



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

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THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed May 12, 2022

United States Bankruptcy Judge

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

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**FINAL ORDER (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) GRANTED RELATED RELIEF**

¹ 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.



Upon the motion (the “**Motion**”)² of the debtors and debtors in possession in the above-captioned chapter 11 cases (the “**Debtors**”) for entry of a final order (this “**Final Order**”), pursuant to Bankruptcy Code Sections 105(a), 363(b), 507(a), 541, 1107(a), and 1108, and Bankruptcy Rules 6003 and 6004, (i) authorizing, but not directing, the Debtors to (a) pay all prepetition wages, salaries, commissions, certain other compensation, and related administration obligations to third parties in connection therewith and other costs incidental to the foregoing (the “**Compensation Obligations**”), (b) maintain all prepetition employee benefits, including paid time off, health and medical benefits and insurance, retirement savings accounts, workers’ compensation, reimbursable business expenses, and other welfare benefits, and related administration obligations to third parties in connection therewith and other costs incidental to the foregoing (the “**Employee Benefit Obligations**”), and (c) pay all employment, unemployment, Social Security, and similar federal, state, and local taxes relating to the Compensation Obligations and Employee Benefit Obligations, whether withheld from wages or paid directly by the Debtors to governmental authorities (the “**Payroll Taxes**”), and make other payroll deductions, including retirement and other employee benefit plan contributions, garnishments, child support, and voluntary (the “**Payroll Deduction Obligations**”), (ii) authorizing applicable banks and other financial institutions to receive, process, honor, and pay any and all checks drawn on and transfers made from the Debtors’ accounts to the extent such checks or transfers relate to any of the foregoing, and (iii) granting related relief; and upon consideration of the First Day Declaration and the *Declaration of Nick Harshfield in Support of 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*

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

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 [Docket No. 178] (the “**Commissions 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, 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. Subject to the limitations set forth in Bankruptcy Code Sections 507(a)(4) and (a)(5), the Debtors are authorized, but not directed, to (a) pay or otherwise honor, in their sole discretion, the Compensation Obligations as and when they come due, (b) honor and continue their programs, policies, and practices with respect to the Employee Benefit Obligations that were in effect as of the Petition Date, in the ordinary course of business, and in the same manner and on the same basis as the Debtors honored and continued such programs, policies, and practices with

respect to the Compensation Obligations prior to the Petition Date, and (c) withhold all federal, state, and local taxes relating to the Compensation Obligations and Employee Benefit Obligations as required by applicable law.

3. To the extent that Bankruptcy Code section 503(c)(3) applies to the Debtors' Sales Incentive Program, it is appropriate and justified under the facts and circumstances of the Chapter 11 Cases and is authorized in accordance with Bankruptcy Code section 503(c)(3).

4. Notwithstanding any other provision of this Final Order, (a) payments to or on behalf of any one person on account of prepetition obligations shall be limited by Bankruptcy Code Sections 507(a)(4) and (5) and capped at the amount afforded priority by those statutory subsections, and (b) the Debtors are not authorized to "cash out" unpaid PTO for any Employee in excess of the caps provided by Bankruptcy Code Sections 507(a)(4) or (5) unless applicable state law requires such payment.

5. The Debtors' applicable banks and other financial institutions are authorized to receive, process, honor, and pay all checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts prior to the Petition Date in respect of Prepetition Taxes (or to re-issue checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, as may be necessary), and authorized to rely on the representations of the Debtors as to which checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, provided that sufficient funds are on deposit in the applicable bank accounts to cover such payments. Further, the Debtors' banks and financial institutions are prohibited from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Compensation Obligations,

provided that sufficient funds are on deposit in the applicable bank accounts to cover such transfers.

6. The Debtors are authorized to reissue payment on account of the Compensation Obligations and to replace any inadvertently dishonored or rejected payments. Further, the Debtors are authorized to reimburse any expenses that Employees may incur as a result of any bank's failure to honor a prepetition check.

7. All payments made pursuant to this Final Order (a) may be funded with Cash Collateral (as defined in the Cash Collateral Order) in which the Trustee (as defined in the Cash Collateral Order) has an interest, and (b) shall be subject to any interim or final order entered by the Court governing the Debtors' rights to use the Trustee's cash collateral (as such order or orders may be amended, modified or supplemented, the "**Cash Collateral Order**"), including the budget attached thereto.

8. 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 any Debtors, (b) a waiver of the Debtors' rights 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.

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 waived by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final 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 Final 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 Final Order.

End of Order

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