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COUNSEL FOR THE DEBTORS

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

In re:

THE LASALLE GROUP, INC., et al.,¹

DEBTORS.

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Chapter 11

Case No. 19-31484-sgj-11

(Jointly Administered)

**EXPEDITED MOTION OF WEST HOUSTON MEMORY CARE, LLC, PEARLAND
MEMORY CARE, LLC, AND CINCO RANCH MEMORY CARE, LLC SEEKING
INTERIM AND FINAL ORDERS (1) AUTHORIZING THE DEBTORS TO OBTAIN
POST-PETITION FINANCING, (2) GRANTING LIENS AND SUPERPRIORITY
ADMINISTRATIVE EXPENSE STATUS, AND (3) SETTING AND PRESCRIBING
FORM AND MANNER OF NOTICE FOR FINAL HEARING**

TO THE HONORABLE STACEY G. C. JERNIGAN,
UNITED STATES BANKRUPTCY JUDGE:

¹ A list of the Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, is attached hereto as **Schedule 1**. The Debtors' mailing address is 1900 Enchanted Way, Ste. 200, Grapevine, TX 76051.

West Houston Memory Care, LLC (“West Houston”), Cinco Ranch Memory Care, LLC (“Cinco Ranch”), and Pearland Memory Care, LLC (“Pearland”)² (collectively, the “Debtors”), debtors and debtors-in-possession in the above-captioned Chapter 11 cases, hereby move (the “Motion”) on an expedited basis for entry of interim orders (the “Interim Orders,” copies of which are attached hereto as **Exhibits “A-1” and “A-2”** and are incorporated herein by reference) and final orders (the “Final Orders”): (1) authorizing the Debtors to obtain post-petition financing pursuant to Section 364 of Title 11 of the United States Code (the “Bankruptcy Code”) by entering into those certain agreements (the “DIP Agreements”), together with any related notes and other documents, as the same may be amended, supplemented, or otherwise modified from time to time, and all instruments, agreements, assignments, and other documents referred to therein or herein or requested by the DIP Lenders to give effect to the terms thereof and hereof, with Origin Bank as the lender for West Houston and Veritex Bank as the lender for Cinco Ranch and Pearland (collectively, the “DIP Lenders”), all subject to the terms and conditions set forth herein and therein, and as specifically set forth on the “DIP Term Sheets” attached hereto as **Exhibits “B-1” and “B-2”**; (2) granting certain liens and super-priority administrative expense status to the DIP Lenders (including, as specifically set forth herein an administrative priority claim pursuant to Section 364(c)(1) of the Bankruptcy Code and liens pursuant to Sections 364(c)(2) and (3) of the Bankruptcy Code); and (3) in accordance with Rule 4001(c)(2) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and all applicable local bankruptcy rules, scheduling a final hearing (the “Final Hearing”) and approving

² Riverstone Memory Care, LLC is not seeking relief in this Motion.

notice with respect thereto. In support of this Motion, the Debtors respectfully state to the Court as follows:

I.
BANKRUPTCY RULE 4001 CONCISE STATEMENT

1. By this Motion, the Debtors request:
 - a. Entry of a proposed Interim Orders in substantially the forms attached hereto as **Exhibits “A-1” and “A-2”** and the Final Orders authorizing the Debtors:
 - i. To obtain post-petition financing pursuant to Sections 363 and 364 of the Bankruptcy Code in accordance with the terms as set forth in the DIP Term Sheets (the “DIP Term Sheets”) attached hereto as **Exhibits “B-1” and B-2;”**
 - ii. To grant liens and super-priority claims to and on behalf of and for the benefit of the DIP Lenders in certain collateral to secure the respective DIP Obligations; and
 - iii. Pending a final hearing, to and including the date on which the Final Order is entered, to obtain expedited post-petition loans and financing in the amounts as set forth on the budgets included in the DIP Term Sheets.
 - b. In accordance with Bankruptcy Rule 4001(c)(2), that this Court schedule the Final Hearing and approve notice with respect thereto.

The material provisions of the proposed debtor-in-possession financing are summarized as follows and set forth in the following sections of the DIP Agreement and/or the Interim Orders:

- a. Borrower: The Debtors, West Houston, Cinco Ranch, and Pearland. *See* Interim Orders, at Paragraph D.
- b. DIP Lenders: Origin Bank and Veritex Bank. *See* Interim Orders, at Paragraph G.
- c. Commitment: \$82,500 from Origin Bank and \$300,000.00 from Veritex Bank. . *See* Interim Orders, at Paragraph 3.

- d. Maturity Date: The Origin DIP Loan terminates and matures on August 31, 2019; the Veritex DIP Loan terminates and matures on September 15, 2019. *See* Interim Orders, at Paragraph 6.
- e. Purpose: The proceeds of the DIP Loans are to fund the business needs of the Debtors through the sale process, including payroll, expenses and the payment of certain professional fees and any U.S. Trustee fees, as reflected in the DIP Term Sheets. *See* Interim Orders, at Paragraph D.
- f. Priority and Liens: All amounts owed by each of the Debtors under their respective DIP Agreement at all times will be collateralized by:
 - (i) Pursuant to Section 364(c)(2) and (3) of the Bankruptcy Code, a first-priority, perfected lien upon all of the Debtors' right, title, and interest in, to, and under all of the Debtor's assets.

See Interim Orders, at Paragraph 9.
- g. Carve-Out: The liens and securities interests granted to the DIP Lenders will be valid, enforceable, and perfected security interests and liens, but shall be subject to professional fee Carve-Outs to the extent such claims are set forth in the Budget (which such Budget, with respect to the Origin DIP Loan, is reflected in paragraphs 3 and 4 of the DIP Term Sheet attached hereto as Exhibit B-1 (the "Origin DIP Term Sheet") (the "Carve-Out"). As to the Origin DIP Loan, the professional fees and expenses reflected in paragraph 3 of the Origin DIP Term Sheet may be paid from proceeds of the Origin DIP Facility subject to allowance, as further provided in this paragraph, and the professional fees reflected in paragraph 4 of the Origin DIP Term Sheet relate solely to sums to be paid, subject to allowance, from the proceeds arising from the sale, if one should occur, of West Houston's real estate. Except as provided herein, the Carve-Out is to be funded on a weekly basis, as provided in the Budget, and is to be placed into a separate client trust account held by Crowe & Dunlevy, P.C. and distributed as set forth in any order regarding the employment and payment of such professionals. Any unused portion in a given month will be carried forward to any subsequent month or months or applied to unsatisfied fees for any preceding month or months. *See* Interim Orders, at Paragraph 12.
- h. Interest: Interest on the Loans and other DIP Obligations shall accrue at the rates in the Interim Orders (including any default rates, if applicable) and shall be paid in accordance with and at the times as provided in the DIP Term Sheets. *See* Interim Orders, at Paragraph 7.
- i. Events of Default: The Events of Default are set forth in Paragraphs 5 and 20 of the Interim Orders.
- j. Waiver of Applicable Non-Bankruptcy Law Relating to Perfection: The Interim Orders are deemed to be sufficient and conclusive evidence of the existence, priority, perfection, and validity of the post-petition liens and security interests granted therein, effective as of the Petition Date, without any further act and without regard to any other federal, state, or local requirements or law requiring notice, filing, registration, recording, or possession of the

subject collateral, or other act to validate or perfect such security interest or lien. *See* Interim Orders, at Paragraph 14.

- k. Application of Proceeds of Collateral: From and after the Effective Date and thereafter during the period of this Interim DIP Facility, the proceeds of the DIP Obligations, the DIP Collateral shall not, directly or indirectly, be used to pay expenses of the Debtors or otherwise disbursed except for those expenses and/or disbursements that are expressly permitted under the Budgets and DIP Term Sheets. Except for the purposes set forth in the first sentence of this Paragraph, the DIP Lenders have not consented or agreed to the use of the proceeds of the DIP Collateral. *See* Interim Orders, at Paragraph 16.
- l. Waiver of Section 506(c) Surcharge: The DIP Lenders will seek a provision in the Final Order that the Debtors will not assert a claim under Section 506(c) of the Bankruptcy Code for any costs and expenses incurred in connection with the preservation, protection, or enhancement of, or realization by the DIP Lenders upon the DIP Collateral.

II. BACKGROUND

2. On May 2, 2019 (the “Petition Date”), the Debtors filed their voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), commencing the above captioned cases (the “Chapter 11 Cases”). The Debtors continue to manage and operate their business as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. An official committee of unsecured creditors was appointed in these Chapter 11 Cases on July 3, 2019. No trustee or examiner has been requested or appointed in the Chapter 11 Cases.

