IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA

In re: SEA PALMS CONDOMINIUM COUNCIL OF CO-OWNERS,[1] Debtor.	Case Number: 26-02880-EG Chapter 11, Subchapter V

DEBTOR'S MOTION FOR AUTHORITY TO
(I) CONTINUE TO ADMINISTER INSURANCE POLICIES
AND RELATED AGREEMENTS; (II) HONOR CERTAIN OBLIGATIONS
IN RESPECT THEREOF; AND (III) FOR RELATED RELIEF

Sea Palms Condominium Council of Co-Owners (the "Debtor" or "Association") files *Debtor's Motion for Authority to (I) Continue to Administer Insurance Policies and Related Agreements; (II) Honor Certain Obligations in Respect Thereof; and (III) for Related Relief* (the "Motion"). The Motion seeks entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), authorizing the Debtor to continue administering insurance policies and agreements relating thereto, and pay certain claims, in the Debtor's discretion, to the extent they become due and payable during the pendency of Debtor's Chapter 11 Cases. In support of this Motion, the Debtor relies upon the *Declaration of Kent Lovett in Support of Debtor's Chapter 11 Petition and Applications for First Day Relief* (the "First Day Declaration") which has been filed with the Court on or about the date hereof and is incorporated herein, and respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

[1] The last four digits of the Debtor's tax identification number are 0191.

2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief sought herein are sections 105(a), 363, 503(b), 1107 and 1108 of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), and Rule 6004(h) of the Federal Rule of Bankruptcy Procedure (the "Bankruptcy Rules").

BACKGROUND

4. On June 26, 2026, the Debtor filed for protection under chapter 11 of the Bankruptcy Code. Debtor is operating its business and managing its affairs as debtor in possession pursuant to section 1184 of the Bankruptcy Code. No official committee has been appointed in the Chapter 11 Case and no request has been made for removal of the Debtor as debtor in possession.

5. The Association is an unincorporated association of owners at the Property (defined below) organized under the laws of the State of South Carolina.

6. The Bylaws for the Association were dated September 24, 1984, and recorded on October 10, 1984, in Book 302 at Page 249 with the Clerk of the Court's office for Colleton County, South Carolina (the "Clerk's Office").

7. The Association was created by the Declaration of Horizontal Property Regime, Master Deed and Bylaws, Sea Palms Condominium, Fairfield Ocean Ridge, Colleton County, South Carolina (the "Declaration of Horizontal Property Regime") dated September 24, 1984, and recorded on October 10, 1984 in Book 302 at Page 209 in the Clerk's Office. The Declaration of Horizontal Property Regime was amended by that certain Supplemental Declaration to Declaration of Horizontal Property Regime, Master Deed and By-Laws, Sea Palms Condominium, Fairfield Ocean Ridge, Colleton County, South Carolina ("Supplemental Declaration") dated July 22, 1985 and recorded on August 1, 1985 in Book 322 at Page 8 in the Clerk's Office; that certain Amendment to The Sea Palms Condominium Horizontal Property Regime, Elimination of Phase III ("Amendment") dated December 5, 1985 and recorded on December 16, 1985 in Book 334 at

Page 98 in the Clerk's Office; and that certain Second Amendment to Horizontal Property Regime, Master Deed and By-Laws, Sea Palms Condominium ("Second Amendment") dated December 8, 2023 and recorded on February 12, 2024 in Book 3285 at Page 226 in the Clerk's Office. The Declaration of Horizontal Property Regime, Supplemental Declaration, Amendment, and Second Amendment are collectively referred to as the "Declaration."

8. The Declaration submits the property identified in the Declaration to an interval ownership.

9. Pursuant to Section l of Article II of the Declaration, "*'Unit' shall have the same meaning as the term '"Apartment'" as used in this Declaration and defined in the [Horizontal Property] Act.*"

10. Pursuant to Section O(1) of Article II of the Declaration, "*'Interval Ownership' is a concept whereby Apartments and the share of common elements assigned to the Apartments are conveyed for periods of time, the purchaser receiving a stated time period for a period of years together with a remainder over in fee simple as a tenant in common with all other purchasers of "Unit Weeks" in each particular Apartment upon termination of the Interval Ownership program in accordance with this Master Deed.*"

11. Pursuant to Section O(3) of Article II of the Declaration, "*'Unit Weeks' shall consist of individual Unit Weeks which shall each be an interest in a Unit and shall thereby constitute an interest therein for stated periods of time per year for a stated number of years together with a remainder interest in the Apartment in fee simple.*"

12. Pursuant to Section O(4) of Article II of the Declaration, "*'Unit or Apartment Committed to Interval Ownership' shall be any Apartment sold under a plan of Interval Ownership.*"

13. Pursuant to Section O(2) of Article II of the Declaration, "*'Unit Week Owner' or 'Interval Owner' shall mean a person owning one or more of said Unit weeks, whether entirely or jointly or in common with others.*"

14. Pursuant to Section M of Article II of the Declaration, "'*Unit Week Purchaser' or 'Purchaser' shall mean any individual, person, corporation, partnership or other legal entity, including his or its heirs, assigns, or successors, who purchases a Unit Week from the Developer either by cash payment or by an installment sales contract.*"

15. Pursuant to Article II of the Declaration, "*Unless it is plainly evident from the context that a different meaning is intended, [] general common elements (generally referred to herein as common elements) [] shall have [] the meanings stated in said 'Horizontal Property Act.'*"[2]

16. Each Unit Week Owner or Interval Owner is also referred to herein individually as an "Association Member" and collectively as "Association Members."

17. The property subject to the Declaration, and governed by the Association, has its principal place of business at #1 King Cotton Road, Edisto Beach, South Carolina 29438; however, its physical address is 371-395 Sea Clouds Circle, Edisto Beach, SC 29438 and it is commonly known as *Sea Palms Condominium* (the "Property"). The Property consists of six (6) buildings containing between four (4) and six (6) Units each as well as common elements.

18. The Property is operated as a timeshare community. All Units are fully furnished, and each contains a full kitchen.

19. The Property contains twenty-five (25) total Units, which are operated as a timeshare. Each Unit contains fifty-two (52) Unit Weeks.

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[2] S.C. Code Ann. § 27-31-10 et seq.

20. There are 1,300 Unit Weeks at the Property.

21. As of May 8, 2026, the Association owns 58 Unit Weeks at the Property together with a concomitant share of the common elements (the "Association Interest"). The Association Interest comprises approximately 4.46% of the total Unit Weeks at the Property. The Association owns the Association Interest as a tenant-in-common with all Interval Owners at the Property. The Unit Weeks owned by the Association are sometimes referred to as maintenance weeks.

22. According to the records of the Association, as of May 8, 2026, First American Trust, FSB, as Trustee, Duly Appointed Under the Declaration of Trust for the Club Wyndham Access Vacation Ownership Plan ("First American Trust, as Trustee") owns 798 Unit Weeks at the Property, and a concomitant share of the common elements at the Property. First American Trust, as Trustee, owns approximately 61.38% of the total Unit Weeks at the Property. First American Trust, as Trustee, is a tenant in common with all other Interval Owners at the Property as well as the Debtor.

23. According to the records of the Association, as of May 8, 2026, Wyndham Vacation Resorts, Inc. ("WVR") owns 226 Unit Weeks at the Property, and a concomitant share of the common elements at the Property. WVR owns approximately 17.38% of the total Unit Weeks at the Property. WVR is a tenant in common with all other Interval Owners at the Property as well as the Debtor.

24. According to the records of the Association, as of May 8, 2026, the remaining 218 Unit Weeks, and a concomitant share of the common elements, are owned by other Interval Owners. These Interval Owners own approximately 16.78% of the total Unit Weeks at the Property as tenants in common with all other Interval Owners as well as the Debtor.

25. Upon information and belief, Club Wyndham Access Vacation Ownership Plan[3] has offered to acquire certain Interval Owners' Unit Weeks in the Property, in exchange for certain consideration. Debtor is not and will not be a party to any such transaction.

26. For a detailed description of Debtor and its businesses, Debtor respectfully refers the Court and parties in interest to the First Day Declaration.

RELIEF REQUESTED

27. Pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, Debtor, out of an abundance of caution, requests (a) authority, but not direction, to (i) maintain, renew, revise, extend, rollover, modify, supplement, increase, purchase or replace, in their sole discretion, the Insurance Policies and Programs (as defined below) in accordance with their past practice, and/or procure tail coverage, and (ii) honor the Insurance Obligations (as defined below), including by paying any prepetition Insurance Obligations in accordance with past practice during the Chapter 11 Cases; and (b) related relief.

DEBTOR'S INSURANCE POLICIES AND PROGRAMS

28. In connection with the historical operation of Debtor's business and the management of the Property, Debtor maintains certain insurance policies and pays all premiums,

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[3] Upon information and belief, pursuant to the Declaration of Covenants, Conditions and Restrictions; Grant and Reservation of Easements for Club Wyndham Access Vacation Ownership Plan ("CWA"), dated January 3, 2008, as amended, supplemented or restated from time to time (the "Club Declaration"), PTVO, a non-stock, non-profit corporation duly organized and existing under the laws of the State of Delaware, and Wyndham Vacation Resorts, Inc. created a multi-site timeshare program known as Club Wyndham Access. Upon information and belief, pursuant to a Declaration of Trust for CWA dated as of January 4, 2008, as amended, supplemented or restated from time to time, (the "Trust Declaration") PTVO Owners Association, Inc. ("PTVO") and WVR created an irrevocable trust to hold legal title to certain real property interests in one or more resort properties ("Club Properties") that have been subjected to the Club Declaration. Upon information and belief, the Club Properties are deeded to First American Trust, a Federal Savings Bank ("First American Trust"). Upon information and belief, First American Trust, as Trustee is the trustee under the Trust. Declaration. Upon information and belief, PTVO is the beneficiary under the Trust Declaration.

Deductibles (as defined below), and other obligations related thereto, broker or advisor fees, assessments, and taxes or other fees, are the "Insurance Obligations"),[4] including, but not limited to, the Insurance Policies and Programs listed on **Exhibit B**, through several different insurance carriers (collectively, the "Insurance Carriers").

29. Certain Insurance Policies and Programs are required by the various regulations, laws, and contracts that govern the Debtor's commercial activities. 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). Furthermore, the *Operating Guidelines and Reporting Requirements for Chapter 11 Cases*, United States Trustee for Region 8 (the "Trustee Guidelines"), adopted by the United States Trustee for the Middle District of Tennessee, require debtors to maintain insurance coverage throughout their chapter 11 cases. Debtor requests authority, but not direction, to maintain, renew, revise, extend, rollover, modify, supplement, increase, purchase or replace, as applicable, their Insurance Policies and Programs and to honor their Insurance Obligations as they come due, in the ordinary course and in accordance with past practice during the Chapter 11 Cases, as well as authority to procure tail coverage, if they determine in their business judgment that such action(s) is necessary or appropriate.

[4] For the avoidance of doubt, the term "Insurance Obligations" includes Debtor's obligations directly to their Insurance Carriers (as defined below) as well as their reimbursement of costs and expenses related to the Umbrella Policy (as defined below) and the Environmental Policies (as defined below).

A. Insurance Policies and Audits

(i) Insurance Policies[5]

30. The Debtor maintains several insurance policies as procured for Debtor by the Property Manager pursuant to the Management Agreement, as well as an additional policy procured and maintained directly by the Debtor. The Insurance Policies and Programs provide coverage related to, among other things, commercial real property coverage, general liability, automobile, excess liability, umbrella, directors' and officers' liability, and property liability (collectively, and as described more fully below, the "Insurance Policies"). The Debtor maintains the Insurance Policies to help manage and limit the various risks associated with owning the Properties, which is essential to the preservation of the value of Debtor's estate.

31. The Debtor, as additional named insureds, maintain several forms of insurance coverage by operation of an umbrella/general liability coverage policy (the "Umbrella Policy") purchased by Travel + Leisure Resort Development, Inc. ("T+L"). This policy includes, among other things, commercial real property coverage, as well as commercial general liability, automobile, and umbrella liability coverages. The Umbrella Policy for the Debtor expires on May 1, 2027. The Debtor pays for its portion of the coverage thereunder in two installments—generally in May and July of each year. With respect to the Umbrella Policy, the Debtor paid approximately $132,092.90. for its share of premiums over the twelve (12) months prior to the Petition Date. During this period, the Debtor made no claims against the Umbrella Policy, so it incurred no deductible with respect thereto.

[5] The Debtor also maintains an additional insurance policy covering the Properties with respect to environmental pollution risks (the "Environmental Policies"). These policies are provided by Travel + Leisure, Co. to cover risks to the Property Manager with respect to all of the properties it manages (including the Properties), and, therefore, the Debtor isnot named insureds or beneficiaries under the policies.

32. The Debtor has also purchased an Insurance Policy to provide coverage for their respective directors' and officers' liability through HDI Global Specialty SE (collectively, the "D&O Policies"). The terms of the D&O Policies provide coverage in the aggregate of up to $5 million and is set to expire on May 22, 2027. The annual premium is $7,950.00, paid in a single annual installment through the Insurance Broker (as defined below).

33. In total, during the twelve (12) months preceding the Petition Date, Debtor paid approximately $174,374 in aggregate insurance premiums. Debtor does not anticipate any amounts coming due within the first 30 days after the Petition Date.

34. Certain of the Insurance Policies require the Debtor to pay a per-incident deductible (collectively, the "Deductibles"). Generally, if a claim is made against one of the Debtor's Insurance Policies, Debtor will pay the Deductible/Self Insured Retention ("SIR") to the applicable Insurance Carrier and the Insurance Carrier will administer the claim and make any payments in connection therewith. As noted above, during the twelve (12) months preceding the Petition Date, the Debtor has not made any payments on account of Deductibles.

35. Debtor requests authority to continue honoring their Insurance Obligations to the Insurance Policies in accordance with past practice, including authority to pay any amounts that may be due and owing prior to the Petition Date or that come due and owing under any of the Insurance Policies. In addition, Debtor requests authority, but not direction, to maintain, renew, revise, extend, rollover, modify, supplement, increase, purchase or replace, as applicable, their Insurance Policies and Programs in accordance with past practice during the Chapter 11 Cases, as well as authority to procure tail coverage, if the Debtor determines in its business judgment that such action(s) is necessary or appropriate.

(ii) Audits

36. Certain of the Insurance Policies provided by T+L are subject to quarterly premium audits to ensure sufficient coverage is in place ("Audits"). These Audits may result in additional prepetition Insurance Premiums being due and payable by Debtor during the pendency of the Chapter 11 Cases (such additional Insurance Premiums, "Audit Amounts"). As of the Petition Date, the Debtor does not anticipate owing any additional Audit Amounts. Nevertheless, by this Motion, Debtor seeks authority, but not direction, to satisfy all such Audit Amounts in accordance with their past practices to the extent any may arise.

B. Insurance Broker

37. In connection with the Insurance Policies and Programs, the Debtor seeks to utilize the services of Stephens Insurance, LLC (the "Insurance Broker") to assist with the procurement and negotiation of certain Insurance Policies and Programs. The Insurance Broker also remits certain premium payments to the Insurance Carriers on behalf of the Debtor for the current policy periods. Finally, the Insurance Broker assists the Debtor with identifying and reviewing claims before they are reported to the Insurance Carriers. Though the Insurance Broker works primarily with the Property Manager and/or T+L (and contracts directly with T+L rather than Debtor) with respect to the Umbrella Policy, the Debtor also utilize the Insurance Broker's services directly with respect to obtaining the D&O Policies.

