

IN THE UNITED STATES BANKRUPTCY COURT  
 FOR THE NORTHERN DISTRICT OF GEORGIA  
 ROME DIVISION

IN RE:	)	CHAPTER 11
	)	
REGIONAL HOUSING & COMMUNITY SERVICES CORP., et al.,	)	Jointly Administered Under
	)	CASE NO. 21-41034-pwb
Debtors.	)	
	)	

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**NOTICE OF HEARING ON DEBTORS’ SECOND MOTION FOR AUTHORITY TO ENTER INTO INSURANCE PREMIUM FINANCE AGREEMENT**

**PLEASE TAKE NOTICE** the above-captioned debtors and debtors in possession (collectively, the “Debtors”),<sup>1</sup> have filed the *Debtors’ Second Motion for Authority to Enter into Premium Finance Agreement* (the “**Motion**”). A copy of the Motion is available upon request to the undersigned counsel, or by downloading at <http://www.kccllc.net/RegionalHousing>. Pursuant to the Second Amended and Restated General Order No. 24-2018, the Court may consider the Motion without further notice or a hearing if no party in interest files a response opposing the Motion on or before **twenty-one (21) days from the date of service of this notice**. **If you object to the relief requested in the Motion, you must timely file your response in opposition to the Motion with the Bankruptcy Clerk at Clerk, U.S. Bankruptcy Court, 600 East First Street, Room 339, Rome, Georgia 30161-3187**, and serve a copy on counsel for the Debtors, Ashley R. Ray, Scroggins & Williamson, P.C., 4401 Northside Parkway, Suite 450, Atlanta, GA 30327 by the objection deadline. The response must explain your position and be actually received by the Bankruptcy Clerk within the required time.

A hearing on the pleading has been scheduled for **January 30, 2024**. The Court will hold a hearing on the Motion at **10:00 A.M. on January 30, 2024** in the **U.S. Courthouse, 75 Ted Turner Drive, SW, Atlanta, Georgia 30303, Courtroom 1401**, which may be attended in person or via the Court’s Virtual Hearing Room. You may join the Virtual Hearing Room through the “Dial-in and Virtual Bankruptcy Hearing Information” link at the top of the homepage of the Court’s website, [www.ganb.uscourts.gov](http://www.ganb.uscourts.gov), or the link on the judge’s webpage, which can also be found on the Court’s website. Please also review the “Hearing Information” tab on the judge’s webpage for further information about the hearing. You should be prepared to appear at the

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<sup>1</sup> The Debtors in these chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.



hearing via video, but you may leave your camera in the off position until the Court instructs otherwise. Unrepresented persons who do not have video capability may use the telephone dial-in information on the judge's webpage.

If an objection or response is timely filed and served, the hearing will proceed as scheduled. **If you do not file a response or objection within the time permitted, the Court may grant the relief requested without further notice and without holding the scheduled hearing** provided that an order approving the relief requested is entered at least one business day prior to the scheduled hearing. If no response is timely filed, but no order is entered granting the relief requested at least one business day prior to the scheduled hearing, the hearing will be held as scheduled.

**Your rights may be affected. You should read this Motion carefully and discuss it with your attorney, if you have one in this bankruptcy case. If you do not have an attorney, you may wish to consult one.**

This 29th day of December, 2023.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

J. ROBERT WILLIAMSON  
Georgia Bar No. 765214  
ASHLEY REYNOLDS RAY  
Georgia Bar No. 601559  
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*Counsel for the Debtors*

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ROME DIVISION

IN RE:	)	CHAPTER 11
	)	
REGIONAL HOUSING & COMMUNITY	)	Jointly Administered Under
SERVICES CORP., et al.,	)	CASE NO. 21-41034-pwb
	)	
Debtors.	)	
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**DEBTORS’ SECOND MOTION FOR AUTHORITY TO ENTER INTO  
INSURANCE PREMIUM FINANCE AGREEMENT**

COME NOW the above-captioned debtors and debtors in possession (collectively, the “Debtors”),<sup>1</sup> in the above-styled jointly administered case (the “Case”), by and through the undersigned counsel, and pursuant to Sections 105 and 364 of Title 11 of the United States Code (the “Bankruptcy Code”), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), hereby move the Court for entry of an order pursuant to Section 364(c)(2) of the Bankruptcy Code, authorizing the Debtors to enter into an insurance premium finance agreement with IPFS Corporation (“IPFS”). In support of this Motion, the Debtors respectfully represent as follows:

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<sup>1</sup> The Debtors in these Chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.

### **Background**

1.

On August 26, 2021 (the “**Petition Date**”), the Debtors each filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Northern District of Georgia, Rome Division (the “**Court**”). The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2.

No committee, trustee or examiner has been requested or appointed in this Case.

3.

In the ordinary course of their business, the Debtors maintain property insurance on each of the facilities that they own and operate. The Debtors recently renewed their insurance for the next year, and desire to finance the premiums associated with such policies (the “**Policies**”) in order to preserve cash flow.

### **Jurisdiction**

4.