4. As of the Petition Date, the Debtors operated forty (40) memory care communities, independent living communities and assisted living communities in several states, three of which are under construction and not currently occupied by residents (collectively, the “Facilities”). The Facilities provide research-based assisted living memory care for over 1400 current residents (each a “Resident” and collectively, the “Residents”) with Alzheimer’s, disease,

dementia, or other forms of memory loss. A more detailed description of the Debtors and their business, and the facts and circumstances leading up to the filing of the Chapter 11 Cases are set forth in greater detail in the *Declaration of Karen G. Nicolaou in Support of First Day Motions* (the “First Day Declaration”) which is fully incorporated by reference in this Motion.

5. As set forth in the First Day Declaration, as of the Petition Date, there was a Realco PSA for \$29 million for the purchase of the four RealCo Debtors’³ Memory Care Facilities. The buyer on the Realco PSA decided not to go forward with closing on the deal. Therefore, the Debtors have decided to market the RealCo Debtors’ Memory Care Facilities, with the exception of the Riverstone Memory Care Facility, with the assistance of Cushman & Wakefield, seeking to obtain the most advantageous sale price in the best interest of the estates and all creditors.

6. The buyer on the Realco PSA was also to have provided DIP financing to have carried the Debtors through the balance of the bankruptcy cases. As that did not occur, the Debtors have sought alternative DIP financing through various sources to make up for the operating shortfall and preserve Resident safety and the business as a going concern during the marketing and sale process. Two of the pre-petition secured lenders, Veritex Bank and Origin Bank, agreed to fund DIP financing for their respective borrower-Debtors (Veritex Bank to Cinco Ranch and Pearland and Origin Bank to LaSalle and West Houston), as set forth herein.

7. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2)(A) and (0).

³ All defined terms not defined herein shall have the meanings ascribed to them in the First Day Declaration.

Venue of these proceedings and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

8. The statutory predicates for the relief sought herein are Sections 105(a), 361, and 364 of the Bankruptcy Code and Bankruptcy Rules 4001, 6004, and 9014.

III. RELIEF REQUESTED

9. The Debtors hereby request entry of the Interim Orders, the scheduling of a Final Hearing, and, after such hearing, the entry of a Final Order granting the following relief, all as more specifically enumerated above in the introductory paragraph of this Motion.

10. The Debtors request authority to obtain post-petition financing from the DIP Lenders as set forth herein. The requested relief is necessary for the Debtors to safely and securely continue the business operations, meeting their obligations as Debtors-in-possession, while also running the marketing and sale process to garner the highest and best bids for the Houston facilities.

11. Despite diligent efforts, the Debtors were unable to obtain financing in the form of unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense or solely in exchange for the grant of a super-priority administrative expense claim pursuant to Section 364(c)(1) of the Bankruptcy Code.

12. Subject to the terms and conditions set forth in the Interim Orders, the DIP Lenders are willing to make advances to the Debtors in the aggregate amount of up to \$82,500 to West Houston from Origin Bank and \$100,000 to Cinco Ranch from Veritex Bank and \$200,000 to Pearland from Veritex Bank (collectively, the “DIP Loans”) to allow the Debtors to continue to operate as a going concern during this sensitive period. However, of Origin’s DIP Loan,

\$7,500 may only be borrowed to facilitate the move out of residents and the proper preservation and storage of records as provided in the last sentence of paragraph 4 of the Origin DIP Term Sheet. The Debtors seek authorization to obtain, on an expedited basis, secured, super-priority post-petition financing on terms as outlined in the DIP Term Sheets substantially in the forms attached hereto as **Exhibits “B-1” and “B-2”** and incorporated herein by reference. Specifically, the Debtors seek the entry of interim and final orders authorizing (a) the Debtors to enter into the DIP Loans with the DIP Lenders, (b) obtain the post-petition financing contemplated therein in one or more advances from the DIP Lenders under the DIP Loans, (c) to pay all interest, fees, expenses, and other obligations provided for under the Interim Orders, and (d) to satisfy all conditions precedent and perform all obligations thereunder in accordance with the terms thereof:

- (a) A condition to the willingness of the DIP Lenders to fund the DIP Loan is that, as security for the prompt payment and performance of the DIP Loans and all interest, fees, expenses, and charges at any time payable by the Debtors under the Interim Orders (collectively, the “DIP Obligations”), the DIP Lenders shall receive, respectively, as to each appropriate Debtor,
- (b) Pursuant to Section 364(c)(2) and (3) of the Bankruptcy Code, a first-priority, perfected lien upon all of the Debtor’s right, title, and interest in, to, and under all of the Debtor’s assets.

