

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

In re:

Balance Point LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 21-11279 (JKS)

(Joint Administration Pending)

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING DEBTORS TO
(I) MAINTAIN AND RENEW EXISTING INSURANCE POLICIES AND PAY ALL
OBLIGATIONS ARISING THEREFROM; AND (II) CONTINUE INSURANCE
PREMIUM FINANCING PROGRAMS, PAY INSURANCE PREMIUM
FINANCING OBLIGATIONS ARISING THEREUNDER, AND
RENEW OR ENTER INTO NEW PREMIUM FINANCING
AGREEMENTS IN THE ORDINARY COURSE**

The above-captioned debtors and debtors in possession (the “**Debtors**”), by and through undersigned proposed counsel, hereby move this Court (the “**Motion**”), pursuant to §§ 105(a), 363, 1107(a), and 1108 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 9013-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), for entry of an order authorizing the Debtors to: (i) maintain their existing insurance policies and pay all obligations arising therefrom; and (ii) continue their insurance premium financing programs, pay insurance premium financing obligations arising thereunder in the ordinary course after the Petition Date (defined below), and renew or enter into new premium financing agreements in the ordinary course. In support of this Motion, the Debtors respectfully state as follows:

¹ The Debtors in these subchapter V cases, along with the last four digits of each Debtor’s federal tax identification number, are Balance Point LLC (5908) and MECTA Corporation (8275). The Debtors’ mailing address is 19799 SW 95th Avenue, Suite B, Tualatin, Oregon 97062.

JURISDICTION, VENUE AND PREDICATES FOR RELIEF

1. The United States District Court for the District of Delaware (the “**District Court**”) has original, but not exclusive, jurisdiction pursuant to 28 U.S.C. § 1334(b). Pursuant to 28 U.S.C. § 157 and the *Amended Standing Order of Reference* from the District Court dated February 29, 2012, the District Court has authority to refer, and has referred, this proceeding to this Court.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and this Court has constitutional authority to enter final judgment in this proceeding.

3. Venue is proper in this district pursuant to 28 U.S.C. § 1408, and venue over this proceeding is proper in this district pursuant to 28 U.S.C. § 1409.

4. Pursuant to Rule 9013-1(f) of the Local Rules, the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that this Court would lack constitutional authority to enter such final order or judgment absent the consent of the parties.

5. The predicates for relief sought are §§ 105(a), 363, 1107(a), and 1108 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m).

BACKGROUND

A. General Background

6. On the date hereof (the “**Petition Date**”), each of the Debtors filed a voluntary petition in this Court commencing a case for relief and electing treatment under subchapter V of chapter 11 of the Bankruptcy Code (the “**Cases**”).

7. The Debtors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to §§ 1007(a) and 1108 of the Bankruptcy Code. To date, no trustee, examiner, or statutory committee has been appointed in the cases by the United States Trustee.

8. A description of the Debtors' business operations, their capital and debt structures, and the events leading to the filing of the Cases, is set forth in detail in the *Declaration of Adrian Kettering in Support of Chapter 11 Petitions and First Day Pleadings* (the "**First Day Declaration**"), which was filed contemporaneously herewith and is incorporated herein by reference.

B. The Debtors' Insurance Policies

9. The Debtors maintain numerous insurance programs, including liability, property, and employee benefits insurance, in the ordinary course of their businesses (collectively, the "**Policies**") through several insurance carriers (collectively, the "**Carriers**" and each, a "**Carrier**").

10. The Debtors maintain certain of the Policies by directly paying the premiums to the Carrier (respectively, the "**Direct-Pay Policies**" and the "**Direct-Pay Carriers**"). Specifically, the following is a schedule of the Direct-Pay Policies and insurance premium amounts for those Direct-Pay Policies:²

Type of Direct-Pay Policy	Direct-Pay Carrier	Annual Premium	Estimated Next Payment and Date
Commercial General Liability	Liberty Mutual	\$4,116.00	1/31/2021 – 1/31/2022
Commercial Property Liability	Liberty Mutual	\$31,524.00	1/31/2021 – 1/31/2022

² In addition to the Direct-Pay Policies listed on this schedule, the Debtors maintain an insurance policy and program with respect to workers' compensation which is addressed in a separate motion. The Debtors believe that this schedule includes all Direct-Pay Policies. However, if the Debtors omitted any Direct-Pay Policy from this schedule, the Debtors request that such omission not operate to exclude that policy from the coverage of this Motion or any Order entered in connection with this Motion.

Type of Direct-Pay Policy	Direct-Pay Carrier	Annual Premium	Estimated Next Payment and Date
Employee Benefits Liability	Liberty Mutual	\$1,044.00	1/31/2021 – 1/31/2022

11. Based on their records, the Debtors do not believe that any postpetition payment for the Direct-Pay Policies will constitute payment for prepetition coverage; however, out of an abundance of caution, the Debtors seek authority to pay the premiums and related fees on account of the Direct-Pay Policies to the extent that such premiums and related fees cover a prepetition period or accrued prepetition and must be paid postpetition to insure continued coverage.

12. In addition to the Direct-Pay Policies, the Debtors also maintain an insurance premium finance agreement (the “**PFA**”) with IPFS Corporation (“**IPFS**”).

13. The PFA allows the Debtors to finance the cost of the insurance premium for one of the liability policies (the “**Financed Policy**”). In the PFA, the Debtors, among other things, grant IPFS a security interest in the Debtors’ unearned premiums and dividend payments, and appoint the IPFS as “attorney in fact” with respect to the Financed Policy.³ Pursuant to the PFA, IPFS paid the Carrier of the Financed Policy (the “**Financed Carrier**”) the entire premium on the Financed Policy. In return, the Debtors pay IPFS as follows:

Insurance Financier	Financed Policies	Financed Carrier(s)	PFA Payment Terms
IPFS	General Liability	Evanston Insurance Co.	Interest Rate: 6.50% Monthly Premium: \$38,302.81

³ A copy of the PFA is attached hereto as **Exhibit A**. The Debtors believe that to the extent the PFA constitute a request for authority to borrow under § 364, the summary herein and the inclusion of the PFA as an exhibit hereto provide sufficient disclosures to satisfy the Debtors’ obligations under the Bankruptcy Rules and Local Rules. In lieu of additional disclosures, the Debtors also will file any renewed or new PFA that they enter into during the Cases on the docket. To the extent additional disclosures are required, the Debtors respectfully request that this Court waive such requirements in light of the circumstances of this Motion and ordinary course nature of the relief sought.

14. As of the Petition Date, the Debtors believe that **\$38,302.81** in premiums are due and will be paid within the first 30 days of the Cases pursuant to the PFA. To date, the Debtors have timely made all payments required under the PFA. Based on their experience, the Debtors believe that the existing PFA is on commercially reasonable terms under the circumstances.

C. Maintaining the Policies Is Critical to the Debtors' Successful Reorganizations

15. The Policies are essential to the Debtors' business, and the Debtors believe that it is in the best interests of their estates to continue to pay the amounts due under the Policies and the PFA, regardless of whether a given payment became due prior to or after the Petition Date or constitutes payment for prepetition or postpetition coverage. Furthermore, the Debtors submit that payment of amounts that come due under the existing PFA is within the ordinary course of business. The termination of the Policies, on the other hand, would leave the Debtors' estates at risk of catastrophic loss if an unforeseen event occurred. To avoid this risk, if any of the Policies were cancelled postpetition, the Debtors would need to obtain new insurance policies, which the Debtors may not be able to obtain at favorable prices (particularly in chapter 11 or at all considering the issues raised in the First Day Declaration) and would significantly reduce the assets available for operations and to creditors of the estates if payment is required in full.

16. If the Debtors are unable to maintain the Financed Policies, moreover, other alternatives likely would require considerable additional cash expenditures that the Debtors likely would be unable to fund and would be detrimental to the Debtors' efforts to preserve and maximize the value of their estates. For the same reasons, once the PFA expires, the Debtors believe that it is critical for them, and in the best interests of the estates, to renew the PFA, enter into new PFA with IPFS, or enter into other PFAs with alternative premium financing companies.

RELIEF REQUESTED

17. Through this Motion, the Debtors seek authority to continue and renew all of the Policies throughout the duration of these Cases, including to make payments on the Policies postpetition to the extent such payment constitutes payment of a prepetition obligation. The Debtors submit that the continuation, renewal, or negotiation of these Policies and the PFA falls squarely within the ordinary course of their business. Out of an abundance of caution, however, the Debtors request that this Court authorize them to renew the Policies and the PFA as they expire in the ordinary course of business, including entering into new PFAs with IPFS or other similar premium insurance financing companies as and when the existing PFA expires postpetition.

BASIS FOR RELIEF

A. Maintaining the Policies and Paying Obligations Thereto is Required by the Bankruptcy Code and the U.S. Trustee’s Operating Guidelines.

18. Maintenance of insurance coverage under the Policies on an uninterrupted basis is essential to the continued operation of the Debtors’ business and, in many cases, is required under the United States Trustee’s Operating Guidelines for Chapter 11 Cases (the “**Operating Guidelines**”), the federal and state laws and regulations applicable to the Debtors’ businesses, and the Debtors’ various contractual commitments. Moreover, not only are some of the Policies required by the various regulations, laws, and contracts that govern the Debtors’ activities, but Bankruptcy Code section 1112(b)(4)(C) provides that “failure to maintain appropriate insurance that poses a risk to the estate or the public,” is “cause” for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). Accordingly, the Debtors submit that they should be authorized to continue to pay premiums, charges, fees, and other obligations owed under or with respect to the Policies as such obligations come due in the ordinary course of the Debtors’ business

because the Policies are essential to preserving the value of the Debtors' business, properties, and assets.

B. Payment and Maintenance of the Direct-Pay Policy Premiums is Necessary for Satisfaction of the Debtors' Fiduciary Duties and Is a Sound Exercise of Their Business Judgment.

19. Payment of the premiums for the Direct-Pay Policies is permitted under §§ 105(a), 363(b), 1107(a), and 1108 of the Bankruptcy Code. Pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code, “a debtor in possession . . . is a fiduciary holding the bankruptcy estate and operating the business for the benefit of its creditors and (if the value justifies) equity owners.” *In re CoServ, LLC*, 274 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Consistent with a debtor's fiduciary duties, where there is a sound business purpose for the payment of prepetition obligations and where a debtor is able to “articulate some business justification, other than the mere appeasement of major creditors,” courts have authorized debtors to make prepetition payments under § 363(b) of the Bankruptcy Code. *See, e.g., Institutional Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l 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.”); *Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (stating that a sound business justification existed to pay prepetition wages).

20. To supplement these explicit powers, § 105(a) of the Bankruptcy Code empowers a bankruptcy court to “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). Numerous courts have recognized that payments to prepetition creditors are appropriate pursuant to § 105(a) under the “doctrine of necessity” or the “necessity of payment” rule where such payments are necessary to the continued operation of the debtor's business. *See, e.g., In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581-82 (3d Cir. 1981) (holding that a court could authorize the payment of prepetition claims if

such payment was essential to the continued operation of the debtor); *In re Just for Feet, Inc.*, 242 B.R. 821, 826 (Bankr. D. Del. 1999) (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”).

21. Failure to pay amounts related to the Direct-Pay Policies as they come due would harm the Debtors’ estates in several ways. Specifically, there is the potential for insurance coverage to be terminated. Such termination would place additional strain on the Debtors’ relationships with key constituents who benefit from the Debtors’ insurance coverage and eviscerate the Debtors’ ability to prevent loss in value caused by an unforeseen event. In the event of termination of insurance coverage, the Debtors would need to obtain replacement insurance, likely at a higher price. Indeed, cancellation of key Policies would threaten to halt the Debtors’ operations altogether.

22. In light of the importance of maintaining insurance coverage with respect to their business activities, the Debtors submit that it is in the best interest of their estates to maintain the Direct-Pay Policies and to pay related amounts as described herein. In addition, to the extent applicable, the Debtors seek authority to renew, revise, extend, supplement, or change existing Direct-Pay Policies, or enter into new insurance policies as needed in the Debtors’ business judgment, to ensure that appropriate insurance coverage is maintained during the Cases and that the Debtors are fulfilling their fiduciary duties.

C. Payment of Premium Financing Obligations and Maintenance of PFAs Is Necessary in Order to Comply With U.S. Trustee Requirements And Is in the Best Interests of the Estates and their Creditors.

23. Under the terms of the PFA, IPFS may cancel the Financed Policy for nonpayment and may accelerate and declare due and payable the entire unpaid premiums upon the Debtors’ failure to pay a monthly obligation. Because the Debtors are required to maintain insurance coverage during these Cases, a cancellation of the

Financed Policy would have material adverse consequences to the Debtors' business and the chapter 11 process.

24. Insurance premium financing traditionally involves an advance by the finance company to the insurance company or its agent of the premium due for the full term of the insurance policy. "This advance is then repaid by the insured to the finance company in amortized monthly installments which include an additional amount to cover financing charges. The finance company is secured in making this advance payment by obtaining the right to cancel the policy and to receive the return premium due upon cancellation if timely repayments are not made." *Baker & Co. v. Preferred Risk Mut. Ins. Co.*, 569 F.2d 1347, 1348 (5th Cir. 1978). The return premium due to the finance company upon cancellation is known as an unearned premium. In practice, premium financing allows the Debtors to maintain liquidity by financing portions of certain of the Policies at more manageable borrowing costs. The ability to manage liquidity is especially critical in these Cases, where the Debtors have operated on narrow (and sometimes negative) daily cash margins prepetition.

25. Security interests created by premium finance arrangements generally are recognized as secured claims in bankruptcy to the extent of the amount of unearned premiums financed pursuant to such agreements. *See In re JII Liquidating Corp.*, 344 B.R. 875 (Bankr. N.D. Ill 2006); *In re Big Squaw Mountain Corp.*, 122 B.R. 831 (Bankr. D. Me. 1990); *TIFCO, Inc. v. U.S. Repeating Arms Co.*, 67 B.R. 990, 994-95 (Bankr. D. Conn. 1986); *Drabkin v. A.I Credit Corp.*, 9 B.R. 159, 164-66 (Bankr. D.D.C. 1981). As a potential secured creditor, IPFS may be entitled to seek relief from the automatic stay, either to cancel the Debtors' Financed Policy or to seek adequate protection of its investments. *See In re Universal Motor Exp., Inc.*, 72 B.R. 208, 211 (Bankr. W.D.N.C. 1987) (recognizing that a default under the financing arrangement and the

resulting decline in value of the unearned premiums justified relief from the automatic stay). The Debtors' failure to provide adequate protection also could result in IPFS seeking relief from the automatic stay, and even if the Debtors were successful in preventing IPFS from lifting the automatic stay, such litigation likely would be contested and costly to the estates.

26. Pursuant to § 364(c) of the Bankruptcy Code, a debtor may, in the exercise of its business judgment, incur secured postpetition debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interests of the estate. *See, e.g., In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (stating that with respect to postpetition credit, courts "permit debtors in possession to exercise their basic business judgment consistent with their fiduciary duties"); *In re Simasko Prod. Co.*, 47 B.R. 444, 448-49 (D. Colo. 1985) (authorizing interim financing agreement where debtors' business judgment indicated financing was necessary and reasonable for benefit of estate). Given the well-established industry for premium financing, as evidenced by the PFA here, the Debtors believe that it is highly unlikely they would be able to obtain future financing for premiums absent a secured PFA. The Debtors, therefore, submit that entry into any replacement PFA and granting security interests to secure such obligations is appropriate under § 364(c).

27. Given the importance of maintaining the insurance coverage with respect to their business activities and preserving the Debtors' cash flow by financing certain of their insurance premiums, the Debtors believe that it is in the best interest of their creditors for this Court to authorize the Debtors to honor their obligations under the existing PFA and to renew or replace such PFA in the ordinary course of business upon commercially reasonable terms. Any other alternative may require considerable cash expenditures, would be detrimental to the Debtors' chapter 11 efforts, and would expose creditors to unnecessary risks if insurance lapses.