This Court has jurisdiction of this Motion pursuant to 28 U.S.C. § 1334. Venue of this proceeding is proper pursuant to 28 U.S.C. § 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested are Bankruptcy Code Sections 105 and 364 and Bankruptcy Rules 2002, 4001 and 9014.

**Relief Requested**

5.

The Debtors seek authority to obtain credit in the form of insurance premium financing for the Policies in question. Accordingly, the Debtors seek authority to enter into the Commercial Premium Finance Agreement attached hereto as Exhibit A (the “**Premium Finance Agreement**”) and made a part hereof.

**Basis for Relief**

6.

The Policies bear total premiums of \$230,603.68, which total sum the Debtors cannot pay in full at this time.

7.

It is essential to maintain the Policies in order to preserve the property, assets and business of the Debtors. Given the Debtors’ cash flow and the order authorizing DIP financing and use of cash collateral, and the budget associated therewith, it is not feasible for the Debtors to obtain the policies without financing at least a portion of the premiums.

8.

The Debtors are unable to locate any source of unsecured premium financing.

9.

A portion of the premiums for the Policies are to be financed through IPFS at an annual interest rate of 7.930%, with an initial down payment of \$34,590.55, and ten monthly payments of \$20,385.54. IPFS requires the Debtors to enter into the Premium Finance Agreement that includes a Security Agreement granting IPFS a secured interest in the gross unearned premiums that would be payable in the event of cancellation of the Policies. The Premium Finance

Agreement further authorizes IPFS to cancel the financed insurance policies and obtain the return of any unearned premiums in the event of a default in the payment of any installment due.

10.

In view of the importance of maintaining insurance coverage with respect to business activities and the preserving of the Debtors' cash flow by financing the insurance premiums, the Debtors believe it would be in the best interests of the Debtors' estates and creditors to induce IPFS to enter into the Premium Finance Agreement.

11.

Section 364(c)(2) of the Bankruptcy Code authorizes the Court to authorize the Debtors to obtain credit secured by a lien on property of the estate that is not otherwise subject to a lien. The Debtors submit that the unearned premiums that will serve as collateral for the financing by IPFS are not subject to a lien of any creditor and/or any lender with a lien on such unearned premiums (such as the Debtors' bondholders) will consent to the relief requested herein, and the Court may approve the proposed agreement under this Bankruptcy Code section.

12.

For all the reasons set forth in the original motion seeking approval of the DIP Facility, and based on the entire record of this case, the Debtors believe that the relief requested in this DIP Motion is appropriate.

WHEREFORE, the Debtors pray that this Court enter an Order pursuant to Section 364(c)(2) of the Bankruptcy Code authorizing the Debtors to enter into the Premium Finance Agreement and approving the terms thereof, including all rights and privileges granted IPFS therein and authorizing IPFS to exercise all of its rights without first securing an Order of the Court, and for such other and further Order as to this Court seems just and proper.

This 29th day of December, 2023.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

J. ROBERT WILLIAMSON

Georgia Bar No. 765214

ASHLEY REYNOLDS RAY

Georgia Bar No. 601559

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*Counsel for the Debtors*

**Exhibit A**

**Premium Financing Agreement**



Insured and Lender further agree that **3. POLICY EFFECTIVE DATES:** 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 \$5.00 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 \$30.00 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 Tennessee 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 SOVERIGN 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, agreements represents, warrants and agrees: (1) installment payments totaling \$0.00 and all applicable down payment(s) have 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.

AGENT Case 21-41034-pwb  
 (Name & Place of business)  
 PROPEL INSURANCE\*

Doc 280  
 Document

INSURED Entered 12/29/23 13:19:45  
 (Name & Residence or business)  
 REGIONAL HOUSING AND COMMUNITY SER  
 1033 DEMONBREUN ST, SUITE 300

Desc Main

151 MAJOR REYNOLDS PLACE  
 STE 210  
 KNOXVILLE, TN 37919-3605  
 (865)500-3120 FAX:

NASHVILLE, TN 37203  
 psmith@hcmpllc.com

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

**SCHEDULE OF POLICIES**  
 (continued)

Quote Number: 24835583

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
PENDING	11/30/2023	LANDMARK AMERICAN INS CO CRC SWETT	PROPERTY	0.000%	12	37,243.00 Fee: 750.00 Tax: 1,519.72
PENDING	11/30/2023	HOMELAND INS CO OF NEW YORK CRC SWETT	PROPERTY	0.000%	12	45,000.00 Fee: 750.00 Tax: 1,830.00
PENDING	11/15/2023	HISCOX INSURANCE COMPANY INC. CONNECTED RISK SOLUTIONS	CRIME	0.000%	12	4,958.00

Broker Fee: \$0.00

**TOTAL: \$230,603.68**

**CERTIFICATE OF SERVICE**

This is to certify that on this date, a true and correct copy of the *Debtors' Second Motion for Authority to Enter into Premium Finance Agreement* was served by the Court's CM/ECF system on all counsel of record registered in this case through CM/ECF.

This 29th day of December, 2023.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

J. ROBERT WILLIAMSON  
Georgia Bar No. 765214  
ASHLEY REYNOLDS RAY  
Georgia Bar No. 601559  
MATTHEW W. LEVIN  
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