38. In exchange for their services, the Insurance Broker is paid certain fees (the "Broker's Fees")[6] on a commission basis, which are earned by the Insurance Broker upon inception of the applicable policy term and are typically included in the cost of the premium for

[6] For the avoidance of doubt, the term "Broker's Fees" includes all amounts Debtor pays directly to the Insurance Broker as well as the Debtor's obligations to reimburse for its respective portions of the fees due to the Insurance Broker on account of the Umbrella Policy.

such Insurance Policies and Programs. In general, T+L pays the Broker's Fees and certain Insurance Premiums and passes the costs along to the Debtor for reimbursement on account of the Umbrella Policy; however, with respect to the D&O Policies, the Debtor pays the Insurance Broker the Broker's Fees directly. Last year, the Debtor paid Broker's Fees in the amount of $450.

39. As of the Petition Date, Debtor is not aware of any outstanding prepetition amounts owed to the Insurance Broker (or to T+L for reimbursement) on account of the Broker's Fees. However, because of the Insurance Broker's integral role in connection with the maintenance and administration of the Debtor's Insurance Policies and Programs, the Debtor requests authority, but not direction, to continue utilizing their services and to pay any Broker's Fees that may become due and payable in accordance with Debtor's past practice. Debtor does not believe any Broker's Fees are due and owing as of the Petition Date and do not anticipate any Broker's Fees coming due within 30 days thereafter.

AUTHORITY FOR RELIEF

A. Maintenance of Insurance Policies and Programs and Payment of Insurance Obligations Is Warranted Under Section 363(b)(1) of the Bankruptcy Code and the Doctrine of Necessity

40. A bankruptcy court may authorize a debtor to pay certain prepetition obligations pursuant to 11 U.S.C. § 363(b)(1). Section 363(b) provides, in pertinent part, 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[.]" To approve the use of assets outside the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, courts require only that the debtor "show that a sound business purpose justifies such actions." *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999), *accord In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987).

41. In addition, the Court has the authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize the relief requested herein because such relief is necessary for the Debtor to comply with the requirements of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code empowers bankruptcy courts to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." Bankruptcy courts have invoked the equitable power of section 105 to authorize the postpetition payment of prepetition claims where such payment is necessary to preserve the value of the debtor's estate. *See*, *e.g.*, *Tropical Sportswear Int'l Corp.*, 320 B.R. 15, 20 (Bankr. M.D. Fla. 2005) ("Bankruptcy courts recognize that section 363 is a source for authority to make critical vendor payments, and section 105 is used to fill in the blanks."). The purpose of section 105 of the Bankruptcy Code is to ensure that the bankruptcy court has the power "to take whatever action is appropriate or necessary in aid of the exercise of [its] jurisdiction." 2 COLLIER ON BANKRUPTCY ¶ 105.01 (16th ed. 2024).

42. Under this "doctrine of necessity" (or the "necessity of payment" doctrine), the Court may authorize the payment of prepetition claims when such payment is essential to the preservation of the value of the debtor's estate. *See, e.g., In re Just for Feet, Inc*., 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of Bankruptcy Code provides a statutory basis for payment of prepetition claims under the doctrine of necessity, particularly when such payment is necessary for the debtor's survival during chapter 11); *In re NVR LP*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) ("[T]he court can permit pre-plan payments of a pre-petition obligation when essential to the continued operation of the debtor."). In a long line of well-established cases, courts consistently have utilized this authority to permit the payment of prepetition obligations where such payment is necessary to preserve or enhance the value of a debtor's estate for the benefit of

all creditors. *See, e.g., Miltenberger v. Logansport, C&S W.R. Co.*, 106 U.S. 286, 312 (1882) (holding that payment of a pre-receivership claim prior to reorganization was permitted to prevent "stoppage of the continuance of [crucial] business relations"); *In re Payless Cashways, Inc.*, 268 B.R. 543, 546 (Bankr. W.D. Mo. 2001) (authorizing payment of certain prepetition debts under the doctrine of necessary when "the payment of those claims was necessary to keep the debtor in business"); *In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that "if payment of a claim which arose prior to reorganization is essential to the continued operation of the … [business] during reorganization, payment may be authorized even if it is made out of [the] corpus"); *Dudley v. Mealey*, 147 F.2d 268, 271 (2d Cir. 1945) (extending doctrine for payment of prepetition claims beyond railroad reorganization cases); *Mich. Bureau of Workers' Disability Comp. v. Chateaugay Corp.* (*In re Chateaugay Corp.*), 80 B.R. 279, 285–86 (S.D.N.Y. 1987) (approving a lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

