

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Buffalo, N.Y.,

Debtor.

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)
) Case No. 20-[10322]
)
) Chapter 11
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)
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**MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
AUTHORIZING THE DIOCESE TO (I) HONOR PREPETITION INSURANCE
PREMIUM FINANCING AGREEMENTS AND (II) ENTER INTO NEW PREMIUM
FINANCING AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS**

The Diocese of Buffalo, N.Y. (the “Diocese”), by and through its undersigned counsel, hereby moves the Court (this “Motion”) for entry of interim and final orders, substantially in the form of the proposed orders attached hereto as *Exhibits A* and *B*, respectively, authorizing, but not directing, the Diocese to (i) honor its prepetition insurance premium financing agreements and (ii) enter into new premium finance agreements in the ordinary course of business. In support of this Motion, the Diocese respectfully represents as follows:

BACKGROUND

1. On February 28, 2020 (the “Petition Date”), the Diocese filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (11 U.S.C. § 101 *et seq.*, the “Bankruptcy Code”) with the United States Bankruptcy Court for the Western District of New York (the “Court”), commencing the Diocese’s chapter 11 case (this “Chapter 11 Case”). The Diocese continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for a trustee or examiner has been made in this Chapter 11 Case, and as of the date of this filing, no official committees have been appointed or designated.

2. Information regarding the Diocese's history, business operations and structure, and the events leading up to this Chapter 11 Case is set forth in the *Affidavit of Rev. Peter J. Karalus Regarding Structure and Pre-Filing History of The Diocese of Buffalo and in Support of the Chapter 11 Petition and First Day Pleadings* and the *Affidavit of Charles Mendolera Regarding the Diocese's Assets and Operations and in Support of the Chapter 11 Petition and First Day Pleadings*, each of which was filed on the Petition Date and is incorporated herein by reference.

JURISDICTION

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

6. The statutory and rule-based predicates for the relief requested herein are sections 105(a), 363 and 364 of the Bankruptcy Code, Rule 6003 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

7. The Diocese does not, by filing its petition for relief and other documents in this Chapter 11 Case, waive any of its rights under any applicable law, including, without limitation, the Code of Canon law, the First Amendment of the United States Constitution, the Constitution for the State of New York, the Religious Freedom Restoration Act, the church autonomy doctrine, charitable trust law, New York trust law, and the rights to object to disclosure of information and to contend that certain assets which may be discussed in the Motion are not property of the estate.

RELIEF REQUESTED

8. By this Motion, the Diocese respectfully requests that the Court enter interim and final orders authorizing the Diocese to (i) honor its prepetition insurance premium financing agreements and (ii) enter into new premium finance agreements in the ordinary course of business.

9. As discussed in further detail in the Diocese's *Motion for Entry of Interim and Final Orders (I) Authorizing the Continued Maintenance of the Diocese's Self-Insurance Programs; and (II) Authorizing the Payment of Prepetition Obligations in Respect Thereof*, the Diocese is largely self-insured for most risks. However, the Diocese does maintain excess insurance policies through a number of third-party insurers (collectively, the "Insurance Policies"). The Insurance Policies are essential to the preservation of the Diocese's business and the proper functioning of its self-insurance program.

10. It is not always economically advantageous for the Diocese to pay the premiums on all of the Insurance Policies on a lump-sum basis. Accordingly, in the ordinary course of business, the Diocese finances the premiums on some of their Insurance Policies by entering into premium finance agreements with premium finance companies.

11. Currently, the Diocese finances excess property insurance premiums pursuant to a premium financing agreement (the "Property Agreement") with BankDirect Capital Finance ("BankDirect"). A true and correct copy of the Property Agreement is attached hereto as *Exhibit C*. Pursuant to the terms of the Property Agreement, prior to the Petition Date, the Diocese made a cash down payment to BankDirect in the amount of \$50,985.00 and financed the remaining \$458,879.00 of premiums covered by the Property Agreement. In exchange for these financing terms, the Diocese agreed to pay ten monthly installment payments in the amount of \$46,727.00 including a total finance charge of \$8,391, representing an annual interest rate of 3.97%. In

addition, the Diocese granted BankDirect a security interest in unearned premiums, dividend payments, and all payments on account of loss which result in reduction of any unearned premium.

12. The Diocese also finances certain excess liability and auto insurance premiums pursuant to a financing agreement (“Package Agreement”, together with the Property Agreement, the “Premium Financing Agreements”) with BankDirect. A true and correct copy of the Package Agreement is attached hereto as *Exhibit D*. Prior to the Petition Date, the Diocese made a cash down payment to BankDirect in the amount of \$81,568.79 and financed the remaining \$802,790.65 of premiums covered by the Package Agreement. In exchange for these financing terms, the Diocese agreed to pay ten monthly installment payments in the amount of \$81,568.79 including a total finance charge of \$12,897.25, representing an annual interest rate of 3.49%. In addition, the Diocese granted BankDirect a security interest in unearned premiums, dividend payments, and all payments on account of loss which result in reduction of any unearned premium.

13. If the Diocese is not able to pay its financing obligations under the Premium Financing Agreements, BankDirect could attempt to seek modification of the automatic stay to terminate the various underlying insurance policies in order to recoup its losses. If such modification were permitted, the Diocese would then be required to obtain replacement insurance on an expedited basis and at tremendous cost to the Diocese’s estate. If the Diocese was required to obtain replacement insurance and pay a lump-sum premium in advance, this payment would likely be greater than what the Diocese currently pays. Even if BankDirect was not permitted to terminate the underlying insurance policies, any interruption of payment would have a severe, adverse effect on the Diocese’s ability to obtain a new policy or finance premiums in the future.

14. In view of the importance of maintaining insurance coverage with respect to the Diocese’s business activities, its obligations under its self-insurance program and New York law,

and the preservation of the Diocese's cash flow and estate by financing the insurance premiums, the Diocese believes it is in the best interests of its estate to authorize the Diocese to honor its financing obligations under the Premium Financing Agreements. Any other alternative would likely require considerable additional cash expenditures and would ultimately reduce available distributions for unsecured creditors.

15. In addition, because the Premium Financing Agreements and the Insurance Policies may expire during the course of the Chapter 11 Case, the Diocese seeks authority to renew the Premium Financing Agreements and enter into other similar agreements in connection with the continuation of Insurance Policies in the ordinary course of the Diocese's business, without further Court approval. The Diocese will need continued excess insurance coverage throughout the entire duration of the Chapter 11 Case. The Diocese respectfully submits that renewal of the Premium Financing Agreements falls squarely within the ordinary course of its business, and, but for the constraints of section 364 of the Bankruptcy Code, the Diocese would not need the Court's prior approval to renew these agreements. To reduce the administrative burden, as well as the expense of operating as debtor-in-possession, the Diocese seeks the Court's authority now to renew the Premium Financing Agreements or enter into new insurance financing agreements for the Insurance Policies, if and when necessary.

BASIS FOR RELIEF

I. Continuation of the Premium Financing Agreements and Payment of the Prepetition Obligations Therein Represents Sound Business Judgment and is Necessary for the Successful Reorganization of the Diocese

16. Section 363(b)(1) of the Bankruptcy Code provides that, "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Under section 363(b), the debtor need only show that there

is a sound business purpose that justifies their actions. *See, e.g., In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989).

17. The Diocese respectfully submits that it exercised sound business judgment when it entered into the Premium Finance Agreements, and that continuation of the Premium Finance Agreements is warranted under the circumstances. Should the Insurance Policies be terminated as a result of the Diocese's failure to make payments under the Premium Financing Agreements, the Diocese's estate will be exposed to significant liability risk while the Diocese seeks replacement coverage. Further, securing alternative coverage would result in a financial and administrative burden on the Diocese and its employees that would take away from the Diocese's ability to focus its attention on administering the Chapter 11 Case at this critical time at the outset of the case.

18. Additionally, section 105(a) of the Bankruptcy Code further provides:

The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, *sua sponte*, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.

Id. § 105(a).

19. The purpose of section 105(a) is to “assure the Bankruptcy Courts’ power to take whatever action is appropriate or necessary in aid of the exercise of its jurisdiction.” 2 COLLIER ON BANKRUPTCY ¶ 105.01 (15th rev. ed. 2004). Thus, section 105(a) essentially codifies the Bankruptcy Court’s inherent equitable powers. *See, e.g., Management Tech. Corp. v. Pardo*, 56 B.R. 337, 339 (Bankr. D.N.J. 1985) (Court’s equitable power derived from section 105).

20. Numerous courts have used their section 105(a) powers under the “doctrine of necessity” to authorize payment of prepetition obligations. *In re NVR L.P.*, 147 B.R. 126, 127

(Bankr. E.D. Va. 1992) (“Under [section 105] the Court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”)¹; *see also In re Just for Feet, Inc.*, 242 B.R. 821, 824 (D. Del. 1999) (“Courts have used their equitable power under section 105(a) . . . to authorize the payment of prepetition claims when such payment is deemed necessary to the survival of a debtor in a chapter 11 reorganization”); *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (reasoning that because the debtor in possession has fiduciary duties it must meet, it is logical that the bankruptcy court may “authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate” under section 105(a)); *In re Synteen Techs., Inc.*, No. 00-02203-W, 2000 WL 33709667, at *2 (Bankr. D.S.C. Apr. 14, 2000) (courts have permission to “allow payment of a pre-petition claim ‘when essential to the continued operation of the debtor’”) (citation omitted).

21. In addition, it has been noted that the “doctrine of necessity” demonstrates the courts’ understanding that “paying certain prepetition claims may be necessary to realize the goal of chapter 11 – a successful reorganization.” *Just for Feet*, 242 B.R. at 825-26; *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (use of equitable powers to “authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept”).

22. This Court’s exercise of its authority under the “doctrine of necessity” is appropriate to carry out specific statutory provisions of chapter 11, specifically, sections 1107(a),

¹ The “doctrine of necessity”, also known as the “necessity of payment” doctrine, was first articulated in *Miltenberger v. Logansport, C. & S.W. Ry. Co.*, 106 U.S. 286, 311-12 (1882) (payment of pre-receivership claim prior to completion of reorganization permitted to prevent “stoppage of . . . [crucial] business relations . . .”). Courts have recognized the validity and application of this doctrine for more than a century. *See e.g., Southern Ry. Co. v. Flournov*, 301 F.2d 847, 851-52 (4th Cir. 1962); *Finance Co. of Pa. v. Charleston, C. & C.R.R.Co.*, 62 F. 205, 208 (4th Cir. 1894). The “necessity of payment doctrine” was first applied to railroad reorganizations, but it is equally applicable in Chapter 11 cases. The doctrine recognizes the existence of judicial power to authorize a debtor in possession to pay prepetition claims if they are essential to the continued operations of the debtor.

1108 and 363(b)(1), which authorize a debtor in possession to maintain and operate the debtor's business and use estate property out of the ordinary course of business. Indeed, a debtor in possession operating a business under section 1108 of the Bankruptcy Code has a fiduciary duty to protect and preserve the estate, including the going concern value of an operating business. See *In re CoServ, L.L.C.*, 273 B.R. at 497 (finding that "[t]here are occasions when this [fiduciary] duty can only be fulfilled by the preplan satisfaction of a prepetition claim"). A bankruptcy court's exercise of its authority under section 105(a) is also necessary to carry out two central policies underlying chapter 11: (i) to permit the successful rehabilitation of the debtor, *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 527 (1984), and (ii) to preserve going concern value and maximize property available to satisfy all creditors. *Bank of Am. Nat'l Trust & Sav. Ass'n v. 203 N. La Salle St. P'ship*, 526 U.S. 434, 453 (1999). The Diocese respectfully submits continuing its obligations under the Premium Finance Agreements will enhance the likelihood of the successful rehabilitation of the Diocese and the probability of maximizing the value of estate assets and, ultimately, the return to creditors.

II. The Diocese Should be Authorized to Enter into New Premium Finance Agreements in the Ordinary Course of Business

23. Pursuant to section 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., *U.S. Bank Trust Nat'l Assn. v. Am. Airlines, Inc. (In re AMR Corp.)*, 485 B.R. 279, 287-88 (Bankr. S.D.N.Y. 2013); *In re Ames Dep't Stores*, 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") (citation omitted); *In re Simasko Prod. Co.*, 47 B.R. 444, 448-49 (D. Colo. 1985) (authorizing interim financing agreement where debtor's best business

judgment indicated financing was necessary and reasonable for benefit of estate). As discussed above, the Diocese's business judgment is that the postpetition renewal of their insurance premium financing is in the best interests of the Diocese's estate. The Diocese is not aware of any insurance premium finance company that would provide insurance premium financing to the Diocese on an unsecured basis.

24. As discussed herein, the maintenance of the Diocese's excess insurance coverage is of the utmost importance. Indeed, the laws of the State of New York mandate that the Diocese maintains certain insurance coverage, and the excess coverage provided by the Insurance Policies is critical to the proper functioning of the Diocese's self-insurance program. In light of the importance of maintaining excess insurance coverage and preserving the Diocese's liquidity by financing the insurance premiums, the Diocese believes it is in the best interests of its estate and all stakeholders to honor its prepetition financing obligations, and to renew the Premium Financing Agreements or enter into similar premium financing agreements for the Insurance Policies, as necessary.

WAIVER OF NOTICE AND STAY REQUIREMENTS

25. To implement the foregoing successfully, the Diocese seeks a waiver of the notice requirements under Bankruptcy Rule 6004(a) and any stay of an order granting the relief requested herein pursuant to Bankruptcy Rules 6004(h), 7062, 9014 or otherwise.

RESERVATION OF RIGHTS

26. Nothing in this Motion, nor any payment made pursuant to the relief sought herein, if granted, is intended or should be construed as an admission as to the validity, priority or amount of any claim against the Diocese, a waiver of the Diocese's right to dispute any claim or an approval or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code and the Diocese expressly reserves its rights with respect thereto.

NOTICE

27. Notice of this Motion will be given to (i) the Office of the United States Trustee for the Western District of New York, (ii) the Diocese's twenty (20) largest unsecured creditors as set forth in the list filed with the Diocese's petition, (iii) all required governmental agencies, (iv) BankDirect, and (v) the Diocese's banks. In light of the nature of the relief requested herein, the Diocese submits that no further notice is required.

NO PRIOR REQUEST

28. The Diocese has not previously sought the relief requested herein from this or any other court.

WHEREFORE, the Diocese respectfully requests that the Court enter interim and final orders, substantially in the form of the proposed orders attached hereto as *Exhibits A* and *B* respectively, granting the relief requested herein and providing such other and further relief as the Court deems just and proper.

Dated: February 28, 2020

BOND, SCHOENECK & KING, PLLC

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*Proposed Attorneys for The Diocese of
Buffalo, N.Y.,*

EXHIBIT A

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Buffalo, N.Y.,

Debtor.

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) Case No. 20-[10322]
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) Chapter 11
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)
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**INTERIM ORDER AUTHORIZING THE DIOCESE TO
(I) HONOR PREPETITION INSURANCE PREMIUM FINANCING
AGREEMENTS AND (II) ENTER INTO NEW PREMIUM FINANCING
AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion of The Diocese of Buffalo, N.Y. (the “Diocese”) for entry of interim and final orders authorizing, but not directing, the Diocese to (i) honor its prepetition insurance premium financing agreements and (ii) enter into new premium finance agreements in the ordinary course of business [Docket No. ____] (the “Motion”);¹ and it appearing that the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of this Chapter 11 Case and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that proper and adequate notice of the Motion has been given under the circumstances and that, except as otherwise ordered herein, no other or further notice is necessary; and the Court having reviewed the Motion and the record in this Chapter 11 Case and determined that granting the relief requested in the Motion on an interim basis is in the best interests of the Diocese, its estate, creditors and other parties in interest; and after due deliberation thereon, and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

2. The Diocese is authorized, but not directed, to honor the terms of the Premium Financing Agreements, to enter into similar replacement agreements in the ordinary course of business, and to pay any prepetition financing obligations that are due and owing to BankDirect.

3. The Diocese is authorized, but not directed, to enter into new insurance policies, through renewal of the Insurance Policies or the purchase and financing of new policies as the Diocese determines, in the exercise of its business judgment, are necessary to preserve, maintain and continue its business operations and the maintenance of its self-insurance program.

4. All banks and financial institutions with which the Diocese maintains bank accounts or on which checks are drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to continue to service and administer the Diocese's bank accounts without interruption in the ordinary course and to receive, process, honor and pay any and all checks and electronic payment requests when presented for payment, whether before or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make such payments, and all such banks and financial institutions are authorized to rely upon the Diocese's designation of any particular check or electronic payment request as being approved by this Interim Order.

5. The Diocese is authorized, but not directed, to issue postpetition checks or to affect postpetition fund transfer requests in replacement of any checks or fund transfer requests that are dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts approved to be paid by this Interim Order.

6. Nothing in this Interim Order nor any action taken by the Diocese in furtherance of the implementation hereof shall be deemed an approval of the assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

7. Nothing in the Motion or this Interim Order shall be construed as impairing the Diocese's right to contest the validity, priority or amount of any claim pursuant to applicable law or otherwise dispute, contest, setoff or recoup any claim, or assert any rights, claims or defenses related thereto.

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

9. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Interim Order shall be effective and enforceable immediately upon its entry. Notwithstanding any objection to the Motion or this Interim Order, this Interim Order shall remain in effect until further order of this Court. Any subsequent modification or vacatur of this Interim Order shall not invalidate or impair any actions taken pursuant to this Interim Order prior to such modification or vacatur.

10. A final hearing on the Motion (the "Final Hearing") shall be held on [____], 2020 at [__:__] [a.m./p.m.] (prevailing Eastern time). Any objections or responses to the Motion shall be filed and served as required by the Local Rules on or before on [____], 2020 at 4:00 p.m. (prevailing Eastern time). This Interim Order, and all acts taken in furtherance of or reliance upon this Interim Order, shall be effective notwithstanding the filing of an objection. In the event no objections or responses are timely filed and served in accordance with the foregoing, the Court may grant the relief requested in the Motion on a final basis without holding a Final Hearing.

11. The Diocese is hereby authorized to take all actions it determines are necessary to effectuate the relief granted pursuant to this Interim Order in accordance with the Motion.

12. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Interim Order.

Dated: _____, 2020
Buffalo, New York

Hon. Carl L. Bucki
United States Bankruptcy Judge

EXHIBIT B

Proposed Final Order

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Buffalo, N.Y.,

Debtor.

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) Case No. 20-[10322]
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) Chapter 11
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**FINAL ORDER AUTHORIZING THE DIOCESE TO
(I) HONOR PREPETITION INSURANCE PREMIUM FINANCING
AGREEMENTS AND (II) ENTER INTO NEW PREMIUM FINANCING
AGREEMENTS IN THE ORDINARY COURSE OF BUSINESS**

Upon the motion of The Diocese of Buffalo, N.Y. (the “Diocese”) for entry of interim and final orders authorizing, but not directing, the Diocese to (i) honor their prepetition insurance premium financing agreements and (ii) enter into new premium finance agreements in the ordinary course of business [Docket No. ____] (the “Motion”);¹ and it appearing that the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of this Chapter 11 Case and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that proper and adequate notice of the Motion has been given under the circumstances and that no other or further notice is necessary; and an order granting the relief requested in the Motion on an interim basis having been entered on [____], 2020; and the Court having held a final hearing on the Motion on [____], 2020 (the “Final Hearing”); and the Court having reviewed the Motion and the record in this Chapter 11 Case and determined that granting the relief requested in the Motion on a final basis is in the best interests of the Diocese, its estate, creditors and other parties in interest; and after due deliberation thereon, and good and sufficient cause appearing therefor;

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth herein.
2. Any objections to the Motion, or to the relief requested therein, that have not been made, withdrawn, waived, or settled, and all reservations of rights included therein, are hereby overruled and disallowed on the merits.
3. The Diocese is authorized, but not directed, to honor the terms of the Premium Financing Agreements, to enter into similar replacement agreements in the ordinary course of business, and to pay any prepetition financing obligations that are due and owing to BankDirect.
4. The Diocese is authorized, but not directed, to enter into new insurance policies, through renewal of the Insurance Policies or the purchase and financing of new policies as the Diocese determines, in the exercise of its business judgment, are necessary to preserve, maintain and continue its business operations and the maintenance of its self-insurance program.
5. All banks and financial institutions with which the Diocese maintains bank accounts or on which checks are drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to continue to service and administer the Diocese's bank accounts without interruption in the ordinary course and to receive, process, honor and pay any and all checks and electronic payment requests when presented for payment, whether before or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make such payments, and all such banks and financial institutions are authorized to rely upon the Diocese's designation of any particular check or electronic payment request as being approved by this Final Order.
6. The Diocese is authorized, but not directed, to issue postpetition checks or to affect postpetition fund transfer requests in replacement of any checks or fund transfer requests that are

dishonored as a consequence of this Chapter 11 Case with respect to prepetition amounts approved to be paid by this Final Order.

7. Nothing in this Final Order nor any action taken by the Diocese in furtherance of the implementation hereof shall be deemed an approval of the assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code.

8. Nothing in the Motion or this Final Order shall be construed as impairing the Diocese's right to contest the validity, priority or amount of any claim pursuant to applicable law or otherwise dispute, contest, setoff or recoup any claim, or assert any rights, claims or defenses related thereto.

9. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Final Order shall be effective and enforceable immediately upon its entry. Any subsequent modification or vacatur of this Final Order shall not invalidate or impair any actions taken pursuant to this Final Order prior to such modification or vacatur.

10. The Diocese is hereby authorized to take all actions it determines are necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

11. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Final Order.

Dated: _____, 2020
Buffalo, New York

Hon. Carl L. Bucki
United States Bankruptcy Judge

EXHIBIT C

Property Agreement



150 North Field Drive, Suite 190
 Lake Forest, Illinois 60045
 Phone 877-226-5456 Fax: 877-226-5297

Quote Number: 1787778.1

**COMMERCIAL INSURANCE PREMIUM
 FINANCE AND SECURITY AGREEMENT**

THIS COMMERCIAL INSURANCE PREMIUM FINANCE AND SECURITY AGREEMENT (this "Agreement") is between Insured named below as borrower and BankDirect Capital Finance, a division of Texas Capital Bank, N.A. ("BankDirect") as lender, concerning the financing of the premium(s) for one or more commercial insurance policies listed in the Schedule of Policies below (the "Loan"). The terms of this Agreement are stated below and on all subsequent pages of this document.

Insured / Borrower ("Insured") Name & Business Address (as stated in Policy) Diocese of Buffalo 795 Main Street Buffalo, NY 14203 Telephone Number: 718 847 5500 Taxpayer ID #: XXXXX3984	Insured's Agent or Broker ("Agent") Name & Business Address Walsh Duffield Companies, Inc. 801 Main Street Buffalo, NY 14203 Telephone Number: 716-853-3820 Agency Code: 11669
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SCHEDULE OF POLICIES (each, a "Policy")

Policy Prefix and Number	Effective Date of Policy MM/DD/YY	Name & City of Insurance Company and Name & City of General or Policy Issuing Agent or Company Office	Type of Coverage	Policy Subject to Audit (✓)	Policy Term in Months Covered	Min Earned Prem %	Days to Cancel	Short Rate (✓)	Premium Amounts
18	7/1/2019	Travelers Indem Co of Amer One Tower Square Hartford, CT 06183	PROPERTY		12	0%	10		Premium: \$474,267.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$1,597.00 Inspection: \$0.00

Additional Policies are listed on the attached Schedule of Policies

TOTAL PREMIUMS

\$509,864.00

TOTAL PREMIUMS	DOWN PAYMENT	UNPAID PREMIUM BALANCE	FLORIDA DOC STAMP TAX Applicable in Florida only	AMOUNT FINANCED Amount of Loan provided to or on behalf of Insured	FINANCE CHARGE The dollar amount of interest the Loan will cost over the term of the Loan	TOTAL OF PAYMENTS Amount of interest and principal which will have been paid on the Loan after making all scheduled Loan payments	ANNUAL PERCENTAGE INTEREST RATE The cost of interest on the Loan as a yearly percentage rate.
\$509,864.00	\$50,985.00	\$458,879.00	\$0.00	\$458,879.00	\$8,391.00	\$467,270.00	3.97%

Payment Schedule: The Loan payment schedule will be:	Number of Loan Payments	Amount of Each Loan Payment*	When Loan Payments are Due ("Due Dates")	
	10	\$46,727.00	First Due Date	Subsequent Monthly Due Dates**
			8/1/2019	1st

*Non-payment of the Loan may result in cancellation of any Policy. **Subsequent payments are due on the same day of each succeeding period until paid in full.

Prepayment: Insured may prepay the outstanding principal balance of the Loan in full at any time. If Insured prepays the Loan in full, Insured will receive a refund of the unearned finance charge, calculated according to the Rule of 78's or the actuarial method as provided by applicable law. Minimum refund is \$1.

Security Interest: Insured assigns and grants a security interest to BankDirect as security for payment of all amounts payable under this Agreement, in all of Insured's right, title and interest in and to each Policy and all amounts which are or may become payable to Insured under or with reference to the Policies including, among other things, any gross unearned premiums, dividend payments, and all payments on account of loss which results in reduction of any unearned premium in accordance with the term(s) of said Policies.

Delinquency Charge: Insured agrees to pay a delinquency charge to BankDirect on any payment required to be made by Insured hereunder which is not received by BankDirect within five (5) days of its due date, unless a longer period is specified under applicable law, in which case the delinquency charge will be imposed on any payment not received by BankDirect within this longer period. The delinquency charge will be the lesser of: (1) 5% of the overdue amount; or (2) the maximum delinquency charge allowed by applicable law.

Cancellation Charge: If a default results in cancellation of a Policy, Insured agrees to pay a cancellation charge of \$25 or the maximum amount permitted by applicable law.

IMPORTANT INFORMATION ABOUT YOUR LOAN: To help the Federal government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies the Insured. We will require such information as we deem reasonably necessary to allow us to properly identify you, such as your name, address and Taxpayer ID # (TIN).

NOTICE TO INSURED: 1. DO NOT SIGN THIS AGREEMENT UNTIL YOU READ ALL PAGES OF THE AGREEMENT AND FILL IN ANY BLANK SPACES. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS AGREEMENT. 3. YOU UNDERSTAND AND HAVE RECEIVED A COPY OF THIS AGREEMENT, KEEP IT TO PROTECT YOUR LEGAL RIGHTS. 4. UNDER THE LAW, YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE FINANCE CHARGE. 5. SEE ADDITIONAL PAGES FOR IMPORTANT INFORMATION.

REPRESENTATIONS AND WARRANTIES:

The undersigned Agent and Insured have read the Representations and Warranties on page two of this document, make all such representations and warranties and understand that BankDirect will rely on all such representations and warranties in determining whether or not to accept this Agreement, and agree to be bound by the terms of this Agreement. Insured further acknowledges that upon satisfactory completion of the Agreement, the undersigned Agent may receive a fee from BankDirect for the origination and administration of this Agreement as allowed by applicable law.

All Insureds must sign as named in Policies. If corporation, authorized officers must sign; if partnership, partner must sign as such; signatory acting in representative capacity represents that has authorized this transaction and has authorized signatory to receive all notices hereunder. By signing below Insured agrees to make all payments required by this Agreement and to be bound by all provisions of this Agreement, including those on page two. Insured is not required to enter into an insurance premium financing arrangement as a condition to the purchase of any insurance policy.

(Signature of Agent)

(Signature of Insured)

(Title)

(Date)

(Printed Name & Title)

(Date)

Name of Insured: Diocese of Buffalo

Insured (jointly and severally if more than one) agrees as follows:

1. Promise to Pay. In consideration of the payment by BankDirect of the Amount Financed, Insured agrees to pay the Down Payment to the insurance company(ies) listed in the Schedule of Policies, and Insured agrees to pay to the order of BankDirect all of the principal amount of the Loan, all interest thereon and all other amounts payable by Insured hereunder in accordance with the Payment Schedule and the other terms of this Agreement.

2. Representations and Warranties. Insured represents and warrants that: (a) the Policies are in full force and effect; (b) the proceeds of the Loan are to be used to purchase insurance for business or commercial purposes; (c) all information provided herein or in connection with this Agreement is true, correct, complete and not misleading; (d) Insured has no indebtedness to the insurers issuing the Policies; (e) Insured is not insolvent nor presently the subject of any insolvency proceeding; and (f) the person signing this Agreement on behalf of Insured is authorized to do so.

3. Power of Attorney. Insured hereby irrevocably appoints BankDirect as Attorney-in-Fact with full power of substitution and full authority upon the occurrence of an Event of Default (defined below) to (i) effect cancellation of the Policies, (ii) receive any unearned premium or other amounts with respect to the Policies assigned as security herein, (iii) sign any check or draft issued therefore in Insured's name and to direct the insurance companies to make said check or draft payable to BankDirect and (iv) sign any other instrument or document in the name of and on behalf of Insured to effectuate the purposes of this Agreement. Insured agrees that this appointment and authority cannot be revoked and is coupled with an interest and will terminate only after Insured's obligations under this Agreement are paid in full. Insured agrees that proof of mailing any notice hereunder constitutes proof of receipt of such notice.

4. Payments Received after Notice of Cancellation. Insured agrees that any payments made and accepted after a Notice of Cancellation has been sent to any insurance company do not constitute reinstatement or obligate BankDirect to request reinstatement of such insurance Policy(ies), and Insured acknowledges that BankDirect has no authority or duty to reinstate coverage, and that such payments may be applied to Insured's obligations hereunder or under any other agreement with BankDirect, and any such payments will not affect BankDirect's rights or remedies under this Agreement.

5. Assignments. Insured agrees not to assign any rights, interests or obligations under any Policy or this Agreement without the prior written consent of BankDirect, except that BankDirect's consent is not required for the rights or interests of mortgagees and loss payees. BankDirect may assign its rights and interests under this Agreement without Insured's consent, and all rights and interests conferred upon BankDirect under this Agreement shall inure to BankDirect's successors and assigns.

6. Insufficient Funds (NSF) Fees. If an Insured's check or electronic funding is dishonored for any reason, Insured agrees to pay BankDirect a fee equal to \$25 or the maximum amount permitted by applicable law.

7. Default. An Event of Default occurs when: (a) Insured does not pay any installment according to the terms of this Agreement or any other agreement; (b) Insured fails to comply with any of the terms of the Agreement; (c) any of the Policies are cancelled for any reason; (d) Insured or its insurance companies are insolvent or involved in a bankruptcy or similar proceeding as a debtor; (e) premiums increase under any of the Policies and Insured fails to pay such increased premiums within thirty (30) days of the notification; or (f) Insured is in default under any other agreement with BankDirect.

8. Rights Upon Default. If an Event of Default occurs, BankDirect may at its option pursue any and all rights and remedies available, including but not limited to, the following: demand and receive immediate payment of the Loan and any other unpaid amounts due under this Agreement regardless of whether BankDirect has received any refund of unearned premium. BankDirect may take all necessary actions to enforce payment of any unpaid amounts due hereunder. To the extent not prohibited or limited by applicable law, BankDirect is entitled to collection costs and expenses paid or incurred by BankDirect as a result of or in connection with enforcing its rights and remedies under this Agreement and applicable law and to reasonable attorneys' fees if this Agreement is referred to an attorney who is not a salaried employee of BankDirect for collection or enforcement. BankDirect may cancel any or all of the Policies and collect any unearned premiums or other amounts payable under said Policies. Unearned premiums shall be payable to BankDirect only.

9. Right of Offset. BankDirect may offset and deduct from any amounts BankDirect owes to Insured with respect to any Policies financed hereunder, any amounts which Insured owes to BankDirect under this Agreement or any other agreement to the extent permitted by applicable law.

Total Premiums: \$509,864.00

10. Finance Charge. The Finance Charge includes interest on the outstanding principal amount of the Loan. The Finance Charge is computed using a 365-day year. Interest on the Loan shall accrue from the Effective Date of this Agreement or the earliest policy effective date indicated in the Schedule of Policies, whichever is earlier, and continue to accrue until the Loan is paid in full. If BankDirect terminates this Agreement after an Event of Default, Insured will pay interest on the outstanding principal balance of the Loan at the maximum rate permitted under applicable law from the date of such termination until Insured pays the Loan and all other amounts due under this Agreement in full.

11. Additional Premiums. Insured agrees to promptly pay to each applicable insurance company any additional premiums due on any Policy.

12. Agent. Agent is not the agent of BankDirect and Agent cannot bind BankDirect in any way. BankDirect is not Agent of any insurer and is not liable for any acts or omissions of any insurer. Agent is the agent of Insured, and Insured acknowledges that it has chosen to do business with Agent and the insurance companies issuing the Policies, and that the insolvency, fraud, defalcation or other action or failure to act by any of them shall not relieve or diminish Insured's obligations to BankDirect hereunder.

13. Corrections. Except if prohibited by applicable law, BankDirect may correct any errors or omissions in this Agreement and if not known or corrected at the time of signature by or for Insured.

14. Force or Effect. This Agreement shall have no force or effect until accepted in writing by BankDirect.

15. Limitation of Liability: Claims Against BankDirect. Neither BANKDIRECT nor its assignee shall be liable for any loss or damage to the Insured by reason of failure of any insurance company to issue or maintain in force any of the Policies or by reason of the exercise by BANKDIRECT or its assignee of the rights conferred herein, including but not limited to BANKDIRECT's exercise of the right of cancellation, except in the event of willful or intentional misconduct by BANKDIRECT.

16. Governing Law. This Agreement is governed by and construed and interpreted in accordance with the laws of the state where BankDirect accepts this Agreement. BankDirect shall, at its option, prosecute any action to enforce its rights and remedies hereunder in the Circuit Court of Cook County, Illinois, and Insured (i) irrevocably waives any objection to such venue and (ii) will honor any order issued by or judgment enforced in such court.

17. Miscellaneous. All rights and remedies in this Agreement are cumulative and not exclusive. If any provision of this Agreement is determined to be invalid or unenforceable under applicable law, the remaining provisions of this Agreement shall continue to be in full force and effect. This Agreement constitutes the entire agreement between BankDirect and Insured with respect to its subject matter and may not be modified except as agreed upon in writing. BankDirect's acceptance of late or partial payments shall not be deemed a waiver by BankDirect of any provisions of this Agreement, and BankDirect is entitled to require Insured to strictly comply with the terms hereof. If any amount contracted for or received by BankDirect hereunder is determined to violate any applicable law, BankDirect may return such prohibited amount to Insured without any further liability therefor or in respect thereof to the fullest extent permitted by law. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of Insured and Agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy.

18. CALIFORNIA RESIDENTS: FOR INFORMATION CONTACT THE DEPARTMENT OF CORPORATIONS, STATE OF CALIFORNIA.

Insured agrees that, in accordance with Section 18608 of the California Financial Code, BankDirect's liability to Insured upon the exercise of BankDirect's authority to cancel the Policies shall be limited to the amount of the principal balance of this loan, except in the event of BankDirect's willful failure to mail the notice of cancellation required under California law.

New York Residents: No charges imposed for obtaining and servicing the financed policies, pursuant to Section 2119 (formerly 129) of the New York Insurance Laws, are financed hereunder unless specified in the Schedule of Policies.

In connection with the Policies scheduled herein, Agent represents and warrants to BankDirect and its successors and assigns that:

1. Payment. Agent shall remit all funds received from BankDirect and Insured promptly to the insurance company(ies) issuing the financed policy(ies). Agent shall segregate and hold all payments received by it from Insured or any insurance company listed in the Schedule of Policies with respect to the Loan or this Agreement in trust for BankDirect, shall have no right or interest in any such payments and shall immediately deliver all such payments to BankDirect for application to Insured's obligations hereunder.

2. Signatures Genuine. Insured's signature on both pages of this Agreement is genuine and authorized.

3. Authorization By Insured. If this Agreement has been signed by Agent on behalf of Insured, Agent has been fully authorized to sign this Agreement on behalf of Insured and Insured has authorized this transaction. Agent has given Insured a complete copy of this Agreement.

4. Authority of Agent. For each Policy, Agent signing this Agreement is either the authorized policy-issuing agent of the issuing insurance company(ies) or the broker placing the coverage directly with the issuing insurance company(ies), except as indicated on the Schedule of Policies. The person signing this Agreement on behalf of Agent is authorized to do so. Agent is neither authorized to receive any payments from Insured under this Agreement nor to make any representations to Insured for or on behalf of BankDirect.

5. Not Agent of BankDirect. Agent is not an agent of BankDirect and is not authorized to bind BankDirect and has not made any representation to the contrary.

6. Recognition of Assignment. Agent recognizes the security interest granted in this Agreement, whereby Insured assigns to BankDirect all unearned premiums, dividends and certain loss payments. Upon cancellation of any of the Policies, Agent agrees to pay BankDirect all unearned commissions and unearned premiums upon receipt. If such funds are not remitted to BankDirect within ten (10) days of receipt by Agent, Agent agrees to pay BankDirect interest on such funds at the maximum rate permitted under applicable law. Agent shall not deduct any amounts which Insured owes to Agent from any amounts owing to BankDirect hereunder.

7. Down Payment. The down payment and any other payments due from Insured which Agent has agreed to collect, have been collected from Insured.

8. Policies: (a) are all cancelable by standard short-rate or pro-rata tables; (b) are not audit or reporting form policies or policies subject to retrospective rating, unless so indicated on the Schedule of Policies in this Agreement, and if so indicated, the deposit premiums are not less than the anticipated premiums to be earned for the full term of the Policies; (c) upon cancellation by Insured or BankDirect, do not require advance notice of cancellation to any party, other than any notice required to be given by BankDirect; (d) are in full force and effect and the premiums indicated are correct for the term of the Policies; (e) have not been financed on an installment payment plan provided by the insurance company(ies); (f) are all cancelable policies; (g) are written for a term of at least one year; (h) are not for personal, family or household purposes; and (i) have no exceptions other than those indicated and comply with BankDirect's eligibility requirements. All information in this Agreement pertaining to the Policies is complete and correct.

9. Insured: (a) has not paid for the Policies other than as described in this Agreement; (b) has received a copy of this Agreement; and (c) is not the subject of any proceeding in bankruptcy, receivership or insolvency, or if Insured is the subject of such a proceeding, it is noted on the Agreement in the space in which Insured's name and address is placed. All information in this Agreement pertaining to Insured is complete and correct.

10. Miscellaneous. Agent agrees to indemnify and pay BankDirect for and hold BankDirect harmless from and against any losses, costs, damages, fees and expenses (including reasonable attorneys' fees, court costs and collection costs) paid or incurred by BankDirect or its assignee as a result of or in connection with any untrue or misleading representation or warranty made by Agent hereunder, any breach by Agent of this Agreement, any error committed by Agent in completing or failing to complete any portion of this Agreement, or any violation by Agent of any applicable law. Agent shall promptly notify BankDirect of any unpaid increased premiums for the Policies. This Agreement is a valid and enforceable agreement between BankDirect and Agent and there are no defenses to it.

Name of Insured: Diocese of Buffalo

Total Premiums: \$509,864.00

Schedule of Policies

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY MM/DD/YY	NAME & CITY OF INSURANCE COMPANY AND NAME & CITY OF GENERAL AGENT OR COMPANY OFFICE	TYPE OF COVERAGE	POLICIES SUBJECT TO AUDIT (✓)	TERM IN MONTHS COVERED	MIN EARNED PREM	DAYS TO CANCEL	SHORT RATE (✓)	PREMIUM AMOUNTS
	7/1/2019	Broker Fees Two Conway Park 150 North Field Lake Forest, IL 60045	FEE		12	0%	10		Premium: \$34,000.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$0.00 Inspection: \$0.00
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
PAGE 3 TOTALS									\$34,000.00

EXHIBIT D

Package Agreement

Arthur J. Gallagher Brokerage & Risk Management Services, LLC

Disclosure Letter

7/10/2019

In an effort to deliver a higher level of client service, we are pleased to offer you a premium finance quote with your insurance proposal.

While not required, financing your premium allows you to borrow the capital to pay your insurance premium and re-pay the amount borrowed in periodic installments. Many businesses choose to take advantage of this option, even when carriers offer installment payments on select policies. Some of the benefits of Premium Finance include:

- Better capital and cash flow management driven by small premium installments during the year rather than paying the entire premium upfront.
- Financed premiums are not typically considered debt on your balance sheet*.
- All your premium payments for all your policies can be covered by one finance agreement, and consolidated into one convenient monthly or quarterly payment.
- Automated ACH options and flexible payment terms are available.

The attached Premium Finance Agreement is an example of the terms available to you based on bound premium.

Arthur J. Gallagher Brokerage & Risk Management Services LLC and its affiliates (“Gallagher”) have a referral arrangement with the premium finance company and will receive approximately 0.23 % of the amount financed. While most of our customers do not experience Late Charges, in the event that your payment is late, we share in 50% of the collected late fees. You are under no obligation to finance your premium or accept the premium finance proposal. Other financing options may be available and if you prefer, you may independently obtain premium financing. Regardless of which company you may choose to finance your premium, this arrangement will be between you and the premium finance company and Gallagher will not represent you in this transaction.

Thank you for giving us the opportunity to serve you. We appreciate your business and the confidence you have placed in us.

Sincerely,

Arthur J. Gallagher Risk Management Services - White Plains
2 Westchester Park Dr.
White Plains, NY 10604

*Please consult your accountant for your specific situation. Gallagher does not provide accounting advice.



150 North Field Drive, Suite 190
 Lake Forest, Illinois 60045
 Phone 877-226-5456 Fax: 877-226-5297

Quote Number: 1787945.1
**COMMERCIAL INSURANCE PREMIUM
 FINANCE AND SECURITY AGREEMENT**

THIS COMMERCIAL INSURANCE PREMIUM FINANCE AND SECURITY AGREEMENT (this "Agreement") is between Insured named below as borrower and BankDirect Capital Finance, a division of Texas Capital Bank, N.A. ("BankDirect") as lender, concerning the financing of the premium(s) for one or more commercial insurance policies listed in the Schedule of Policies below (the "Loan"). The terms of this Agreement are stated below and on all subsequent pages of this document.

Insured / Borrower ("Insured") Name & Business Address (as stated in Policy) Diocese of Buffalo 795 Main St Buffalo, NY 14203 Telephone Number: 716-847-5500 Taxpayer ID #: XXXXX3984	Insured's Agent or Broker ("Agent") Name & Business Address Arthur J. Gallagher Risk Management Services - White Plains 2 Westchester Park Dr. White Plains, NY 10604 Telephone Number: 914-696-3700 Agency Code: 6236WHI
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SCHEDULE OF POLICIES (each, a "Policy")

Policy Prefix and Number	Effective Date of Policy MM/DD/YY	Name & City of Insurance Company and Name & City of General or Policy Issuing Agent or Company Office	Type of Coverage	Policy Subject to Audit (✓)	Policy Term in Months Covered	Min Earned Prem %	Days to Cancel	Short Rate (✓)	Premium Amounts
RRG 1054-20	7/1/2019	National Catholic RRG Inc. 801 Warrenville Rd Suite 175 Lisle, IL 60532	PACKAGE		12	0%	10		Premium: \$299,708.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$7,862.44 Inspection: \$0.00

Additional Policies are listed on the attached Schedule of Policies

TOTAL PREMIUMS

\$884,359.44

TOTAL PREMIUMS	DOWN PAYMENT	UNPAID PREMIUM BALANCE	FLORIDA DOC STAMP TAX Applicable in Florida only	AMOUNT FINANCED Amount of Loan provided to or on behalf of Insured	FINANCE CHARGE The dollar amount of interest the Loan will cost over the term of the Loan	TOTAL OF PAYMENTS Amount of interest and principal which will have been paid on the Loan after making all scheduled Loan payments	ANNUAL PERCENTAGE INTEREST RATE The cost of interest on the Loan as a yearly percentage rate.
\$884,359.44	\$81,568.79	\$802,790.65	\$0.00	\$802,790.65	\$12,897.25	\$815,687.90	3.49%

Payment Schedule: The Loan payment schedule will be:	Number of Loan Payments	Amount of Each Loan Payment*	When Loan Payments are Due ("Due Dates")	
			First Due Date	Subsequent Monthly Due Dates**
	10	\$81,568.79	8/1/2019	1st

*Non-payment of the Loan may result in cancellation of any Policy. **Subsequent payments are due on the same day of each succeeding period until paid in full.

Prepayment: Insured may prepay the outstanding principal balance of the Loan in full at any time. If Insured prepays the Loan in full, Insured will receive a refund of the unearned finance charge, calculated according to the Rule of 78's or the actuarial method as provided by applicable law. Minimum refund is \$1.

Security Interest: Insured assigns and grants a security interest to BankDirect as security for payment of all amounts payable under this Agreement, in all of Insured's right, title and interest in and to each Policy and all amounts which are or may become payable to Insured under or with reference to the Policies including, among other things, any gross unearned premiums, dividend payments, and all payments on account of loss which results in reduction of any unearned premium in accordance with the term(s) of said Policies.

Delinquency Charge: Insured agrees to pay a delinquency charge to BankDirect on any payment required to be made by Insured hereunder which is not received by BankDirect within five (5) days of its due date, unless a longer period is specified under applicable law, in which case the delinquency charge will be imposed on any payment not received by BankDirect within this longer period. The delinquency charge will be the lesser of: (1) 5% of the overdue amount; or (2) the maximum delinquency charge allowed by applicable law.

