

**Hearing Date: July 6, 2017**  
**Time: 2:00 p.m.**

ROSEN & ASSOCIATES, P.C.  
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and Debtor in Possession  
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**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

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In re

Chapter 11

NORDIC INTERIOR, INC.,

Case No. 16-43163-ess

Debtor.

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**FINAL ORDER APPROVING FACTORING AGREEMENT  
AND AUTHORIZING DEBTOR TO OBTAIN FINANCING FROM  
PRESTIGE CAPITAL CORPORATION**

This matter having come before the Court upon the motion (the “**Motion**”)<sup>1</sup> of Nordic Interior, Inc., the above-captioned debtor and debtor in possession (the “**Debtor**”), by its attorneys, Rosen & Associates, P.C., pursuant to sections 105 and 364 of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), Bankruptcy Rules 2002, 4001, and 9014, Rules 4001-5 and 9014-1 of the Local Bankruptcy Rules for the Eastern District of New York, and the Guidelines for Financing Motions as set forth in Administrative Order No. 558 of the United States Bankruptcy Court for the Eastern District of New York, for the entry of a final order authorizing the Debtor to enter into the factoring agreement annexed hereto as Exhibit “A” (the “**Factoring Agreement**”) with Prestige Capital Corporation (“**Prestige**”); and the Court, by notice of motion, having scheduled a hearing (the “**Hearing**”) to consider the Motion for May 18, 2017; and the Hearing having been adjourned to May 25, 2017; and the Office of

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<sup>1</sup> All capitalized terms used, but otherwise not defined herein, shall have the meanings set forth in the Motion.

the United States Trustee for Region 2 having filed an objection to the Motion (the “**UST Objection**”); and The New York City District Council of Carpenters Benefit Funds (the “**Funds**”) having filed an objection to the Motion (the “**Funds Objection**”); and the Debtor having filed a response to the UST Objection and the Funds Objection and in further support of the Motion; and the Court having convened the Hearing on May 25, 2017; and, the Court, after hearing Rosen & Associates, P.C., counsel for the Debtor, Nancy L. Kourland, Esq., of counsel, in support of the Motion and after hearing the Office of the United States Trustee for Region 2, Rachel Weinberger, Esq., of counsel, and Virginia & Ambinder, LLP, counsel for the Funds, Marc Tenenbaum, Esq., of counsel, in opposition thereto; and counsel to the Committee of Unsecured Creditors appointed in the Debtor’s case having interposed an oral objection to the Motion at the Hearing; and the Court having scheduled an evidentiary hearing on the Motion for July 6, 2017 (the “**Evidentiary Hearing**”) and directed the Debtor to file prior thereto a Pre-Hearing Statement; and the Court having convened the Evidentiary Hearing on July 6, 2017; and counsel to the Committee of Unsecured Creditors having withdrawn its oral objection to the Motion; and upon the record of the Evidentiary Hearing and all proceedings had before the Court; and upon the Pre-Hearing Statement; and upon the arguments of counsel made at the Evidentiary Hearing; and it appearing that the Internal Revenue Service (the “**IRS**”) has consented to the entry hereof; and it appearing that the relief granted herein is in the best interests of the Debtor, its estate, and its creditors; and the Court having determined that the legal and factual bases set forth in the Motion and at the Evidentiary Hearing establish good cause for the relief granted herein;

**THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:**

- A. On July 18, 2016 (the “**Petition Date**”), the Debtor commenced in this Court a voluntary case under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtor has been operating its business and managing its property as a debtor and debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On October 6, 2016, the office of the United States Trustee for Region 2 appointed the

Committee of Unsecured Creditors in this case. As of the date hereof, no trustee or examiner has been appointed in this case.