43. Continued payment of all Insurance Obligations is justified by the Debtor's business judgment as well as being a necessary cost of preserving the Debtor's estate. First and foremost, maintenance of the insurance policies simply makes good sense. As noted in the First Day Declarations, Debtor has commenced these Chapter 11 Cases to pursue a sale of the Property. As such, the Property is the most important asset in the estate and to the Association Members. If the Debtor's insurance coverage with respect to the Properties were to lapse, a single calamity could result in a loss of the vast majority of the value of the Debtor's estate to the detriment of the Association Members and other stakeholders. As such, it is imperative that the Debtor continues the coverage provided by the Insurance Policies and Programs during the course of these Chapter 11 Cases.

44. Moreover, the Debtor must maintain the Insurance Policies and Programs in order to comply with section 1112(b)(4)(C) of the Bankruptcy Code, the Trustee Guidelines, as well as state law. *See*, *e.g.*, 28 U.S.C. § 959(b) (obligating chapter 11 debtors under federal law to operate their business and manage their property according to the laws of the states where such business and property is located). Thus, any lapse in coverage would not only be unwise, but it would be illegal.

45. Even where coverage is not expressly required by law, the Debtor nevertheless is compelled by sound business practices to maintain essential insurance policies. Any interruption to such coverage could expose the Debtor to a variety of risks, including: (a) the possible incurrence of direct liabilities for the payment of claims that otherwise would have been covered by the Insurance Policies; (b) the possible inability to obtain similar insurance coverage; and (c) the possible incurrence of higher costs for re-establishing such coverage after it lapses. In short, the continuance and maintenance of the Insurance Policies and Programs is a sound exercise of the Debtor's business judgment and fully supported by the facts and circumstances of these cases. *See* 11 U.S.C. § 1107(a); *see also Lange v. Schropp (In re Brook Valley VII, Joint Venture)*, 496 F.3d 892, 900 (8th Cir. 2007) (noting that debtors in possession owe fiduciary duties to the bankruptcy estate).

46. Authority to continue maintaining the Insurance Policies and Programs and to pay all Insurance Obligations, including any unpaid Insurance Obligations arising prior to the commencement of these Chapter 11 Cases, is critical to the Debtor's ability to preserve the value of the estate, which will inure to the benefit of all parties in interest. The relief requested by this Motion represents a sound exercise of the Debtor's business judgment, is necessary to avoid irreparable harm to the Debtor's estate and is justified under sections 363(b) and 105(a) of the

Bankruptcy Code. Accordingly, authorizing the Debtor to pay prepetition amounts related to the Insurance Obligations is in the best interests of the Debtor, its estate, its creditors, and its economic stakeholders.

B. Section 363(c)(1) of the Bankruptcy Code Authorizes Debtor to Continue Its Insurance Policies and Programs During the Pendency of the Chapter 11 Cases

47. The Bankruptcy Code authorizes the Debtor to maintain its Insurance Policies and Programs and to continue usage of the Insurance Broker and to renew such arrangements, as necessary. Under section 363(c)(1) of the Bankruptcy Code, a debtor in possession may "enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The Debtor historically maintained, supplemented, amended, extended, renewed, revised, rolled-over, and/or replaced its Insurance Policies in the ordinary course of business, meaning such actions fall squarely within the parameters of section 363(c)(1).

48. Moreover, as further described above, Debtor has compelling reasons to continue all of its Insurance Policies and Programs, as without them, the estate would be immediately exposed to potentially devastating liabilities. Further, attempting to replace the policies after they lapse may prove costly or be unavailable to the Debtor.