18. The liens described in items (a), and (b) above shall hereinafter be referred to as the “DIP Liens,” and each Debtor’s assets subject to the Post-Petition Liens, subject to the Carve-Out, shall hereinafter be referred to as and shall constitute “Post-Petition Collateral.” The Post-Petition Collateral with respect to the Origin Bank DIP Loan shall also secure a promissory note dated July 6, 2012, executed by West Houston payable to the DIP Lender in the original

principal amount of \$8,550,000, and which is subject to a Modification of Real Estate Lien and Note among West Houston and the DIP Lender effective as of April 12, 2018. Notwithstanding the foregoing provisions, the DIP Liens shall not attach to any of the following property: (i) any causes of action, including causes of action or claims pursuant to Sections 544, 545, 547, 548, 550, or 553 of the Bankruptcy Code (the “Avoidance Actions”); and (ii) any monies recovered in connection with the successful prosecution or settlement of Avoidance Actions or any other causes of action held by each Debtor’s estate (collectively, the “Avoidance Proceeds”).

19. Pursuant to the Interim Orders, all DIP Obligations will be granted administrative priority in accordance with, and shall constitute an allowed super-priority claim (the “Super-Priority Claim”), pursuant to the provision of Section 364(c)(1) of the Bankruptcy Code with priority over all other administrative expenses in the Debtor’s bankruptcy case of the kind specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(a), 503(b), 507(a), 507(b), 552, 726, 1114, or other similar section of the Bankruptcy Code.

20. Further, no costs or administrative expenses which have been or may be incurred in these Chapter 11 cases, in any proceedings related hereto or in any superseding Chapter 7 cases, and no priority claims are or will be prior to or on a parity with the Super-Priority Claims of the DIP Lenders against the Debtors, except for the Carve-Out for professional fees as set forth in the Budgets and for fees payable to the U.S. Trustee.

21. The Debtors believe that good cause has been shown for the entry of the Interim Orders to obtain the DIP Loans pending a final hearing on the relief requested herein pursuant to Bankruptcy Rules 4001(c) and (d). The Debtors’ need for financing of the type requested herein and as afforded by the Interim Orders is immediate and critical. Entry of the Interim Orders will

minimize disruption of the Debtors' immediate operations, will preserve the Debtors' status as a going concern to aid in the sale process, and is in the best interests of the Debtors, their creditors, and their estates.

22. The Debtors further believe that the terms of the financing are fair and reasonable, reflect the Debtors' reasonable exercise of prudent business judgment, and are supported by reasonably equivalent value and fair consideration.

IV. BASIS FOR RELIEF REQUESTED

23. The Debtors believe that the terms and conditions of the DIP Loans, the Interim Orders, and the related relief requested herein are fair, reasonable, and in the best interests of the Debtors, their respective estates, and their creditors.

24. Section 364 of the Bankruptcy Code allows the Debtors to (a) obtain unsecured credit in the ordinary course of business, (b) obtain unsecured credit out of the ordinary course of business, and (c) obtain credit with specialized priority or with security. If a debtor-in-possession cannot obtain post-petition credit on an unsecured basis, the Court may authorize the obtaining of credit or the incurring of debt, repayment of which is entitled to super-priority administrative expense status or is secured by a lien on unencumbered property, or a combination of the foregoing.