- B. Prestige, upon the terms and conditions more fully set forth in the Factoring Agreement is willing to provide the Debtor with post-petition financing through the purchase of open accounts receivable, so as to provide the Debtor access to additional cash flow to operate its business.
- C. Good cause has been shown for entry of this Final Order. The Debtor requires post-petition financing to ensure that it has adequate liquidity to meet its operating needs, maintain business relationships with vendors, suppliers, and customers, pay administrative expenses, and fund its filed plan of reorganization.
- D. Given the Debtor's current financial condition, it cannot obtain unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a post-petition basis is not otherwise available without the Debtor granting to Prestige (i) a first priority security interest in and lien on the Debtor's accounts receivable (the "**Accounts Collateral**"), which security interest and lien shall prime and be senior to any existing security interests and liens on the Accounts Collateral, pursuant to section 364(d)(1) of the Bankruptcy Code, and (ii) a junior security interest in and lien on all other assets of the Debtor (excluding avoidance actions arising under chapter 5 of the Bankruptcy Code) (the "**Non-Accounts Collateral**," and together with the Accounts Collateral, the "**Collateral**"), pursuant to section 364(c)(3) of the Bankruptcy Code. No other source of financing is available on terms more favorable than the terms of the Factoring Agreement.
- E. The Factoring Agreement has been negotiated in good faith, and any financing provided to the Debtor pursuant to this Final Order or the Factoring Agreement shall be

deemed to have been made in good faith, as required by, and within the meaning of, section 364(e) of the Bankruptcy Code.

- F. The IRS has consented to the relief sought by the Debtor with respect to obtaining post-petition financing and the priming of its lien on the Accounts Collateral. Additionally, the IRS is adequately protected for any diminution in value of its interest in the Accounts Collateral by reason of its “equity cushion” in the Accounts Collateral.
- G. The terms of this Final Order and the Factoring Agreement are fair and reasonable, reflect the Debtor’s exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration.
- H. Entry of this Final Order is in the best interest of the Debtor’s estate and creditors as its implementation will, among other things, allow for the preservation of the Debtor’s property and enhance the Debtor’s prospects for a successful reorganization.

Based upon the foregoing findings and conclusions, it is

**NOW**, on motion of Rosen & Associates, P.C., attorneys for the Debtor,

**ORDERED**, that:

1. ~~The Motion is granted as set forth herein.~~
2. The provisions of the Factoring Agreement are fully ratified and confirmed, including, but not limited to, those provisions concerning the granting of security interests in and liens on the Collateral and the control and direction of payments on the Debtor’s accounts receivables. The failure to specifically describe or include any particular provision of the Factoring Agreement or of any other documents and instruments to be delivered by the Debtor under or in connection with the Factoring Agreement (together with the Factoring Agreement, the “**Factoring Documents**”) in this Final Order shall not diminish or impair the effectiveness of such provision in the Factoring Documents.

3. The Debtor is hereby authorized to enter into and execute the Factoring Agreement and all other Factoring Documents, and to take such actions as may be necessary fully to implement the provisions set forth in the Factoring Agreement. The Debtor is authorized to comply with and perform the terms and conditions of the Factoring Agreement.
4. As security for the obligations that the Debtor will incur to Prestige for advances made pursuant to the Factoring Agreement, Prestige shall have and is hereby granted, without the necessity of the execution by the Debtor of mortgages, security agreements, pledge agreements, or any other documents, subject to the Carve Out (as defined herein), (a) a first-priority security interest in and lien on the Accounts Collateral, which security interest and lien shall prime and be senior to any existing security interests and liens on such Accounts Collateral, pursuant to section 364(d)(1) of the Bankruptcy Code; and (b) a junior security interest in and lien on the Non-Accounts Collateral, pursuant to section 364(c)(3) of the Bankruptcy Code, but excluding all avoidance actions under section 544, 547, 548, and 550 of the Bankruptcy Code and the proceeds thereof.
  - a. Carve Out. The Carve Out shall mean: (i) quarterly fees of the United States Trustee and other fees due the United States Bankruptcy Court pursuant to 28 U.S.C. 1930, including any fees and applicable interest thereon pursuant to chapter 123 of title 28, United States Code; and (ii) fees and expenses of a chapter 7 Trustee, should one be appointed, however, not to exceed the amount of \$15,000.
5. The security interests granted Prestige under the Factoring Agreement and this Order are hereby declared to be effective, valid, and perfected as of the date of this Final Order, without the necessity of filing by any person of any documents or other

instruments required to be filed under applicable non-bankruptcy law and such perfection shall be binding upon any trustee subsequently appointed under chapter 11 or any other chapter of the Bankruptcy Code, and upon any and all other creditors of the Debtor who have or may hereafter extend credit to the Debtor or file a claim of whatever nature, in this or any subsequent bankruptcy case of the Debtor.

6. The automatic stay of section 362(a) of the Bankruptcy Code is hereby modified to the extent necessary to permit:
  - a. Prestige to seek and receive payment directly from the account debtor making payment on an invoice that has been purchased by Prestige;
  - b. Prestige, in its sole discretion, to file any financing statement or other instruments and documents, if any, evidencing its security interests in and liens upon the Collateral;
  - c. the Debtor to pay, and Prestige to charge, any costs, fees, and expenses, including without limitation, filing and recording fees, commitment fees, origination fees, processing fees, financing fees, and reasonable legal fees and expenses accruing under the Factoring Agreement; and
  - d. Prestige to exercise all of its rights and remedies under the Bankruptcy Code, Article 9 of the Uniform Commercial Code, or any other applicable law in the event of a default or termination under the Factoring Agreement including, without limitation, all rights and remedies of a secured creditor.
7. The provisions of this Final Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (a) confirming any plan of reorganization in the chapter 11 case; (b) converting the chapter 11 case to a case under chapter 7 of the Bankruptcy Code; (c) appointing or electing a chapter 11 trustee or any examiner; or (d) dismissing the chapter 11 case, and the terms and provisions of this Final Order and

the liens granted pursuant to this Final Order shall continue in full force and effect notwithstanding the entry of such order, and such liens shall maintain their priority as provided by this Final Order until the obligations incurred by the Debtor under the Factoring Agreement are indefeasibly paid in full and discharged.

8. Having been found to be providing financing under the Factoring Agreement in good faith, Prestige shall be entitled to the full protections of section 364(e) of the Bankruptcy Code, and, to the extent applicable, section 363(m) of the Bankruptcy Code, with respect to such financing and the liens created or authorized by this Final Order in the event that this Order or any authorization contained herein is stayed, vacated, reversed, or modified on appeal. Any stay, modification, reversal, or vacatur of this Final Order shall not affect the validity of any obligation of the Debtor to Prestige incurred pursuant to this Final Order. Notwithstanding any such stay, modification, reversal, or vacatur, any financing provided under the Factoring Agreement prior to the effective date of such stay, modification, reversal, or vacatur shall be governed in all respects by the original provisions of this Final Order, and Prestige shall be entitled to all the rights, privileges, and benefits granted herein.
9. Pending the entry of a further order of this Court entered upon appropriate notice to all parties in interest, effective upon the entry of this Order, the Debtor shall reduce the annual salaries of each of Helge Halversen and Lloyd Jacobson from \$250,000 to \$182,000.
10. Out of and from the proceeds that the Debtor receives from Prestige in consideration of Prestige's purchase of each account receivable from the Debtor, the Debtor shall, upon its receipt of such proceeds, remit:
  - a. twenty (20%) percent to its counsel, Rosen & Associates, P.C., to be used by the Debtor for funding a plan of reorganization; provided, however, that such

counsel shall maintain such proceeds, together with interest earned thereon, if any, in escrow, and such funds shall be disbursed only upon the entry of a further order of this Court upon appropriate notice to all parties in interest; and

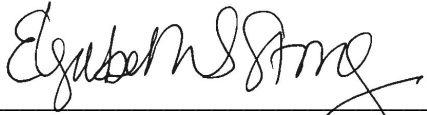
- b. twenty (20%) percent to the Internal Revenue Service on account of its administrative expense claim for unpaid post-petition taxes; provided, however, that regardless of the amounts the Debtor receives from Prestige from time to time, the Debtor shall pay to the Internal Revenue Service not less than \$20,000 per month on account of such administrative expense claim; and
- c. five (5%) percent to the New York State Department of Taxation and Finance on account of its administrative expense claim for unpaid post-petition taxes.

11. To the extent there is any inconsistency between the terms of the Motion, the Factoring Agreement, and/or this Final Order, the terms of this Final Order will govern.

12. The Court shall may retain jurisdiction over any and all matters arising under or in connection with the implementation of this Final Order.

**Dated: Brooklyn, New York  
July 20, 2017**



  
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**Elizabeth S. Stong**  
**United States Bankruptcy Judge**



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