49. Finally, the services provided by the Insurance Broker are critical to ensuring that the Debtor obtains the necessary coverage on advantageous terms at competitive rates, and such services could not be replaced expeditiously. The Insurance Broker is intimately familiar with the Debtor's Insurance Policies and Programs and Insurance Obligations. Losing the services provided by the Insurance Broker would result in inefficiencies and would detract from efficient administration of these Chapter 11 Cases.

50. For the foregoing reasons, the Debtor requests authority, but not direction, to maintain, renew, revise, extend, rollover, modify, supplement, increase, purchase or replace, as applicable, its Insurance Policies and Programs and to honor its Insurance Obligations (including Broker's Fees) as they come due, in accordance with the Debtor's past practice during the Chapter 11 Cases, as well as authority to procure tail coverage, if the Debtor determines in its business judgment that such action(s) is necessary or appropriate, without further Court Approval.

REQUEST FOR WAIVER OF BANKRUPTCY RULES 6004(a) AND 6004(h)

51. To implement the foregoing successfully, the Debtor requests that the Court find that notice of this Motion is adequate under Bankruptcy Rule 6004(a) under the circumstances and waive the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As described above and in the First Day Declarations, the relief requested herein is necessary to avoid irreparable harm to the Debtor. Accordingly, ample cause exists to find that the notice requirements under Bankruptcy Rule 6004(a) have been satisfied and to grant a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

RESERVATION OF RIGHTS

52. Nothing contained herein is intended to be or shall be deemed as (a) an implication or admission as to the validity of any claim against the Debtor; (b) a waiver or limitation of the Debtor's or any party in interest's rights to dispute the amount of, basis for, or validity of any claim; (c) a waiver of the Debtor or any other party in interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law; (d) a waiver of the obligation of any party in interest to file a proof of claim; (e) an agreement or obligation to pay any claims; (f) a waiver of any claims or causes of action which may exist against any creditor or interest holder; (g) an admission as to the validity of any liens satisfied pursuant to this Motion; or (h) an approval, assumption, adoption,

or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtor's or any other party in interest's rights to dispute such claim subsequently.

NOTICE

53. No trustee, examiner, or creditors' committee has been appointed in this Chapter 11 Case. In compliance with the Bankruptcy Code and Bankruptcy Rules, a copy of the proposed order accompanying this Motion has been or will immediately be served by facsimile, email, overnight mail, or hand delivery on: (i) the Office of the United States Trustee for the District of South Carolina; (ii) the Subchapter V trustee; (iii) the holders of the 20 largest claims against each Debtor; (iv) the Office of the United States Attorney for the District of South Carolina; (v) the Internal Revenue Service; (vi) the Secretary of State for the State of South Carolina; (vii) all statutory committees appointed in the case (if any); (viii) the Insurance Carriers and Insurance Broker; and (ix) all parties requesting notice under Bankruptcy Rule 2002. Debtor submits that, given the nature of the relief requested, no other or further notice need be given.

54. No previous application for the relief requested herein has been made by Debtor to this or any other court.

WHEREFORE, Debtor respectfully requests that the Court enter an order substantially in the form of the Proposed Order (i) granting the relief requested in this Motion, and (ii) granting such other relief as the Court deems just and proper.

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Date: June 26, 2026

Respectfully submitted,

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Proposed Counsel for Debtor and Debtor-in-Possession

EXHIBIT A

(Proposed Order)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA

In re: SEA PALMS CONDOMINIUM COUNCIL OF CO-OWNERS,[1] Debtor.	Case Number: 26-02880-EG Chapter 11, Subchapter V

ORDER GRANTING DEBTOR'S MOTION FOR AUTHORITY TO (I) CONTINUE TO ADMINISTER INSURANCE POLICIES AND RELATED AGREEMENTS; (II) HONOR CERTAIN OBLIGATIONS IN RESPECT THEREOF; AND (III) FOR RELATED RELIEF

THIS MATTER came before the Court for hearing (the "Hearing") on_____, 2026 upon *Debtor's Motion for Authority to (I) Continue to Administer Insurance Policies and Related Agreements; (II) Honor Certain Obligations in Respect Thereof; and (III) for Related Relief* (Doc. No. 11) (the "Motion")[2] filed by Sea Palms Condominium Council of Co-Owners ("Debtor"). Having considered the Motion and the representations in the First Day Declaration, together with the representations of the parties in interest at the Hearing, and for the reasons stated in open court at the Hearing, the Court finds good cause exists to grant the relief sought in the Motion. Accordingly, it is

ORDERED:

1. The Motion (Doc. No. __) is **GRANTED**.

2. Debtor is authorized, but not directed, to pay, in the ordinary course of business as such obligations become due, all Insurance Obligations (including amounts owed to the Insurance Brokers) arising under or relating to the Insurance Policies and Programs, including any new

[1] The last four digits of the Debtor's tax identification number are 0191.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

Insurance Policies and Programs, without regard to whether such Insurance Policies and Programs are listed in **Exhibit B** to the Motion, and without regard to whether accruing or relating to the period before or after the Petition Date.

3. Debtor is further authorized, but not directed, to maintain its Insurance Policies and Programs in accordance with practices and procedures that were in effect before the commencement of the Chapter 11 Case.

4. Debtor is further authorized, but not directed, to maintain, renew, revise, extend, rollover, modify, supplement, increase, purchase or replace, or obtain new Insurance Policies, and to take any and all similar appropriate actions in connection therewith, in the ordinary course of business, and to procure tail coverage, in furtherance of protecting the property of Debtor's estate.

5. Each of the Banks at which Debtor maintains its accounts is authorized to (a) receive, process, honor, and pay all checks presented for payment and all fund transfer requests as directed by Debtor on account of the relief granted herein, to the extent that sufficient funds are on deposit in those accounts, whether such checks were presented or fund transfers were submitted before, on or after the Petition Date, and (b) accept and rely on Debtor's designation of any particular check or electronic payment request as appropriate pursuant to the Motion without any duty of further inquiry and without liability for following Debtor's instructions.

6. Debtor is authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, on account of Insurance Obligations, as set forth herein, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Chapter 11 Case.

7. Nothing contained in the Motion or this Order or any payment made pursuant to the authority granted by this Order is intended to be or shall be deemed as (a) an implication or

admission as to the validity of any claim against Debtor; (b) a waiver of Debtor's or any party in interest's rights to dispute the amount of, basis for, or validity of any claim; (c) a waiver of Debtor's or any party in interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law; (d) a waiver of the obligation of any party in interest to file a proof of claim; (e) an agreement or obligation to pay any claims; (f) a waiver of any claims or causes of action which may exist against any creditor or interest holder; (g) an admission as to the validity of any liens satisfied pursuant to the Motion; or (h) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code.

8. Notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party.

9. The requirements of Bankruptcy Rule 6003(a) have been satisfied.

10. Notice of the Motion satisfies the requirements of Bankruptcy Rule 6004(a).

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

12. Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

13. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

# # #

EXHIBIT B

(Insurance Policies and Programs)[1]

TYPE OF POLICY COVERAGE	INSURANCE CARRIER(S)	POLICY NUMBER	POLICY TERM[2]
Commercial Property, General Liability, Automobile, Umbrella Liability[3]	Starr Indemnity & Liability Company Starr Surplus Lines Insurance Company Lloyds of London AIG Specialty Insurance Company	1000100131261 1000198193261 1000699969261 B1230AP566189A26 014956104 025032686 1000699969251 1000589683261 AEC-0950965-06 G75566591 001 P-001-00163181-02 0314-6823	5/1/2026 – 05/1/2027

[1] These tables do not include the Environmental Policy insuring Travel + Leisure, Co., as the Debtor is not named parties under the policy.

[2] Policy end dates may include extensions.

[3] Provided through T+L.