

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:)	
)	
	)	Chapter 11
WELLMADE FLOOR COVERINGS)	
INTERNATIONAL, INC., <i>et al.</i> , ¹	)	Case No. 25-58764
)	
Debtors.	)	(Joint Administration Requested)
)	

EMERGENCY MOTION OF THE DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) MAINTAIN EXISTING INSURANCE POLICIES, PAY ALL POLICY PREMIUMS, AND RENEW OR ENTER INTO NEW POLICIES, AND (B) CONTINUE INSURANCE PREMIUM FINANCING PROGRAM, PAY INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING IN CONNECTION THEREWITH, AND RENEW SUCH PREMIUM FINANCING ARRANGEMENTS; (II) AUTHORIZING THE DEBTORS TO MAINTAIN AND CONTINUE THEIR SURETY BOND PROGRAM, PAY OBLIGATIONS IN CONNECTION THEREWITH, AND RENEW SUCH SURETY BONDS; AND (III) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND ELECTRONIC TRANSFER REQUESTS RELATED THERETO

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), submit this motion (the “Motion”) for entry of an interim order, substantially in the form attached hereto as **Exhibit A** (the “Interim Order”), and a final order, substantially in the form attached hereto as **Exhibit B** (the “Final Order”, and together with the Interim Order, the “Proposed Orders”), pursuant to sections 105, 363, 1107, and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”) and Rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”),

- (i) authorizing the Debtors to (a) maintain existing insurance policies, pay all policy premiums, whether arising prepetition or postpetition, and renew or enter into new policies as needed, and (b) continue insurance premium financing under the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.



Debtors' premium financing agreement and pay insurance premium financing obligations arising thereunder or in connection therewith, and renew as needed without further order of the Court;

- (ii) authorizing the Debtors to maintain their existing surety bonds, satisfy obligations in connection therewith whether arising prepetition or postpetition, and renew such surety bonds as necessary in the ordinary course of business; and
- (iii) authorizing banks and other financial institutions at which the Debtors hold accounts (collectively, the "Banks") to honor and process checks and electronic transfer requests related to the foregoing.

In support of the relief requested in this Motion, the Debtors rely upon and incorporate by reference the *Declaration of David Baker in Support of Chapter 11 Petitions and First Day Pleadings* ("First Day Declaration") filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Northern District of Georgia (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief requested herein are sections 105, 363, 1107, and 1108 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004(h), and the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023 (the "Complex Case Procedures").

BACKGROUND

A. The Chapter 11 Cases

3. On August 4, 2025 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court.

4. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. No official committee has been appointed in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), and no request has been made for the appointment of a trustee or an examiner.

6. Additional information regarding the Debtors’ businesses, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the First Day Declaration.

B. Insurance Program

i. Insurance Policies

7. In the ordinary course of the Debtors’ business, the Debtors maintain numerous insurance policies (the “Insurance Program”) with various insurance companies (the “Insurance Companies”) providing coverage for, *inter alia*, auto, crime, cyber, directors and officers liability, commercial, general liability, property, workers compensation, and excess liability (the “Policies”). A list of the Policies, Insurance Companies, the term of the Policies, and the annual premiums is attached hereto as **Exhibit C**. For the 2024–2025 policy period, the annual premiums for the Policies totaled approximately \$1,836,355.56 in the aggregate, including applicable taxes and fees payable under the Policies. As discussed further herein, the Debtors finance a portion of the annual premiums under the Policies. The Debtors do not believe that any prepetition premiums are due and owing to the Insurance Companies as of the Petition Date.² The Debtors request authority to proceed in the ordinary course of business to maintain the Policies, including authority

² To the extent any premiums are owed for insurance covering employee medical and related benefits, such relief is addressed in the *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Prepetition Wages, Payroll Taxes, Certain Employee Benefits, and Related Expenses and (II) Directing Banks to Honor Related Transfers*.

to pay any prepetition or postpetition amounts that may become due and to renew or replace the Policies and pay premiums associated with such renewals or replacements.

8. Moreover, in the ordinary course of business, the Debtors obtain brokerage services from Hub International Northwest LLC with respect to their Policies (the “Insurance Broker”). The Insurance Broker assists the Debtors in obtaining insurance for the Debtors’ operations by, among other things, managing renewal data, assisting the Debtors with the procurement and negotiation of certain Insurance Policies, enabling the Debtors to obtain such policies on advantageous terms at competitive rates, and providing ongoing support throughout the applicable policy periods. The Debtors do not pay the Insurance Broker directly for their services. Instead, in accordance with the relevant Insurance Policy or the PFA (as defined below), the Insurance Broker may receive broker fees directly from the Insurance Carriers or the Insurance Lender (as defined below). As a result, the Debtors do not have any outstanding prepetition amounts due and owing to the Insurance Broker on account of their services in connection with this Motion.

ii. Premium Financing Agreement

9. The Debtors have determined, in their business judgment, that it is economically advantageous to finance the payment of premiums for the Workers Compensation Policy. Accordingly, in the ordinary course of the Debtors’ business, the Debtors finance the premiums on the applicable Workers Compensation Policy through AFCO Credit Corporation (the “Insurance Lender”).

10. Pursuant to that certain Premium Finance Agreement with the Insurance Lender dated June 4, 2025 (the “PFA”), the Insurance Lender prepaid the aggregate annual premiums, taxes, and fees on account of certain of the Debtors’ Policies. Approximately \$1,087,787.00 of the Debtors’ total insurance premiums are financed by the PFA. The annual interest rate under the

PFA is 10%. The monthly installment payments are due on the 22nd day of each month beginning June 22, 2025.

11. Under the terms of the PFA, the Debtors' obligations to the Insurance Lender are collateralized by a security interest in any and all unread or returned premiums and dividends which may become due under the policies being purchased (collectively, "Insurance Collateral"). Additionally, pursuant to the PFA, the Debtors appoint the Insurance Lender as the Debtors' attorney-in-fact and grant the Insurance Lender the authority to cancel the Policies covered by the PFA upon an event of default.

12. As of the Petition Date, the Debtors believe that they owe approximately \$104,014.92 under the PFA on account of one installment payment, which is due and payable within the first 30 days of these Chapter 11 Cases. The Debtors request authority, but not direction, to pay any amounts under the PFA, including any remaining installment payments, as they come due under the terms of the PFA during these Chapter 11 Cases. In addition, the Debtors propose to pay any prepetition premiums related to the Policies to the extent the Debtors discover and determine that such payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse or any form of impairment to the coverage, benefits, or proceeds provided under the Policies.³ The Debtors seek this authority in recognition of the critical necessity of keeping the Policies in effect and out of concern that if the necessity for such a payment arises in the future, the amount of time it takes the Debtors to seek and obtain the Court's authority for such a payment may have irreversible adverse consequences for the Debtors' coverage under the Policies.

³ Nothing herein shall be deemed an admission of payments due or past due or an admission that any contracts with respect to insurance providers are or are not executory contracts.

13. If the Debtors are unable to make payments under the PFA, the Insurance Lender may be permitted to terminate the Policies covered by the PFA to recoup losses. Furthermore, if the Debtors cease making payments on the Policies, the Insurance Companies may not allow the Debtors to renew these Policies at the current rates in the future. The Debtors would then be required to obtain replacement insurance on an expedited basis and at great cost to their estates. Even if the Insurance Lender or the Insurance Companies were not permitted to terminate the Policies, any interruption of payments would have a severe adverse effect on the Debtors' ability to extend the current Policies or acquire new insurance coverage in the future.

14. The Policies are essential for the Debtors to continue to operate their business. Any other alternative would likely require considerable additional cash expenditures and would be detrimental to the Debtors' efforts to preserve and maximize the value of their estates. The Debtors believe that if their insurance premiums are not paid when due, the Insurance Companies may seek to terminate the Policies. The effect of potential cancellation of the Policies – or even litigation regarding the same – would adversely impact the Debtors' estates, particularly at these early stages of these Chapter 11 Cases and cause immediate and irreparable harm to the Debtors. Moreover, cancellation of the Policies would cause the Debtors to potentially violate both the *Operating Guidelines and Reporting Requirements for Debtors in Possession and Chapter 11 Trustees* (the “U.S. Trustee Operating Guidelines”) issued by the Office of the United States trustee for Region 21 (the “U.S. Trustee”) and various state laws.

C. Surety Bonds

15. In the ordinary course of business, the Debtors are required to obtain various types of surety bonds (the “Surety Bonds”) from surety providers (the “Sureties”). These Surety Bonds secure obligations of payment and performance owed to various third parties (the “Obligees”),

including municipalities and state and federal governmental units (the “Surety Bond Program,” and together with the Insurance Program, the “Insurance and Surety Bond Program”).

16. In the ordinary course of business, the Debtors are required to provide Surety Bonds to the United States Customs and Border Protection Agency (“U.S. Customs”) to secure the Debtors’ payment or performance of certain obligations, including duties, taxes, and fees on account of products imported from foreign countries (collectively, the “Customs Surety Bonds”). The Debtors are required to post the Surety Bonds to secure these obligations pursuant to section 1623 of title 19 of the United States Code, which grants U.S. Customs the authority to require bonds “as they may deem necessary for the protection of the revenue or to assure compliance with any provision of law, regulation, or instruction which the Secretary of the Treasury of the Customs Service may be authorized to enforce.” 19 U.S.C. § 1623(a). As such, failing to provide, maintain, or timely replace the Customs Surety Bonds will prevent the Debtors from importing items that are essential to manufacturing the hardwood flooring and, thus, invigorating the Debtors’ operations.

17. As of the Petition Date, the Debtors maintain 1 Surety Bond, which provides approximately \$2,000,000 in aggregate Surety Bond coverage. A schedule of the Surety Bonds maintained by the Debtors is attached hereto as **Exhibit D**. As of the Petition Date, the Debtors believe they have outstanding obligations to Sureties (the “Surety Bond Obligations”) in the aggregate amount of approximately \$1,800, all of which will be due and payable in the first 30 days following the Petition Date. The Debtors request the authority, but not direction, to continue to pay Surety Bond Obligations in the ordinary course of business, including amounts arising prior to the Petition Date.

RELIEF REQUESTED

18. The Debtors request entry of the Proposed Orders:

- (i) authorizing the Debtors to (a) maintain existing insurance policies, pay all policy premiums, whether prepetition or postpetition, and renew or enter into new policies as needed, without further order of the Court, and (b) continue insurance premium financing under the PFA, pay insurance premium financing obligations, if any, arising thereunder or in connection therewith and renew such financing agreements as needed without further order of the Court;
- (ii) authorizing the Debtors to maintain their existing surety bonds, satisfy obligations in connection therewith whether arising prepetition or postpetition, and renew or obtain new surety bonds as necessary in the ordinary course of business; and
- (iii) authorizing the Banks to receive, process, honor, and pay any checks or electronic transfers used by the Debtors to pay the foregoing, whether presented before or after the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments.

BASIS FOR RELIEF

19. The Debtors believe that any postpetition payment of premiums due under the Policies, any postpetition payments due under the PFA, and the liens granted under the PFA are transactions in the ordinary course of business. Out of an abundance of caution, however, and in the Debtors' reasonable business judgment, the Debtors seek approval to pay any prepetition amounts due under the Policies or the PFA, and any postpetition amounts as they come due, and seek approval to honor the terms of the PFA, including the liens granted thereunder.

A. Continuation of the Policies and Surety Bonds is Required by the Bankruptcy Code and the United States Trustee Guidelines

20. The Debtor's Policies and payments should be authorized pursuant to section 1112 of the Bankruptcy Code. Section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C).

21. In addition, in many instances, the coverage provided under the Policies is required by the regulations, laws, credit agreements, and contracts that govern the Debtors' commercial

activities, including the U.S. Trustee Operating Guidelines. Thus, the Debtors believe it is essential to their estates, and consistent with the Bankruptcy Code and the U.S. Trustee Operating Guidelines, that they (a) maintain and continue to make all payments required under their Policies and Surety Bonds and (b) have the authority to supplement, amend, extend, renew, or replace their Policies and Surety Bonds as needed, in the ordinary course of business, without further order of the Court.

22. Moreover, the ordinary course maintenance of the Debtors' Policies and related financing program, including payment of all premiums under the Policies and monthly obligations under the PFA, and the renewal of or entry into new insurance policies or insurance premium financing arrangements as may be required as the existing Policies and PFA expire, including the granting of liens or security interests thereunder, without further order of the Court, is necessary to the Debtors' operation of their businesses during these Chapter 11 Cases. Such relief is essential where, as here, the Debtors' failure to pay their monthly premium obligations could have negative consequences for their estates and creditors.

23. Under the terms of the PFA, the Insurance Lender may cancel the Policies covered by the PFA for nonpayment. Furthermore, under the terms of the PFA, the Insurance Lender may accelerate and declare due and payable the entire unpaid premiums upon the Debtors' failure to pay the respective monthly premium obligations. Because the Debtors are required to maintain insurance coverage during these Chapter 11 Cases, the cancellation of these Policies would have material consequences to their businesses and the bankruptcy process.

B. The Debtors Should Be Authorized to Pay Obligations Under the Insurance and Surety Program Under Bankruptcy Code Sections 1107(a) and 1108

24. The Debtors, operating their business as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code, are fiduciaries "holding the bankruptcy

estate[s] and operating the business for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

25. Courts have noted that there are instances in which a debtor in possession can fulfill its fiduciary duty only “by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate,” *id.*, and also when the payment was to “sole suppliers of a given product.” *Id.* at 498. The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id.

26. Payment of obligations under the Insurance and Surety Program, including the insurance premiums and the amounts due under the PFA, meets each element of the *CoServ* court’s standard. As noted above, insurance coverage is required by the U.S. Trustee Operating Guidelines. Accordingly, the Debtors should be authorized to pay all premiums that may become due and all obligations due under the Insurance and Surety Program if such payment is necessary in the Debtors’ judgment to avoid continuation of insurance coverage or, in the case of the Surety Bonds, to obtain the requisite ability to import foreign products.

C. The Doctrine of Necessity and Bankruptcy Code Sections 105 and 363 Support Payment of Obligations Under the Insurance and Surety Program

27. The Debtors' proposed payment of prepetition policy premiums and Surety Bond obligations, to the extent not otherwise already paid, should also be authorized pursuant to sections 105 and 363 of the Bankruptcy Code and under the "doctrine of necessity."

28. Section 363(b) of the Bankruptcy Code permits a debtor, subject to court approval, to pay prepetition obligations where a sound business purpose exists for doing so. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (noting that section 363(b) of the Bankruptcy Code provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification). In addition, section 105(a) of the Bankruptcy Code provides in pertinent part that "[t]he court may 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).

29. The doctrine of necessity is a well-settled doctrine that permits a bankruptcy court to authorize payment of certain prepetition claims prior to the completion of the chapter 11 process where the payment of such claims is necessary to preserve and maximize value. *See In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor "cannot survive" absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment); *see also In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) ("[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor."); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) ("[T]o justify payment of a pre-petition unsecured creditor, a debtor must show that the payment is necessary to avert a serious threat to the Chapter 11 process.") (internal quotation marks and citations omitted).

30. As demonstrated herein, the Debtors' ability to continue their existing Insurance and Surety Bond Program, including insurance premium financing obligations under the PFA, and pay their insurance premiums and Surety Bond obligations is essential to the maintenance of their businesses. Accordingly, the Debtors' payment of the Insurance Lender's and any of the Insurance Companies' claims, as well as Surety Bond obligations, including any prepetition claims, is warranted under the "doctrine of necessity" and section 105(a) of the Bankruptcy Code

31. Accordingly, the Debtors seek authorization to pay any obligations under the Insurance and Surety Bond Program, including payment of all monthly obligations (if any), whether prepetition or postpetition, and to renew or replace such Policies, PFA, and Surety Bonds as may be required as the terms of the existing Policies, PFA, and Surety Bonds expire, including granting liens or security interests required thereunder, in the ordinary course of business and without further order of the Court. The Debtors seek authority to pay the remaining premiums and installments under the PFA as they come due.⁴

D. The Court Should Authorize Applicable Banks to Honor Checks and Electronic Fund Transfers in Accordance with the Motion

32. In connection with the foregoing, the Debtors respectfully request that the Court (i) authorize all applicable Banks to receive, process, honor, and pay all checks and transfers issued by the Debtors in accordance with this Motion, without regard to whether any checks or transfers were issued before or after the Petition Date; (ii) provide that all Banks may rely on the representations of the Debtors with respect to whether any check or transfer issued or made by the Debtors before the Petition Date should be honored pursuant to this Motion (such banks and other financial institutions having no liability to any party for relying on such representations by the

⁴ To the extent that the Policies, Surety Bonds, or related agreements may be deemed executory contracts within the meaning of section 365 of the Bankruptcy Code, the Debtors do not at this time seek authority to assume such contracts and the Debtors reserve the right to seek a determination at a later date as to whether any such contracts are executory.

Debtors provided for herein); and (iii) authorize the Debtor to issue replacement checks or transfers to the extent any checks or transfers that are issued and authorized to be paid in accordance with this Motion are dishonored or rejected by the Banks.

**REQUEST FOR IMMEDIATE RELIEF AND WAIVER OF STAY TO
AVOID IMMEDIATE AND IRREPARABLE HARM**

33. The relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein and in the First Day Declaration. Therefore, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

34. Bankruptcy Rule 6003 provides that the Court may grant relief within 21 days after the filing of the petition regarding “a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” only if such relief is necessary to avoid immediate and irreparable harm. Fed. R. Bankr. P. 6003(b). As set forth in this Motion, the ability to continue to pay all obligations under the Insurance and Surety Bond Program is necessary in order to avoid immediate and irreparable harm to the Debtors’ estates, as failure to do so would jeopardize the Debtors’ ability to maintain the insurance coverage and licensing and permitting necessary to continue the Debtors’ business operations. Moreover, cancellation of the Policies would cause the Debtors to violate the U.S. Trustee Operating Guidelines. Accordingly, Bankruptcy Rule 6003 is satisfied, and the relief requested herein should be granted.

35. Additionally, the Debtors further seek a waiver of any stay of the effectiveness of an 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). The relief requested in this Motion is essential to prevent immediate and irreparable damage to the Debtors’

operations, going-concern value, and their efforts to pursue a resolution to these Chapter 11 Cases. Accordingly, the 14-day stay under Bankruptcy Rule 6004(h) should be waived.

RESERVATION OF RIGHTS

36. Nothing in the Proposed Orders or this Motion (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates; (iii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action; or (iv) shall be construed as a promise to pay a claim.

NOTICE

37. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the Northern District of Georgia; (b) the Debtors' prepetition lender; (c) creditors holding the 30 largest unsecured claims against the Debtors; (d) the United States Attorney for the Northern District of Georgia; (e) the Georgia Department of Revenue; (f) the Internal Revenue Service; (g) the Securities & Exchange Commission; (h) the Georgia Secretary of State; (i) the states attorneys general for states in which the Debtors conduct business; (j) the Insurance Companies listed in **Exhibit C** attached hereto; (k) the Insurance Lender; (l) the Sureties listed in **Exhibit D** attached hereto; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

38. No prior request for the relief sought in this Motion has been made to this or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Orders granting the relief requested herein and such other and further relief as is just and proper.

Date: August 4, 2025
Atlanta, Georgia

Respectfully Submitted,

GREENBERG TRAURIG, LLP

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604

Jake Evans, GA Bar No. 797018

Allison J. McGregor, GA Bar No. 860865

3333 Piedmont Road NE, Suite 2500

Atlanta, GA 30305

Telephone: 678-553-2259

Facsimile: 678-553-2269

Email: elrodj@gtlaw.com

Jake.Evans@gtlaw.com

Allison.McGregor@gtlaw.com

Proposed Counsel for the Debtors in Possession

Exhibit A

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:)	
)	
	)	Chapter 11
WELLMADE FLOOR COVERINGS)	
INTERNATIONAL, INC., <i>et al.</i> , ¹	)	Case No. 25-58764
)	
Debtors.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. _

INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) MAINTAIN EXISTING INSURANCE POLICIES, PAY ALL POLICY PREMIUMS, AND RENEW OR ENTER INTO NEW POLICIES, AND (B) CONTINUE INSURANCE PREMIUM FINANCING PROGRAM, PAY INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING IN CONNECTION THEREWITH, AND RENEW SUCH PREMIUM FINANCING ARRANGEMENTS; (II) AUTHORIZING THE DEBTORS TO MAINTAIN THEIR SURETY BOND PROGRAM, PAY OBLIGATIONS IN CONNECTION THEREWITH, AND RENEW OR OBTAIN NEW SURETY BONDS; AND (III) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND ELECTRONIC TRANSFER REQUESTS RELATED THERETO

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

Upon the *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Existing Insurance Policies, Pay all Policy Premiums, and Renew or Enter Into New Policies, and (B) Continue Insurance Premium Financing Program, Pay Insurance Premium Financing Obligations Arising in Connection Therewith, and Renew Such Premium Financing Arrangements; (II) Authorizing the Debtors to Maintain Their Surety Bond Program, Pay Obligations in Connection Therewith, and Renew or Obtain New Surety Bonds; and (III) Authorizing Banks to Honor and Process Checks and Electronic Transfer Requests Related Thereto* (the “Motion”);² and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and adequate notice of the Motion has been given under the circumstances; and this Court having held a hearing (the “Hearing”) to consider the relief requested in the Motion; and upon the First Day Declaration and the record of the Hearing, this Court having determined that there is good and sufficient cause for the relief set forth in this Order; and after due deliberation thereon,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized to honor the terms of their existing Policies, including making all postpetition payments (including postpetition fees and premiums) with respect to the Policies on an uninterrupted basis and may renew or enter into new Policies as needed without further order of the Court.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

3. The Debtors are authorized to honor the terms of their existing Surety Bonds, including making all postpetition payments with respect to the Surety Bonds and renew or, as necessary, acquire additional bonding capacity as needed in the ordinary course of business, and execute other agreements, as needed, in connection with the Surety Bond Program.

4. The Debtors are authorized to pay any prepetition claims owed under the Policies and Surety Bonds.

5. The Debtors are authorized to honor any prepetition or postpetition obligations under the PFA, as needed, in the ordinary course of business without further application to this Court. The Debtors are further authorized to renew the PFA, and to extend or obtain a replacement premium finance agreement, as needed, in the ordinary course of businesses without further application to this Court.

6. To the extent that the Policies or related agreements may be deemed executory contracts within the meaning of section 365 of the Bankruptcy Code, the Debtors do not at this time seek authority to assume such contracts, no relief is granted in respect thereof, and no determination is made as to whether any such contracts are executory. Nothing in this Order (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates; (iii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action against any of the Insurers; or (iv) shall be construed as a promise to pay a claim.

7. Notwithstanding anything to the contrary contained in this Order, any payment, deposit, or other transfer made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the terms and provisions of any orders of this Court approving any debtor in possession financing for, or any use of cash collateral by, the Debtors and any approved budget (subject to permitted variances thereto) in connection therewith. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of (a) any such orders approving any debtor in possession financing or use of cash collateral or (b) any debtor in possession financing agreements and documents related thereto.

8. A final hearing to consider the relief requested in the Motion shall be held on _____, **2025 at ____:____.m. (prevailing Eastern Time)** and any objections to entry of such order shall be in writing and filed with this Court no later than _____, **2025 at 4:00 p.m. (prevailing Eastern Time)** and served on: (i) the Debtors, c/o Wellmade Floor Coverings International Inc., 1197 Peachtree St. NE, Suite 780, Atlanta, GA 30361, Attn: David Baker (dbaker@auroramp.com); (ii) proposed counsel to the Debtors, Greenberg Traurig, LLP, Terminus 200, 3333 Piedmont Road, NE, Suite 2500, Atlanta, Georgia 30305, Attn: John D. Elrod (elrodj@gtlaw.com) and Allison J. McGregor (Allison.McGregor@gtlaw.com); (iii) counsel for the Prepetition Lenders, King & Spalding LLP, 1180 Peachtree Street, NE, Suite 1600, Atlanta, GA 30309, Attn: Austin Jowers (AJowers@kslaw.com); and (iv) the Office of the United States Trustee for Region 21, 362 Richard Russell Building & U.S. Courthouse, 75 Ted Turner Drive, S.W., Atlanta, GA 30303.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

10. The requirements of Bankruptcy Rule 6003(b) are satisfied.
11. Notwithstanding any applicable Bankruptcy Rule, this Order shall be effective and enforceable immediately upon entry hereof.
12. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

END OF DOCUMENT

Prepared and presented by:

GREENBERG TRAURIG, LLP

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604

Jake Evans, GA Bar No. 797018

Allison J. McGregor, GA Bar No. 860865

3333 Piedmont Road NE, Suite 2500

Atlanta, GA 30305

Telephone: 678-553-2259

Facsimile: 678-553-2269

Email: elrodj@gtlaw.com

Jake.Evans@gtlaw.com

Allison.McGregor@gtlaw.com

Proposed Counsel for the Debtors in Possession

Distribution List

Wellmade Floor Coverings International, Inc.
1197 Peachtree St. NE, Suite 780
Atlanta, GA 30361,
Attn: David Baker

Greenberg Traurig, LLP
Terminus 200
3333 Piedmont Road, NE, Suite 2500
Atlanta, Georgia 30305
Attn: John D. Elrod

Kurtzman Carson Consultants LLC d/b/a Verita Global
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attn: Drake D. Foster

Office of the United States Trustee
362 Richard Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

Exhibit B

Proposed Final Order

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:)	
)	
	)	Chapter 11
WELLMADE FLOOR COVERINGS)	
INTERNATIONAL, INC., <i>et al.</i> , ¹	)	Case No. 25-58764
)	
Debtors.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. _

FINAL ORDER (I) AUTHORIZING THE DEBTORS TO (A) MAINTAIN EXISTING INSURANCE POLICIES, PAY ALL POLICY PREMIUMS, AND RENEW OR ENTER INTO NEW POLICIES, AND (B) CONTINUE INSURANCE PREMIUM FINANCING PROGRAM, PAY INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING IN CONNECTION THEREWITH, AND RENEW SUCH PREMIUM FINANCING ARRANGEMENTS, (II) AUTHORIZING THE DEBTORS TO MAINTAIN THEIR SURETY BOND PROGRAM, PAY OBLIGATIONS IN CONNECTION THEREWITH, AND RENEW OR OBTAIN NEW SURETY BONDS; AND (III) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS AND ELECTRONIC TRANSFER REQUESTS RELATED THERETO

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

Upon the *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Existing Insurance Policies, Pay all Policy Premiums, and Renew or Enter Into New Policies, and (B) Continue Insurance Premium Financing Program, Pay Insurance Premium Financing Obligations Arising in Connection Therewith, and Renew Such Premium Financing Arrangements; (II) Authorizing the Debtors to Maintain Their Surety Bond Program, Pay Obligations in Connection Therewith, and Renew or Obtain New Surety Bonds; and (III) Authorizing Banks to Honor and Process Checks and Electronic Transfer Requests Related Thereto* (the “Motion”);² and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue of these Chapter 11 Cases and the Motion in this district being proper pursuant to 28 U.S.C. §§ 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 this Court having held a hearing (the “Hearing”) to consider the relief requested in the Motion; and upon the First Day Declaration and the record of the Hearing; and the Court having entered an interim order granting the relief requested in the Motion (the “Interim Order”); and good and sufficient cause appearing for the relief set forth in this Order; and after due deliberation thereon,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized to honor the terms of their existing Policies, including making all postpetition payments (including postpetition fees and premiums) with respect to the Policies on an uninterrupted basis and may renew or enter into new Policies as needed without further order of the Court.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

3. The Debtors are authorized to honor the terms of their existing Surety Bonds, including making all postpetition payments with respect to the Surety Bonds and renew or, as necessary, acquire additional bonding capacity as needed in the ordinary course of business, and execute other agreements, as needed, in connection with the Surety Bond Program.

4. The Debtors are authorized to pay any prepetition claims owed under the Policies and Surety Bonds.

5. The Debtors are authorized to honor any prepetition or postpetition obligations under the PFA, as needed, in the ordinary course of business without further application to this Court. The Debtors are further authorized to renew the PFA, and to extend or obtain a replacement premium finance agreement, as needed, in the ordinary course of businesses without further application to this Court.

6. To the extent that the Policies or related agreements may be deemed executory contracts within the meaning of section 365 of the Bankruptcy Code, the Debtors do not at this time seek authority to assume such contracts, no relief is granted in respect thereof, and no determination is made as to whether any such contracts are executory. Nothing in this Order (i) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates; (ii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates; (iii) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action against any of the Insurers; or (iv) shall be construed as a promise to pay a claim.

7. Notwithstanding anything to the contrary contained in this Order, any payment, deposit, or other transfer made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the terms and provisions of any orders of this Court approving any debtor-in-possession financing for, or any use of cash collateral by, the Debtors and any approved budget (subject to permitted variances thereto) in connection therewith. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of (a) any such orders approving any debtor-in-possession financing or use of cash collateral or (b) any debtor-in-possession financing agreements and documents related thereto.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

9. Notwithstanding any applicable Bankruptcy Rule, this Order shall be effective and enforceable immediately upon entry hereof.

10. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

END OF DOCUMENT

Prepared and presented by:

GREENBERG TRAURIG, LLP

/s/ John D. Elrod

John D. Elrod, GA Bar No. 246604

Jake Evans, GA Bar No. 797018

Allison J. McGregor, GA Bar No. 860865

3333 Piedmont Road NE, Suite 2500

Atlanta, GA 30305

Telephone: 678-553-2259

Facsimile: 678-553-2269

Email: elrodj@gtlaw.com

Jake.Evans@gtlaw.com

Allison.McGregor@gtlaw.com

Proposed Counsel for the Debtors in Possession

Distribution List

Wellmade Floor Coverings International, Inc.
1197 Peachtree St. NE, Suite 780
Atlanta, GA 30361,
Attn: David Baker

Greenberg Traurig, LLP
Terminus 200
3333 Piedmont Road, NE, Suite 2500
Atlanta, Georgia 30305
Attn: John D. Elrod

Kurtzman Carson Consultants LLC d/b/a Verita Global
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attn: Drake D. Foster

Office of the United States Trustee
362 Richard Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

Exhibit C

List of Insurance Policies

Type of Policy	Insurer	Policy Number	Policy Term	Approximate Amount of Annual Premium
Commercial Property	EMC Insurance	6A55156-6	4/1/2025-4/1/2026	\$69,964.00
Cyber	EMC Insurance	6Q55156-6	4/1/2025-4/1/2026	\$414.00
Commercial Auto	EMC Insurance	6E55156-6	4/1/2025-4/1/2026	\$8,177.00
Commercial Umbrella	EMC Insurance	6J55156-6	4/1/2025-4/1/2026	\$43,959.00
Commercial Inland Marine	EMC Insurance	6C55156-6	4/1/2025-4/1/2026	\$664.00
General Liability	EMC Insurance	6D55156-6	4/1/2025-4/1/2026	\$101,544.00
Workers Compensation	Liberty Mutual Insurance Corporation	WC533SB26D99015	4/22/2025-4/22/2026	\$1,087,787.00 ¹
Benefits Insurance	Mutual of Omaha	G000CC80	7/1/2025-7/1/2026	\$55,043.76
Medical Insurance	Regence BlueCross BlueShield	10050847	7/1/2025-7/1/2026	\$394,588.80

¹ The Workers Compensation Premium is financed pursuant to the terms of the PFA.

Exhibit D

List of Surety Bonds

Bond No.	Surety	Principal	Obligee	Date of Bond	Expiration
25C000H47	American Alternative Insurance Corporation	Wellmade Industries MFR. N.A LLC	United States Customs and Border Production Agency	March 25, 2025	N/A