25. The Debtors propose to obtain financing under the DIP Loans, the Interim Orders, and the Final Order by providing security interests in and liens on the DIP Collateral pursuant to Section 364(c) of the Bankruptcy Code. The statutory requirement for obtaining post-petition credit under Section 364(c) is a finding, made after notice and hearing, that a debtor is "unable to obtain unsecured credit allowable under section 503(b)(1) of [the Bankruptcy Code]." *In re*

Plabell Rubber Prods., Inc., 137 B.R. 897, 900 (Bankr. N.D. Ohio 1992) (the debtor must show “by a good faith effort that credit was not available without” the protections of Section 364(c)). Section 364(c) financing is appropriate when the trustee or debtor-in-possession is unable to obtain unsecured credit allowable as an ordinary administrative claim. *See In re Crouse Group, Inc.*, 71 B.R. 544, 549, modified on other grounds, 75 B.R. 553 (Bankr. E.D. Pa. 1987) (secured credit under Section 364(c)(2) is authorized, after notice and hearing, upon showing that unsecured credit cannot be obtained).

26. Courts have articulated a three-part test to determine whether a debtor is entitled to Section 364(c) financing:

- (a) The debtor is unable to obtain unsecured credit under Section 364(b) (i.e., by allowing a lender only an administrative claim);
- (b) The credit transaction is necessary to preserve the assets of the estate; and
- (c) The terms of the transaction are fair, reasonable, and adequate given the circumstances of the debtor and the proposed lender.

See Crouse Group, 71 B.R. at 549. Additionally, courts will generally accord significant weight to the necessity of the debtor obtaining post-petition financing in order to remain viable. *See In re Snowshoe Co.*, 789 F.2d 1085, 1088 (4th Cir. 1986); *In re Ames Dep't Stores*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990). As noted above, the need for the Debtors to obtain financing is critical. Further, the evidence at the interim hearing, if necessary, will show that a working capital facility of the type needed in these Chapter 11 cases could not have been obtained on an unsecured basis.

27. If necessary, the evidence at the interim hearing will show that a working capital facility of the type needed in these cases could not have been obtained on an unsecured basis. Indeed, the potential sources of a credit facility for the Debtors, obtainable on an expedited basis

and on reasonable terms, are practically nonexistent. In these circumstances, “[t]he statute imposes no duty to seek credit from every possible lender before concluding that such credit is unavailable.” *In re Snowshoe Co.*, 789 F.2d at 1088.

28. A debtor needs only demonstrate “by a good faith effort that credit was not available without” the protections of Section 364(c). *Id*; *In re Plabell*, 137 B.R. at 900. Where there are few lenders likely to be able and/or willing to extend the necessary credit to the debtor, “it would be unrealistic and unnecessary to require [the debtor] to conduct an exhaustive search for financing.” *In re Sky Valley, Inc.*, 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988), *aff’d sub nom, Anchor Say. Bank FSB v. Sky Valley*, 99 B.R. 1997, 120 n.4 (N.D. Ga. 1989). Thus, the evidence introduced at the interim hearing will satisfy the requirement of Section 364(c) that unsecured credit was unavailable to the Debtors.

29. Because of the Debtors’ acute liquidity crisis, the status of the Debtors’ operations and collateral base, and the impracticability of pursuing (and paying for) numerous prospective lenders, the Debtors have concluded that, in their business judgment, it was not practicable to try to “shop” the DIP Loans to every possible lender. However, only the DIP Lenders, which are already intimately familiar with the Debtors’ business operations, corporate structure, financing arrangements, and collateral base, and which have already performed the necessary due diligence, were able to offer post-petition credit facilities to meet the Debtors’ working capital needs on the terms, and within the time frame, that the Debtors needed.

30. As described above, the Debtors’ management has concluded that the DIP Loans and the Interim Orders provide the only alternative available under the circumstances. Bankruptcy courts routinely defer to the debtor’s business judgment on most business decisions,

including the decision to borrow money. *See Group of Institutional Investors v. Chicago Mil St. P. & Pac. Ry.*, 318 U.S. 523, 550 (1943); *Ames*, 115 B.R. at 38 (in examining requests by a debtor for interim financing, courts apply the same business judgment standard applicable to other business decisions); *In re Simasko Prod Co.*, 47 B.R. 444, 449 (D. Colo. 1985) (“Business judgments should be left to the board room and not to this Court.”); *In re Lifeguard Indus., Inc.*, 37 B.R. 3, 17 (Bankr. S.D. Ohio 1983) (same). “More exacting scrutiny would slow the administration of the debtor's estate and increase its costs, interfere with the Bankruptcy Code’s provision for private control of administration of the estate, and threaten the court's ability to control a case impartially.” *Richmond Leasing Co. v. Capital Bank, NA.*, 762 F.2d 1303, 1311 (5th Cir. 1985).

