversion Date, file and transmit a final report and account as required by Bankruptcy Rule to the Office of the United States Trustee.

8. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

A handwritten signature in black ink, appearing to read "Kevin Gross", written over a horizontal line.

KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE