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

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

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

Signed August 7, 2026

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	**Case No.: 26-42315**
Silver Star Virginia Parkway LLC	**Chapter: 11**
Debtor.[1]	

ORDER GRANTING DEBTOR SILVER STAR PROPERTIES REIT, INC.'S EMERGENCY MOTION FOR AUTHORITY TO OBTAIN UNSECURED CREDIT FROM AN INDIRECT WHOLLY OWNED SUBSIDIARY, TO GRANT AN ADMINISTRATIVE EXPENSE PRIORITY CLAIM, AND TO PAY A PREPETITION CLAIM

On July 30, 2026, Silver Star Properties REIT, Inc., Case No. 26-42316-mxm11, one of the above-captioned jointly administered debtors and debtors in possession (the "Debtor"), filed its

[1] The Debtors in these proceedings (including their respective taxpayer identification numbers) are: Silver Star Virginia Parkway LLC (99-3308488); Silver Star Properties REIT, Inc. (26-3455189); and Cooper Street SPE LLC (93-4893154). The Debtors' corporate headquarters are: 100 N. Forest Park Blvd., Suite 100, Fort Worth, TX 76102.

Debtor Silver Star Properties REIT, Inc.'s Emergency Motion for Authority to Obtain Unsecured Credit from an Indirect Wholly Owned Subsidiary, to Grant an Administrative Expense Priority Claim, and to Pay a Prepetition Claim (the "Motion"). The Debtor requested expedited consideration, and the Court heard the Motion on August 6, 2026 (the "Hearing").

The Motion seeks authority pursuant to 11 U.S.C. §§ 364(b) and 503(b)(1) and Federal Rule of Bankruptcy Procedure 4001(c) for the Debtor to obtain unsecured credit outside the ordinary course of business from Silver Star Property Management, Inc. (the "Lender"), an indirect but wholly owned subsidiary of the Debtor, in an aggregate principal amount not to exceed $100,000.00 (the "Loan"), for the sole purpose of curing the Debtor's delinquency under a prepetition insurance premium finance agreement, and to grant the Lender an administrative expense priority claim for repayment of the Loan. The Motion further seeks authority under 11 U.S.C. § 105(a) for the Debtor to apply the proceeds of the Loan to pay the prepetition claim of FIRST Insurance Funding arising under that agreement.

The Court has reviewed the Motion, has considered the evidence presented and the arguments of counsel, and finds that notice of the Motion and of the Hearing was appropriate and sufficient under the circumstances and that no further notice is required. Based upon the foregoing, the Court finds and concludes as follows:

FINDINGS OF FACT

A. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (D), and (O). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on May 28, 2026, and continues to operate its business and manage its property as a debtor in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

C. The Debtor's case is jointly administered with the chapter 11 cases of Silver Star Virginia Parkway LLC, Case No. 26-42315-mxm11, and Cooper Street SPE LLC, Case No. 26-42706-mxm11, for procedural purposes only and without substantive consolidation of the respective estates. The Motion is filed by, and seeks relief solely with respect to, Silver Star Properties REIT, Inc. and its estate.

D. The Lender is a corporation the entire equity of which is owned by Hartman Income REIT Management, LLC (the "Intermediate Entity"), and the entire membership interest in the Intermediate Entity is owned by the Debtor. Neither the Lender nor the Intermediate Entity is a debtor in this or any other bankruptcy case.

E. The Lender and the Intermediate Entity are each affiliates and insiders of the Debtor.

F. The Debtor requires the Loan to cure its existing delinquency under its prepetition insurance premium finance agreement with FIRST Insurance Funding (the "PFA") and thereby to bring current, and maintain in force Diversified Business Organization Insurance Policy No. H724-601987 issued by Tokio Marine HCC Specialty through Houston Casualty Company, being the Debtor's executive risk package and directors and officers liability coverage (the "Policy"). The proceeds of the Loan are not to be applied to any other purpose.

G. It is critical that the Debtor continue to deal with FIRST Insurance Funding. FIRST Insurance Funding is a creditor having control over valuable property of the estate, and the

Debtor's continued access to the coverage afforded by the Policy depends upon its dealings with FIRST Insurance Funding.

H. The Debtor's failure to deal with FIRST Insurance Funding creates a risk of harm and loss of economic advantage to the estate that is disproportionate to the amount of FIRST Insurance Funding's prepetition claim. The amount required to cure is less than $100,000.00; the coverage preserved consists of $3,000,000.00 in aggregate limits of liability purchased for $524,450.00 in premium, taxes, and fees.

I. There is no practical or legal alternative by which the Debtor can deal with FIRST Insurance Funding other than by payment of the amounts required to cure. FIRST Insurance Funding's right to cancel the Policy arises from a prepetition contract and an irrevocable power of attorney and is triggered by the Debtor's default, and replacement coverage is neither available on commercially reasonable terms nor capable of reaching claims arising from conduct during the current policy period.

J. Payment of the prepetition amounts required to cure the Debtor's delinquency under the PFA is necessary to preserve property of the estate.

K. The Policy is written on a claims-made and reported basis. Cancellation of the Policy could extinguish coverage for claims first made after the cancellation date, forfeit premium already paid, leave the Debtor's directors and officers without coverage during the pendency of this case, and impair the Debtor's ability to retain and recruit qualified directors and officers. The resulting harm to the estate would be immediate and irreparable.

L. The Debtor is unable to obtain unsecured credit in the ordinary course of business under 11 U.S.C. § 364(a) in an amount sufficient to meet the foregoing needs, and is unable to

obtain unsecured credit from an unaffiliated third party on terms as favorable as those offered by the Lender.

M. The terms of the Loan are fair, reasonable, and appropriate under the circumstances, and are favorable to the Debtor and its estate. The Loan is unsecured and non-revolving; no lien, security interest, or super-priority claim is granted; no property of the estate is encumbered; and no commitment, origination, exit, or similar fee is charged.

N. The interests of the Debtor's secured creditors are not impaired by the Loan, because the administrative expense claim granted by this Order does not prime, subordinate, or otherwise affect any lien or security interest held by any secured creditor.

O. The Debtor's decision to enter into the Loan is a sound exercise of the Debtor's business judgment and is in the best interests of the Debtor, its estate, and its creditors.

P. The Debtor and the Lender have proposed and negotiated the Loan in good faith and are entitled to the protections afforded by 11 U.S.C. § 364(e).

Q. Given the exigency of the circumstances, any stay of the effectiveness of this Order should be waived.

CONCLUSIONS OF LAW

R. The Loan should be, and hereby is, authorized pursuant to 11 U.S.C. § 364(b) and Federal Rule of Bankruptcy Procedure 4001(c).

S. The Debtor's obligations to the Lender under the Loan are allowable under 11 U.S.C. § 503(b)(1) as an administrative expense of this estate.

T. The Debtor and the Lender are entitled to the protections of 11 U.S.C. § 364(e).

U. The Debtor has established, by a preponderance of the evidence, each of the three elements required by *In re CoServ, L.L.C.*, 273 B.R. 487 (Bankr. N.D. Tex. 2002), for the payment of a prepetition claim prior to confirmation of a plan. *See also In re Mirant Corp.*, 296 B.R. 427 (Bankr. N.D. Tex. 2003).

V. The application of the proceeds of the Loan to the prepetition amounts required to cure the Debtor's delinquency under the PFA is authorized under 11 U.S.C. § 105(a) as necessary and appropriate to carry out the provisions of the Bankruptcy Code and to preserve property of the estate, and is consistent with the Debtor's fiduciary duties under 11 U.S.C. § 1107(a).

W. To the extent any finding of fact is more properly characterized as a conclusion of law, it shall be so deemed, and to the extent any conclusion of law is more properly characterized as a finding of fact, it shall be so deemed.

DECREE

Based upon the foregoing Findings of Fact and Conclusions of Law, it is hereby ORDERED, ADJUDGED, and DECREED that:

1. The Motion is GRANTED as set forth herein.

2. The Debtor is authorized to obtain unsecured credit from Silver Star Property Management, Inc. in an aggregate principal amount not to exceed $100,000.00, bearing interest at the rate of six percent (6%) per annum, and seven percent (7%) per annum on matured, unpaid amounts, maturing one hundred eighty (180) days after the date of entry of this Order.

3. The Debtor is authorized to execute and deliver an unsecured promissory note evidencing the Loan, and such other documents as are reasonably necessary to effectuate the

Loan, and the Debtor and the Lender are authorized to perform their respective obligations thereunder.

4. The Debtor's obligations to the Lender under the Loan are granted administrative expense priority pursuant to 11 U.S.C. §§ 364(b) and 503(b)(1). No super-priority under 11 U.S.C. § 364(c)(1) is granted, and the Loan is not secured by any lien on or security interest in any property of the estate.

5. The Debtor is authorized to use the proceeds of the Loan solely to pay the amounts required to cure its delinquency under the PFA and to bring the Policy current. The proceeds of the Loan shall not be applied to any other purpose without further order of this Court.

6. The Debtor is authorized, but not directed, to apply the proceeds of the Loan to pay the prepetition claim of FIRST Insurance Funding arising under the PFA in the amount required to cure the Debtor's delinquency and bring the Policy current. Nothing in this Order authorizes the payment of any other prepetition claim.

7. The Debtor is authorized to repay the Loan, in whole or in part, from cash on hand at any time, without penalty or premium and without further order of this Court. The Loan is not revolving, and amounts repaid may not be reborrowed.

8. The Debtor and the Lender are entitled to the protections of 11 U.S.C. § 364(e).

9. The automatic stay of 11 U.S.C. § 362 is modified to the extent necessary to permit the Debtor and the Lender to implement and perform under this Order.

10. Any stay of the effectiveness of this Order, including any stay arising under Federal Rules of Bankruptcy Procedure 4001(a)(3) and 6004(h), is waived, and this Order is effective immediately upon entry.

11. The relief granted by this Order runs solely to and against Silver Star Properties REIT, Inc. and its estate. Nothing in this Order authorizes any obligation of, grants any claim against, or otherwise affects Silver Star Virginia Parkway LLC, Cooper Street SPE LLC, or their respective estates, and nothing in this Order effects or implies the substantive consolidation of any of the jointly administered estates.

12. Nothing in this Order constitutes an assumption, rejection, or assignment of the PFA under 11 U.S.C. § 365, or a determination of the validity, priority, amount, or treatment of any claim arising under the PFA, and all rights of the Debtor and of FIRST Insurance Funding with respect to the PFA are expressly reserved.

13. This Court retains jurisdiction to interpret and enforce this Order.

END OF ORDER

ORDER SUBMITTED BY:

/s/ Robert T. DeMarco

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