Cancellation Charge: If a default results in cancellation of a Policy, Insured agrees to pay a cancellation charge of \$25 or the maximum amount permitted by applicable law.

IMPORTANT INFORMATION ABOUT YOUR LOAN: To help the Federal government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies the Insured. We will require such information as we deem reasonably necessary to allow us to properly identify you, such as your name, address and Taxpayer ID # (TIN).

NOTICE TO INSURED: 1. DO NOT SIGN THIS AGREEMENT UNTIL YOU READ ALL PAGES OF THE AGREEMENT AND FILL IN ANY BLANK SPACES. 2. YOU ARE ENTITLED TO COMPLETELY FILLED IN COPY OF THIS AGREEMENT. 3. YOU UNDERSTAND AND HAVE RECEIVED A COPY OF THIS AGREEMENT, KEEP IT TO PROTECT YOUR LEGAL RIGHTS. 4. UNDER THE LAW, YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE FINANCE CHARGE. 5. SEE ADDITIONAL PAGES FOR IMPORTANT INFORMATION.

REPRESENTATIONS AND WARRANTIES:

The undersigned Agent and Insured have read the Representations and Warranties on page two of this document, make all such representations and warranties and understand that BankDirect will rely on all such representations and warranties in determining whether or not to accept this Agreement, and agree to be bound by the terms of this Agreement. Insured further acknowledges that upon satisfactory completion of the Agreement, the undersigned Agent may receive a fee from BankDirect for the origination and administration of this Agreement as allowed by applicable law.

All Insureds must sign as named in Policies. If corporation, authorized officers must sign; if partnership, partner must sign as such; signatory acting in representative capacity represents that has authorized this transaction and has authorized signatory to receive all notices hereunder. By signing below Insured agrees to make all payments required by this Agreement and to be bound by all provisions of this Agreement, including those on page two. Insured is not required to enter into an insurance premium financing arrangement as a condition to the purchase of any insurance policy.

 (Signature of Agent)

 (Signature of Insured)

 (Title)

 (Date)

 (Printed Name & Title)

 (Date)

Name of Insured: Diocese of Buffalo

Insured (jointly and severally if more than one) agrees as follows:

- 1. Promise to Pay.** In consideration of the payment by BankDirect of the Amount Financed, Insured agrees to pay the Down Payment to the insurance company(ies) listed in the Schedule of Policies, and Insured agrees to pay to the order of BankDirect all of the principal amount of the Loan, all interest thereon and all other amounts payable by Insured hereunder in accordance with the Payment Schedule and the other terms of this Agreement.
- 2. Representations and Warranties.** Insured represents and warrants that: (a) the Policies are in full force and effect; (b) the proceeds of the Loan are to be used to purchase insurance for business or commercial purposes; (c) all information provided herein or in connection with this Agreement is true, correct, complete and not misleading; (d) Insured has no indebtedness to the insurers issuing the Policies; (e) Insured is not insolvent nor presently the subject of any insolvency proceeding; and (f) the person signing this Agreement on behalf of Insured is authorized to do so.
- 3. Power of Attorney.** Insured hereby irrevocably appoints BankDirect as Attorney-in-Fact with full power of substitution and full authority upon the occurrence of an Event of Default (defined below) to (i) effect cancellation of the Policies, (ii) receive any unearned premium or other amounts with respect to the Policies assigned as security herein, (iii) sign any check or draft issued therefore in Insured's name and to direct the insurance companies to make said check or draft payable to BankDirect and (iv) sign any other instrument or document in the name of and on behalf of Insured to effectuate the purposes of this Agreement. Insured agrees that this appointment and authority cannot be revoked and is coupled with an interest and will terminate only after Insured's obligations under this Agreement are paid in full. Insured agrees that proof of mailing any notice hereunder constitutes proof of receipt of such notice.
- 4. Payments Received after Notice of Cancellation.** Insured agrees that any payments made and accepted after a Notice of Cancellation has been sent to any insurance company do not constitute reinstatement or obligate BankDirect to request reinstatement of such insurance Policy(ies), and Insured acknowledges that BankDirect has no authority or duty to reinstate coverage, and that such payments may be applied to Insured's obligations hereunder or under any other agreement with BankDirect, and any such payments will not affect BankDirect's rights or remedies under this Agreement.
- 5. Assignments.** Insured agrees not to assign any rights, interests or obligations under any Policy or this Agreement without the prior written consent of BankDirect, except that BankDirect's consent is not required for the rights or interests of mortgagees and loss payees. BankDirect may assign its rights and interests under this Agreement without Insured's consent, and all rights and interests conferred upon BankDirect under this Agreement shall inure to BankDirect's successors and assigns.
- 6. Insufficient Funds (NSF) Fees.** If an Insured's check or electronic funding is dishonored for any reason, Insured agrees to pay BankDirect a fee equal to \$25 or the maximum amount permitted by applicable law.
- 7. Default.** An Event of Default occurs when: (a) Insured does not pay any installment according to the terms of this Agreement or any other agreement; (b) Insured fails to comply with any of the terms of the Agreement; (c) any of the Policies are cancelled for any reason; (d) Insured or its insurance companies are insolvent or involved in a bankruptcy or similar proceeding as a debtor; (e) premiums increase under any of the Policies and Insured fails to pay such increased premiums within thirty (30) days of the notification; or (f) Insured is in default under any other agreement with BankDirect.
- 8. Rights Upon Default.** If an Event of Default occurs, BankDirect may at its option pursue any and all rights and remedies available, including but not limited to, the following: demand and receive immediate payment of the Loan and any other unpaid amounts due under this Agreement regardless of whether BankDirect has received any refund of unearned premium. BankDirect may take all necessary actions to enforce payment of any unpaid amounts due hereunder. To the extent not prohibited or limited by applicable law, BankDirect is entitled to collection costs and expenses paid or incurred by BankDirect as a result of or in connection with enforcing its rights and remedies under this Agreement and applicable law and to reasonable attorneys' fees if this Agreement is referred to an attorney who is not a salaried employee of BankDirect for collection or enforcement. BankDirect may cancel any or all of the Policies and collect any unearned premiums or other amounts payable under said Policies. Unearned premiums shall be payable to BankDirect only.
- 9. Right of Offset.** BankDirect may offset and deduct from any amounts BankDirect owes to Insured with respect to any Policies financed hereunder, any amounts which Insured owes to BankDirect under this Agreement or any other agreement to the extent permitted by applicable law.

In connection with the Policies scheduled herein, Agent represents and warrants to BankDirect and its successors and assigns that:

- 1. Payment.** Agent shall remit all funds received from BankDirect and Insured promptly to the insurance company(ies) issuing the financed policy(ies). Agent shall segregate and hold all payments received by it from Insured or any insurance company listed in the Schedule of Policies with respect to the Loan or this Agreement in trust for BankDirect, shall have no right or interest in any such payments and shall immediately deliver all such payments to BankDirect for application to Insured's obligations hereunder.
- 2. Signatures Genuine.** Insured's signature on both pages of this Agreement is genuine and authorized.
- 3. Authorization By Insured.** If this Agreement has been signed by Agent on behalf of Insured, Agent has been fully authorized to sign this Agreement on behalf of Insured and Insured has authorized this transaction. Agent has given Insured a complete copy of this Agreement.
- 4. Authority of Agent.** For each Policy, Agent signing this Agreement is either the authorized policy-issuing agent of the issuing insurance company(ies) or the broker placing the coverage directly with the issuing insurance company(ies), except as indicated on the Schedule of Policies. The person signing this Agreement on behalf of Agent is authorized to do so. Agent is neither authorized to receive any payments from Insured under this Agreement nor to make any representations to Insured for or on behalf of BankDirect.
- 5. Not Agent of BankDirect.** Agent is not an agent of BankDirect and is not authorized to bind BankDirect and has not made any representation to the contrary.
- 6. Recognition of Assignment.** Agent recognizes the security interest granted in this Agreement, whereby Insured assigns to BankDirect all unearned premiums, dividends and certain loss payments. Upon cancellation of any of the Policies, Agent agrees to pay BankDirect all unearned commissions and unearned premiums upon receipt. If such funds are not remitted to BankDirect within ten (10) days of receipt by Agent, Agent agrees to pay BankDirect interest on such funds at the maximum rate permitted under applicable law. Agent shall not deduct any amounts which Insured owes to Agent from any amounts owing to BankDirect hereunder.

Total Premiums: \$884,359.44

- 10. Finance Charge.** The Finance Charge includes interest on the outstanding principal amount of the Loan. The Finance Charge is computed using a 365-day year. Interest on the Loan shall accrue from the Effective Date of this Agreement or the earliest policy effective date indicated in the Schedule of Policies, whichever is earlier, and continue to accrue until the Loan is paid in full. If BankDirect terminates this Agreement after an Event of Default, Insured will pay interest on the outstanding principal balance of the Loan at the maximum rate permitted under applicable law from the date of such termination until Insured pays the Loan and all other amounts due under this Agreement in full.
 - 11. Additional Premiums.** Insured agrees to promptly pay to each applicable insurance company any additional premiums due on any Policy.
 - 12. Agent.** Agent is not the agent of BankDirect and Agent cannot bind BankDirect in any way. BankDirect is not Agent of any insurer and is not liable for any acts or omissions of any insurer. Agent is the agent of Insured, and Insured acknowledges that it has chosen to do business with Agent and the insurance companies issuing the Policies, and that the insolvency, fraud, defalcation or other action or failure to act by any of them shall not relieve or diminish Insured's obligations to BankDirect hereunder.
 - 13. Corrections.** Except if prohibited by applicable law, BankDirect may correct any errors or omissions in this Agreement and if not known or corrected at the time of signature by or for Insured.
 - 14. Force or Effect.** This Agreement shall have no force or effect until accepted in writing by BankDirect.
 - 15. Limitation of Liability: Claims Against BankDirect.** Neither BANKDIRECT nor its assignee shall be liable for any loss or damage to the Insured by reason of failure of any insurance company to issue or maintain in force any of the Policies or by reason of the exercise by BANKDIRECT or its assignee of the rights conferred herein, including but not limited to BANKDIRECT's exercise of the right of cancellation, except in the event of willful or intentional misconduct by BANKDIRECT.
 - 16. Governing Law.** This Agreement is governed by and construed and interpreted in accordance with the laws of the state where BankDirect accepts this Agreement. BankDirect shall, at its option, prosecute any action to enforce its rights and remedies hereunder in the Circuit Court of Cook County, Illinois, and Insured (i) irrevocably waives any objection to such venue and (ii) will honor any order issued by or judgment enforced in such court.
 - 17. Miscellaneous.** All rights and remedies in this Agreement are cumulative and not exclusive. If any provision of this Agreement is determined to be invalid or unenforceable under applicable law, the remaining provisions of this Agreement shall continue to be in full force and effect. This Agreement constitutes the entire agreement between BankDirect and Insured with respect to its subject matter and may not be modified except as agreed upon in writing. BankDirect's acceptance of late or partial payments shall not be deemed a waiver by BankDirect of any provisions of this Agreement, and BankDirect is entitled to require Insured to strictly comply with the terms hereof. If any amount contracted for or received by BankDirect hereunder is determined to violate any applicable law, BankDirect may return such prohibited amount to Insured without any further liability therefor or in respect thereof to the fullest extent permitted by law. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of Insured and Agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy.
- 18. CALIFORNIA RESIDENTS: FOR INFORMATION CONTACT THE DEPARTMENT OF CORPORATIONS, STATE OF CALIFORNIA.**
- Insured agrees that, in accordance with Section 18608 of the California Financial Code, BankDirect's liability to Insured upon the exercise of BankDirect's authority to cancel the Policies shall be limited to the amount of the principal balance of this loan, except in the event of BankDirect's willful failure to mail the notice of cancellation required under California law.
- New York Residents:** No charges imposed for obtaining and servicing the financed policies, pursuant to Section 2119 (formerly 129) of the New York Insurance Laws, are financed hereunder unless specified in the Schedule of Policies.
- 7. Down Payment.** The down payment and any other payments due from Insured which Agent has agreed to collect, have been collected from Insured.
 - 8. Policies:** (a) are all cancelable by standard short-rate or pro-rata tables; (b) are not audit or reporting form policies or policies subject to retrospective rating, unless so indicated on the Schedule of Policies in this Agreement, and if so indicated, the deposit premiums are not less than the anticipated premiums to be earned for the full term of the Policies; (c) upon cancellation by Insured or BankDirect, do not require advance notice of cancellation to any party, other than any notice required to be given by BankDirect; (d) are in full force and effect and the premiums indicated are correct for the term of the Policies; (e) have not been financed on an installment payment plan provided by the insurance company(ies); (f) are all cancelable policies; (g) are written for a term of at least one year; (h) are not for personal, family or household purposes; and (i) have no exceptions other than those indicated and comply with BankDirect's eligibility requirements. All information in this Agreement pertaining to the Policies is complete and correct.
 - 9. Insured:** (a) has not paid for the Policies other than as described in this Agreement; (b) has received a copy of this Agreement; and (c) is not the subject of any proceeding in bankruptcy, receivership or insolvency, or if Insured is the subject of such a proceeding, it is noted on the Agreement in the space in which Insured's name and address is placed. All information in this Agreement pertaining to Insured is complete and correct.
 - 10. Miscellaneous.** Agent agrees to indemnify and pay BankDirect for and hold BankDirect harmless from and against any losses, costs, damages, fees and expenses (including reasonable attorneys' fees, court costs and collection costs) paid or incurred by BankDirect or its assignee as a result of or in connection with any untrue or misleading representation or warranty made by Agent hereunder, any breach by Agent of this Agreement, any error committed by Agent in completing or failing to complete any portion of this Agreement, or any violation by Agent of any applicable law. Agent shall promptly notify BankDirect of any unpaid increased premiums for the Policies. This Agreement is a valid and enforceable agreement between BankDirect and Agent and there are no defenses to it.

Name of Insured: Diocese of Buffalo

Total Premiums: \$884,359.44

Schedule of Policies

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY MM/DD/YY	NAME & CITY OF INSURANCE COMPANY AND NAME & CITY OF GENERAL AGENT OR COMPANY OFFICE	TYPE OF COVERAGE	POLICIES SUBJECT TO AUDIT (✓)	TERM IN MONTHS COVERED	MIN EARNED PREM	DAYS TO CANCEL	SHORT RATE (✓)	PREMIUM AMOUNTS
FM 1054-20	7/1/2019	National Catholic RRG Inc. 801 Warrenville Rd Suite 175 Lisle, IL 60532	PACKAGE		12	0%	10		Premium: \$430,314.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$0.00 Inspection: \$0.00
CEX0960163 503	7/1/2019	Berkley National Insurance Company CRC Swett 1 North Franklin 14th Floor Chicago, IL 60606	EXCESS LIABILITY		12	0%	10		Premium: \$82,000.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$0.00 Inspection: \$0.00
	7/1/2019	Broker Fees Two Conway Park 150 North Field Lake Forest, IL 60045	BROKER FEE		12	0%	10		Premium: \$64,475.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$0.00 Inspection: \$0.00
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									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
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PAGE 3 TOTALS									\$576,789.00