BANKRUPTCY RULE 6003 IS SATISFIED AND REQUEST FOR WAIVER OF STAY

28. Pursuant to Bankruptcy Rule 6003, this Court may authorize use of property of the estate to pay a prepetition claim within twenty-one (21) days after the Petition Date if such relief is necessary to avoid immediate and irreparable harm. As explained above and in the First Day Declaration, the Debtors believe that maintaining their Policies uninterrupted is necessary to prevent immediate and irreparable harm to the Debtors' estates and business operations, and that includes the ability to pay premiums on the Policies even to the extent such premiums fund prepetition coverage. Cancellation of the Policies and/or the PFA would threaten to halt the Debtors' operations altogether. Accordingly, the Debtors respectfully submit that they have satisfied the "immediate and irreparable harm" standard of Rule 6003 of the Bankruptcy Rules.

29. In addition, by this Motion, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As set forth above and in the First Day Declaration, the relief requested is essential to prevent irreparable damage to the Debtors' operations, going-concern value, and their efforts to pursue a restructuring of their businesses. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

RESERVATION OF RIGHTS

30. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors' rights to dispute any claim, or an approval or assumption of any agreement, contract, or lease under § 365 of the Bankruptcy Code. The Debtors expressly reserve their right to contest any claim related to the relief sought. Likewise, if the Court grants the relief sought, any payment made pursuant to an order of the Court

is not intended to be, nor should it be construed as, an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim. Finally, to the extent that any of the Policies or the PFA may be deemed executory contracts within the meaning of § 365 of the Bankruptcy Code, the Debtors do not at this time seek authority to assume the contracts.

NOTICE

31. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of Delaware; (b) the Subchapter V Trustee (to be appointed by the U.S. Trustee); (c) the parties included on the Debtors' consolidated list of twenty (20) largest unsecured creditors; (d) the Carriers and IPFS; and (e) any party that is entitled to receive notice pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). In light of the nature of the relief requested in this Motion, the Debtors respectfully submit that no further notice is necessary.

CONCLUSION

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that this Court enter an Order, substantially in the form attached hereto as **Exhibit B**, authorizing the Debtors to: (a) maintain the existing Policies and pay all obligations arising thereunder; and (b) renew, revise, extend, supplement, change, or enter into new insurance policies, including new PFAs, as needed in their business judgment.

Dated: September 30, 2021
Wilmington, Delaware

Respectfully submitted,

POLSINELLI PC

/s/ Shanti M. Katona

Shanti M. Katona (Del. Bar No. 5352)
222 Delaware Avenue, Suite 1101
Wilmington, Delaware 19801
Telephone: (302) 252-0920
Facsimile: (302) 252-0921
skatona@polsinelli.com

-and-

Jeremy R. Johnson (*Pro Hac Vice* Pending)
600 3rd Avenue, 42nd Floor
New York, New York 10016
Telephone: (212) 684-0199
Facsimile: (212) 684-0197
jeremy.johnson@polsinelli.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Premium Financing Agreement

49 STEVENSON STREET
 SUITE 1275
 SAN FRANCISCO, CA 94105
 (877)687-9826 FAX: (415)796-6156
 CUSTOMER SERVICE: (800)774-8282

A	CASH PRICE (TOTAL PREMIUMS)	\$971,860.00
B	CASH DOWN PAYMENT	\$600,000.00
C	PRINCIPAL BALANCE (A MINUS B)	\$371,860.00

AGENT
 (Name & Place of business)
 ABD INSURANCE & FINANCIAL
 SERVICES*

 777 MARINERS ISLAND BLVD
 STE 250
 SAN MATEO, CA 94404
 (650)488-8565 FAX:

INSURED
 (Name & Residence or business)
 MECTA CORPORATION
 19799 SW 95TH AVE, STE B