31. In general, a bankruptcy court should defer to a debtor-in-possession’s business judgment regarding the need for and the proposed use of funds, unless such decision is arbitrary and capricious. *See In re Curlew Valley Assoc.*, 14 B.R. 506, 511-13 (Bankr. D. Utah 1981). Courts generally will not second-guess a debtor-in-possession’s business decisions when those decisions involve “a business judgment made in good faith, upon a reasonable basis, and within the scope of [its] authority under the Code.” *Id.*, at 513-14 (footnotes omitted).

32. The Debtors have exercised sound business judgment in determining that a post-petition credit facility is appropriate and have satisfied the legal prerequisites to borrow under the DIP Loans and the Interim Orders. The terms of the DIP Loans are fair and reasonable and are in the best interests of the Debtors’ estates. Accordingly, the Debtors should be granted authority to borrow funds from the DIP Lenders on the secured, administrative super-priority basis described above, pursuant to Section 364(c) of the Bankruptcy Code, and take the other actions

contemplated by the Interim Orders as requested herein.

33. The Debtors believe that they could not obtain financing from any other lender on terms more favorable than the DIP Loans offered by the DIP Lenders, and certainly not before all of the Debtors' limited cash resources were depleted by the search. The Debtors' management exercised its best business judgment in negotiating the DIP Loans and the Interim Orders that is presently before the Court.

34. Section 364(e) was designed to "encourage the extension of credit to Debtor" by allowing lenders to "rely on a bankruptcy court's authorization of the transaction." *In re EDC Holding Co.*, 676 F.2d 945, 947 (7th Cir. 1982) (the purpose of Section 364(e) is "to overcome people's natural reluctance to deal with a bankrupt firm whether as purchaser or lender by assuring them that so long as they are relying in good faith on a bankruptcy judge's approval of the transaction they need not worry about their priority merely because some creditor is objecting to the transaction and is trying to get the district court or the court of appeals to reverse the bankruptcy judge."). *See also In re North Atlantic Millwork Corp.*, 155 B.R. 271, 279 (Bankr. D. Mass. 1993) ("The purpose of section 364(e) is to allow good-faith lenders to rely upon conditions at the time they extend credit and to encourage lenders to lend to bankrupt entities.").

35. The DIP Loans are and will be the result of good faith and arm's-length negotiations, with all parties represented by counsel. The Debtors believe that the terms of the DIP Loans are fair and reasonable under the circumstances, and that DIP Lenders have acted in good faith and is entitled to the benefits of Section 364(e) of the Bankruptcy Code.

36. Bankruptcy Rules 4001(c)(2) provide that a Final Hearing on a motion to obtain credit pursuant to Section 364 of the Bankruptcy Code may not be commenced earlier than

fourteen (14) days after the service of such motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to a debtor's estate.

37. Pursuant to Bankruptcy Rules 4001(c) and (d), the Debtors request that the Court conduct an expedited interim hearing as soon as practicable to consider entry of the Interim Orders authorizing the Debtors to borrow an amount sufficient to fund their immediate business expenses pending a final hearing on the DIP Financing.

38. The Debtors also respectfully request that the Court schedule the final hearing on this Motion no later than fourteen (14) days after the entry of the Interim Orders. Such relief is necessary in order to maintain the business needs of the Debtors and avoid immediate and irreparable harm and prejudice to the Debtors' estates.

39. No prior request for the relief sought herein has been made to this or any other Court.

CONCLUSION

WHEREFORE, the Debtors respectfully request (a) entry of an order substantially in the form of the proposed Interim Orders attached hereto as **Exhibits "A-1," and "A-2"** (b) after the Final Hearing on the relief requested herein, entry of a Final Order approving the DIP Financing, substantially in the form that shall be filed with the Court; and (c) such other and further relief as is just.

CROWE & DUNLEVY, P.C.

By: /s/ Christina W. Stephenson

Vickie L. Driver

State Bar No. 24026886

Christina W. Stephenson

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COUNSEL FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading was served upon the parties on the attached Limited Service List, and upon all parties registered to receive notice via the Court's electronic transmission system on this 8th day of August, 2019.

By: /s/ Christina W. Stephenson

Christina W. Stephenson