 TUALATIN, OR 97062

Commercial

Account #: _____

LOAN DISCLOSURE

Quote Number: 16271140

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 6.500%	FINANCE CHARGE The dollar amount the credit will cost you. \$11,168.10	AMOUNT FINANCED The amount of credit provided to you or on your behalf. \$371,860.00	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled \$383,028.10
--	---	---	---

YOUR PAYMENT SCHEDULE WILL BE

Number Of Payments 10	Amount Of Payments \$38,302.81	When Payments Are Due Beginning:
-------------------------------------	--	--

MONTHLY
08/01/2021

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 10 days or more. This late charge will be the lesser of \$5.00 and 5.00% of the installment less than \$250.00 and 2.00% of payments of \$250.00 or more.

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 or as otherwise allowed by law. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of 10.00% of the amount financed not to exceed \$50.00. 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
PENDING	07/01/2021	EVANSTON INSURANCE CO CRC SWETT	GENERAL LIABILITY	25.00%	12	950,000.00 Tax: 21,860.00
						Broker Fee: \$0.00
						TOTAL: \$971,860.00

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.


 Signature of Insured or Authorized Agent 7/1/2021
 DATE

DocuSigned by:

 3CF4AAF16C94A1...
 Signature of Agent 7/1/2021
 DATE

EXHIBIT B

Proposed Order

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

In re:

Balance Point LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 21-11279 (JKS)

(Joint Administration Pending)

Re: Docket No. ____

**ORDER GRANTING MOTION OF DEBTORS FOR ENTRY OF AN ORDER
AUTHORIZING DEBTORS TO (I) MAINTAIN AND RENEW EXISTING INSURANCE
POLICIES AND PAY ALL OBLIGATIONS ARISING THEREFROM; AND
(II) CONTINUE INSURANCE PREMIUM FINANCING PROGRAMS, PAY
INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING THEREUNDER,
AND RENEW OR ENTER INTO NEW PREMIUM FINANCING
AGREEMENTS IN THE ORDINARY COURSE**

Upon consideration of the *Motion of Debtors for Entry of an Order Authorizing Debtors to (I) Maintain and Renew Existing Insurance Policies and Pay All Obligations Arising Therefrom; and (II) Continue Insurance Premium Financing Programs, Pay Insurance Premium Financing Obligations Arising Thereunder, and Renew or Enter into New Premium Financing Agreements in the Ordinary Course* [Docket No. _] (the “**Motion**”), filed by the Debtors;² and upon consideration of the First Day Declaration; and the Court having jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Debtors consent to entry of a final order under Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C.

¹ The Debtors in these subchapter V cases, along with the last four digits of each Debtor’s federal tax identification number, are Balance Point LLC (5908) and MECTA Corporation (8275). The Debtors’ mailing address is 19799 SW 95th Avenue, Suite B, Tualatin, Oregon 97062.

² Capitalized terms used but not defined herein shall have the meaning ascribed to such term in the Motion.

§§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby **ORDERED, ADJUDGED, and DECREED** that:

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized, but not directed, to maintain their existing Policies, including the PFA, without interruption and in accordance with the same practices and procedures as were in effect before the Petition Date, and to pay unpaid premiums, fees, agent fees, and related obligations associated with Policies and the PFA.
3. The Debtors are authorized, but not directed, to renew, revise, extend, supplement, change, or enter into new insurance policies and/or new premium financing agreements as needed in their business judgment; provided, however, that the Debtors shall provide notice of any such modifications to, or cancellation of, their existing insurance coverage and/or premium financing arrangements to the Subchapter V Trustee, the Office of the U.S. Trustee and any official committee appointed in the cases within ten (10) days of the effective date of such modification/cancellation.
4. Notwithstanding the relief granted herein and any actions taken or payments made hereunder, nothing contained in this Order shall constitute, nor is intended to constitute, an admission as to the validity or priority of any claim against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim, or the assumption or adoption of any agreement, contract, or lease under § 365 of the Bankruptcy Code.
5. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

6. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or are otherwise deemed waived.

7. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

8. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

9. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: _____, 2021
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE