IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

IN RE:	)	Case No. 26-31894
	)	
LOURDES UNIVERSITY,	)	CHAPTER 11
	)	
Debtor-in-Possession.	)	Judge Mary Ann Whipple

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

IN RE:	)	Case No. 26-31895
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LOURDES PROPERTIES, LLC,	)	CHAPTER 11
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Debtor-in-Possession.	)	Judge Mary Ann Whipple

MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING LOURDES UNIVERSITY TO PAY (A) PREPETITION EMPLOYEE OBLIGATIONS AND (B) PREPETITION WITHHOLDING OBLIGATIONS, (II) AUTHORIZING LOURDES UNIVERSITY TO CONTINUE ITS SEVERANCE PROGRAM AND ITS EMPLOYEE BENEFIT PROGRAMS, (III) DIRECTING BANKS TO HONOR RELATED PREPETITION TRANSFERS, AND (IV) GRANTING RELATED RELIEF

Lourdes University, the above-captioned debtor and debtor-in-possession (the "Debtor")[1], by and through its proposed attorneys Cullen and Dykman LLP, hereby submits this motion (the "Motion") pursuant to sections 105, 363, 507, 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 9013-1 of the Local Bankruptcy Rules for the Northern District of Ohio (the "Local Rules") for entry of an order (i) authorizing the Debtor to pay (a) certain prepetition employee obligations, and (b) prepetition withholding

[1] Only Lourdes University is seeking the relief herein, since Lourdes Properties has no employees.

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obligations and payroll taxes, (ii) authorizing the Debtor to continue its severance program and its employee benefit programs to its employees; (iii) directing banks to honor prepetition transfers related to the foregoing, and (iv) granting related relief. In support of the Motion, the Debtor respectfully represents as follows:

INTRODUCTION

1. On August 10, 2026 (the "Petition Date"), the Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code.

2. The Debtor remains in possession of its property and continues in the operation and management of its business as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On the Petition Date, an affiliate of the Debtor, Lourdes Properties, LLC, also filed a petition for chapter 11 relief. A Motion for Joint Administration of the two Debtors' cases was filed on the Petition Date.

4. No official committee of unsecured creditors has been appointed by the Office of the United States Trustee for the Northern District of Ohio in these in this chapter 11 case.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

6. The statutory predicates for the relief sought herein are sections 105, 363, 507, 1107 and 1108 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004.

BACKGROUND

7. Lourdes University, an Ohio nonprofit corporation (the "University"), has been a sponsored ministry of the Sisters of St. Francis, Sylvania Ohio ("SOSF") for the past 68 years.

The University began as a Junior College, eventually becoming a College and later a University. Over the past ten years, the University has struggled financially and survived only by increasingly large financial contributions and loans from the SOSF. As the Sisters themselves have aged and their community has diminished in number, this financial burden has become untenable. Accordingly, Lourdes University is in the process of closing, and its insolvency cannot be mitigated or addressed other than through bankruptcy proceedings.

8. A full background of the events leading up to the filing of these cases is set forth in the Declaration of Sister Nancy Linenkugel, OSF, DM filed on the Petition Date, and is incorporated herein by reference.

RELIEF REQUESTED

9. By this Motion, the Debtor seeks authority, in its discretion, to pay and/or honor in the ordinary course of business, (a) all prepetition wage claims, including severance claims, of employees up to the statutory cap of $17,150 per employee, and (b) all prepetition withholding obligations and payroll taxes related to such wages. The Debtor similarly seeks authority to continue its severance program and its employee benefit programs that were in place prior to the Petition Date.

10. The Debtor also requests that the Court enter an order directing all banks to honor the Debtor's prepetition checks or electronic transfers for payment of the foregoing, and prohibiting banks from placing any holds on, or attempting to reverse, any automatic transfers on account of the foregoing. Finally, the Debtor requests authority, in its discretion, to issue new postpetition checks or effect new postpetition fund transfers on account of its prepetition obligations to its employees to replace any prepetition checks or fund transfer requests that may be dishonored or rejected inadvertently.

11. The Debtor has reduced its workforce to only 59 employees as of the Petition Date from its prior workforce of 276[2]. These remaining employees are primarily rank and file employees and faculty, many of whom live paycheck to paycheck, and are essential to operate in chapter 11, to provide information and documents for motions and schedules, and to move toward an ultimate plan of liquidation. Absent the relief requested herein, not only would the employees suffer personal hardship, but the Debtor's liquidation efforts would suffer.

12. In addition, the filing of a chapter 11 petition is a stressful and uncertain time for a debtor and its employees. In this case, honoring the pre-petition employee obligations described herein will minimize the hardship that the employees would otherwise endure if payroll and benefit programs were interrupted. The Debtor therefore believes that the continued payment of prepetition employee obligations in the ordinary course of business is both critical and justified based on the importance of the employees to the Debtor's operations.

I. Payment of Employee Wages and Withholding Obligations

Wages

13. As of the Petition Date, the Debtor's aggregate workforce consisted of approximately 59 employees, 45 of which are regular and 14 of which are hourly paid employees.

14. As time goes by, the Debtor has less and less employees who are entitled to wages. The Debtor's gross payroll for the employees for the next payroll date is approximately \$139,745.63[3] (the "Wages"). The Debtor's payroll process is administered in-house. The employees are paid on the fifteenth (15th) and thirty first (31st) of each month from a separate

[2] There will be further reductions in workforce during the coming months, making the remaining employees even more valuable.

[3] This amount varies based on the payroll for hourly employees during any given pay period.

payroll account (Account No. 4854) held at Signature Bank. For salaried employees, the payments are for the two-week period ending the date on which payroll is paid. For hourly employees, the payments are for the two-week period ending on the date of the prior payroll.

15. The first payroll date following the Petition Date is Saturday, August 15, 2026, and will be made on Friday, August 14, 2026, covering unpaid Wages for the time period of August 1 through August 15, 2026 for salaried employees, nine (9) of those days being pre-petition. For hourly workers, the August 15 payroll covers the period of July 15 through July 31, 2026, all of which is pre-petition. The Debtor therefore estimates that, prior to the Petition Date, the salaried and hourly employees will have accrued pre-petition Wages in the aggregate amount of approximately $137,127. As of the Petition Date, no employee is owed pre-petition Wages in an amount exceeding the $17,150 priority cap imposed by section 507(a)(4) of the Bankruptcy Code.

Withholding Obligations and Payroll Taxes

16. In connection with its payroll the Debtor, as employer, is required by law to withhold federal, state and local taxes, including Social Security taxes, unemployment taxes, Medicare taxes, and when appropriate, garnishments (collectively, the "Withholding Obligations") from Wages for remittance to appropriate authorities in accordance with the Internal Revenue Code and applicable state law. The Debtor's estimated total Withholding Obligations for the August 15, 2026 payroll are approximately $26,189.

17. In addition, the Debtor is required to match, from their own funds, the Social Security and Medicare taxes and pay, based on a percentage of gross payroll and subject to state-imposed limits, additional amounts for state and federal unemployment insurance (the "Payroll Taxes") and remit the same to the appropriate authorities. The Debtor pays these Payroll Taxes

in accordance with the Internal Revenue Code and applicable state law. The Debtor's estimated total obligation for Payroll Taxes for the August 15, 2026 payroll is approximately $9,312.

18. Prior to each payroll, the Debtor's payroll account is funded with the gross wages due employees as well as the calculated withholdings and taxes for that upcoming payroll. Once funded, the Debtor makes ACH payments of the net payroll into each employees' direct deposit accounts. In addition, the Debtor's payroll provider, Paylocity, retains the Withholding Obligations and Payroll Taxes, and submits the Withholding Obligations and the Payroll Taxes to the appropriate agency as and when required.

19. The Debtor believes that the withholdings and taxes, while in the Debtor's possession, constitute monies held in trust and therefore do not constitute property of the Debtor's bankruptcy estate. Moreover, the Withholding Obligations and Payroll Taxes likely give rise to priority claims pursuant to section 507(a)(8) of the Bankruptcy Code if not paid.

Severance Program

20. Approximately six (6) months ago, the Debtor entered into Severance Agreements (the "Severance Program") with all of their employees (most of whom are rank and file and faculty), pursuant to which the employees would receive severance payments upon their termination of between $3,280 and $54,500, a well as a $2000 health stipend and continued use of their laptop computers (the "Severance"). The Severance has been paid on a schedule dependent upon when the employee leaves the Debtor's employ. It is currently anticipated that Severance Payments remain to be paid together with several payrolls between August 15, 2026 and December 31, 2026. However, it is possible that the employment of a small number of employees may extend beyond their original termination date and, if so, Severance Payments for

such employees would be included in the first payroll after termination of their employment. The entirety of the post-petition Severance payments to be made amount to $584,923.

21. This Severance Program recognized the importance of each one of the employees to the Debtor's operations as a noted University, no matter what role they played, and is in keeping with the Debtor's mission. Further, if continuance of the Severance Program is approved, SOSF have agreed to provide funds to the University equal to the amount of the postpetition Severance payments without any requirement that such funds be repaid.[4] So continuance of the Severance Program will not have any net negative economic impact on the Debtors.

22. Given that there is no net negative economic impact on the Debtor of continuing the Severance Program, every employee has participated in the Severance Program, and the Program keeps with the Debtor's mission, the Debtor believes that the Court should authorize its continuation.

23. As stated above, the Debtor believes that all of its employees hold priority claims with respect to their accrued but unpaid prepetition Wages pursuant to section 507(a)(4) of the Bankruptcy Code. To the extent that the any employee goes over that amount, the Debtor submits that since the Severance is being advanced to the University by the SOSF, and the Severance does not have to be repaid, the payments should still be authorized. Due to the critical

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[4] Prior to the Petition Date, the SOSF made a $650,000 loan (the "$650,000 Loan") to the University, guaranteed by Lourdes Properties and secured by certain real estate owned by the Debtors The proceeds of the $650,000 loan were used by the University to fund Severance payments to employees. Prior to the Petition Date, the SOSF also made a line of credit available to the Debtors in a maximum amount of $2,600,000, of which in excess of $2,000,000 (the "Line of Credit Loans") was outstanding on the Petition Date The Line of Credit Loans are also secured by certain real estate owned b the Debtors. The total amount of prepetition Severance payments was $848,219.00. The University and the SOSF have an agreement that, subject to approval of this Court of a release of any claims against the recipients of the prepetition Severance payments for avoidance of such payments, the SOSF will release the $650,000 Loan as well as an amount of Lien of Credit Loan equal to the total of the prepetition Severance payments minus the principal and interest due on the $650,000 Loan The Debtor intends on shortly moving under Bankruptcy Rule 9019 for approval of the agreement with the SOSF.

importance of paying the employees, the Debtor requests authority to pay the Wages due and owing to them for the prepetition period as well as any Withholding Obligations and Payroll Taxes associated with the Wages, and to continue the Severance Program.

II. **Employee Benefit Programs**

24. The Debtor provides certain Employee Benefit Programs and other employment-related policies and practices to all employees in the ordinary course of business which they seek to continue during the post-petition period.

Health Care Programs

25. The Debtor offers employer-funded health insurance through Christian Brothers Services (the "Health Care Programs"). The Health Care Programs include medical, dental and life insurance premiums. The Debtor's expected cost for the Health Care Programs in August 2026 is approximately $53,860.

26. By this Motion, the Debtor seeks authority, in its sole discretion, to continue to provide the Health Care Programs for its employees in the ordinary course of business and to continue to honor obligations under such programs including, without limitation, the payment of all amounts owed under the Health Care Programs to the extent that any may be owed related to the prepetition period.

Paid Time Off

27. The Debtor provides their employees with paid time off vacation benefits that allow salaried employees with paid time off, the amount of which varies between salaried and hourly employees and their years of service. Employees are also offered paid time off for illness, personal reasons, and paid holidays.

28. By this Motion, the Debtor seeks authority, in its sole discretion, to continue to honor their paid vacation and holiday policies (the "PTO Policies") in the ordinary course of business during this chapter 11 case.

III. Direction to Banks

29. In order to effectuate these payments, the Debtor requests that the Court authorize and direct the banks with which the Debtor maintains accounts relating to its employee obligations to receive, process, honor, accept and pay any and all checks or electronic transfers drawn on the Debtor's accounts related to wage and withholding obligations, including the proposed payments outlined above, whether presented before or after the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments, and provided that it is within the DIP Loan parameters and the Budget with respect thereto.

30. Finally, the Debtor requests that the Court authorize the Debtor to issue new postpetition checks or effect new postpetition fund transfers on account of their prepetition obligations to employees to replace any prepetition checks or fund transfer requests that may be dishonored or rejected inadvertently. The Debtor submits that this relief is integral in order to implement the relief sought by this Motion.

BASIS FOR RELIEF REQUESTED

31. By this Motion, the Debtor seeks authority pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and the "necessity of payment" doctrine to pay outstanding prepetition obligations to its employees. 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). Section 105(a) of the Bankruptcy Code further empowers the Court to "issue any order, process, or judgment that is necessary or

appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Accordingly, the Court is authorized to grant the relief requested herein.

32. A bankruptcy court's use of its 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." In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). "Under Section 105, a court can permit pre-plan payment of pre-petition obligations when essential to the continued operation of the debtor." In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (citing In re Ionosphere Clubs, 98 B.R. at 177); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (recognizing the "general practice" of bankruptcy courts "permit[ting] the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment") (*citing In re Structurlite Plastics Corp.,* 86 B.R. 922 (Bankr. S.D. Ohio 1988)).

33. The "necessity of payment" doctrine further supports the relief requested herein. This doctrine recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor. In re Ionosphere Clubs, 98 B.R. at 176; see also In re Chateaugay Corp., 80 B.R. 279 (S.D.N.Y. 1987); In re Just For Feet, Inc., 242 B.R. 821, 825-26 (D. Del. 1999) ("[n]ecessity of payment doctrine recognizes that paying certain prepetition claims may be necessary to realize the goal of chapter 11 – a successful reorganization"). This doctrine is consistent with the paramount goal of chapter 11 –"facilitating the continued operation and rehabilitation of the debtor . . . ." In re Ionosphere Clubs, 98 B.R. at 176. *See In re Murray Metallurgical Coal Holdings, LLC*, 613 B.R. 442, 451 (Bankr. S.D. Ohio 2020) (explaining that the "doctrine of necessity" or the "necessity of payment" rule "recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential to the continued operation of the debtor"); *Matter of Holly's, Inc.*, 140 B.R. 643, 677, fn. 56 (Bankr. W.D. Mich. 1992) ("[P]ostpetition payment of prepetition debt is sometimes allowed under the 'necessity of payment' doctrine.") (*citing Ionosphere Clubs*, 98 B.R. at 176)); *In re Visicon S'holders Tr.*, 478 B.R. 292, 310 (Bankr. S.D. Ohio 2012) (acknowledging that pre-petition payments of unsecured creditors "may only be made upon court authorization based upon the equitable doctrine of necessity"); *Structurlite Plastics*, 86 B.R. at 932 (recognizing that in rare instances the payment of pre-petition debt may be "absolutely vital" to a debtor's reorganization where, absent payment, the debtor's rehabilitative effort would be immediately aborted) (*citing In re Structurlite Plastics Corporation*, 86 B.R. 922 (Bankr. S.D. Ohio 1988)).

34. Courts have also permitted postpetition payment of prepetition claims pursuant to section 105(a) of the Bankruptcy Code in situations where non-payment of prepetition obligations would trigger a withholding of goods or services essential to the debtor's business reorganization plan. See In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981) (noting that "necessity of payment doctrine . . . permit[s] immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their prepetition reorganization claims shall have been paid"); In re UNR Industries, Inc., 143 B.R. 506, 520 (Bankr. N.D. Ill. 1992) (permitting the debtor to pay prepetition claims of suppliers or employees whose continued cooperation is essential to the debtor's successful reorganization).

35. In order to achieve a successful winddown, the Debtor requires its employees to continue working in the ordinary course of business and in the same manner that the employees

performed their respective services to the Debtor prior to the Petition Date. The requested authority to continue to pay the Employees' Wages and maintain Employee Benefit Programs, is necessary to ensure that the Debtor can retain their services at a time when they are clearly needed. The "necessity of payment" doctrine authorizes the relief requested in this Motion because the employees are indispensable to the Debtor's successful chapter 11 case.

36. In addition, the Debtor believes that the unpaid prepetition Wages and other benefits earned within the one hundred eighty (180) days prior to the Petition Date for which payment is sought hereunder are entitled to priority status under sections 507(a)(4) and (a)(5) of the Bankruptcy Code and individually do not exceed $17,150. Courts have recognized future priority status as a valid basis for allowing the payment of wage claims. See, e.g., In re Braniff, Inc., 218 B.R. 628, 633 (Bankr. M.D. Fla. 1998) (explaining that prepetition wage and wage-related claims are often allowed to be paid postpetition where the claims are entitled to priority because "in all but the direst of circumstances, the debtor will ultimately pay the prepetition wages because of their very high priority [and, therefore, the] court authorizes their payment early in the case rather than requiring that the employees wait for payment at the end of the case"); *In re Trenton Ridge Invs., LLC*, 461 B.R. 440, 483 (Bankr. S.D. Ohio 2011) (noting that, earlier in the case, debtors sought and obtained authority to pay prepetition wage claims which were entitled to priority status under section 507(a)(4) of the Bankruptcy Code).

37. The Debtor submits that granting the relief requested herein will not have an adverse effect on other unsecured creditors of the Debtor's estate. The payment of these amounts is necessary here, and the Debtor has articulated a sound business justification for the payment of these obligations.

38. Similarly, allowing the Debtor to remit the Withholding Obligations and Payroll Taxes to the appropriate authorities will not prejudice the Debtor's creditors because such amounts are being held in trust by the Debtor for the benefit of the employees and thus do not constitute property of the Debtor's estate within the meaning of section 541 of the Bankruptcy Code. See Begier v. Internal Revenue Svc., 496 U.S. 53, 65 (1990) (taxes such as excise taxes, FICA taxes and withholding taxes are property held by debtor in trust for another and do not constitute property of the estate); In re Am. Int'l Airways, Inc., 70 B.R. 102, 103 (Bankr. E.D. Pa. 1987) (funds held in trust for federal excise and withholding taxes are not property of debtor's estate and, therefore, not available for distribution to creditors); *In re Wendy's Food Sys., Inc.*, 133 B.R. 917, 919, 921-22 (Bankr. S.D. Ohio 1991) (applying and adopting the principal in *Begier* that withholding taxes collected by an employer are held in trust for the IRS and do not become property of the debtor's bankruptcy estate).

39. Moreover, if checks issued and fund transfers requested on account of payment of these amounts are dishonored, or if such accrued obligations are not timely paid postpetition, the Debtor's employees may suffer extreme personal hardship.

40. Authorizing, but not directing, the Debtor to pay its prepetition employee obligations in accordance with its prepetition business practices is in the best interests of the Debtor, its creditors, and all parties in interest, as it will enable the Debtor to continue efficiently without disruption while it winds down its affairs. The total amount proposed to be paid if the relief sought herein is granted is modest when compared to the need for their services.

41. There is a sufficient business justification for the authorization sought in the Motion. See In re Ionosphere Clubs, 98 B.R. at 175. Of course, the payments hereunder would need to be, and are, consistent with any Debtor-in-Possession financing approved by the Court

and any Budget in connection therewith; *Murray*, 613 B.R. at 450 (recognizing that Section 363(b)(1) "provides a mechanism for debtors to obtain court authority to pay prepetition claims before confirmation if a sound business purpose supports the payment"); *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986) ("[A] bankruptcy court can authorize a sale of all a Chapter 11 debtor's assets under § 363(b)(1) when a sound business purpose dictates such action.").

42. This Court and neighboring Courts have authorized the postpetition payment of prepetition wage obligations on the first day or in the early stages of other chapter 11 bankruptcy cases. *See, e.g., GOE Lima, LLC*, Case No. 08-35508 (MAW) (Bankr. N.D. Ohio October 17, 2008) [Docket No. 28]; *AmTrust Financial Corp., et al.*, Case No. 09-21323 (PMC) (Bankr. N.D. Ohio December 8, 2009) [Docket No. 51]; *Forum Health, et al.*, Case No. 09-40795 (KW) (Bankr. N.D. Ohio March 18, 2009) [Docket No. 60]; *Schwab Industries, Inc., et al.*, Case No. 10-60702 (RK) (Bankr. N.D. Ohio March 3, 2010) [Docket No. 43]; *PCS & Estimate, LLC*, Case No. 24-10264 (SKK) (Bankr. N.D. Ohio February 28, 2024) [Docket No. 64]; *CEP Holdings, LLC, et al.*, Case No. 06-51848 (MSS) (Bankr. N.D. Ohio September 22, 2006) [Docket No. 50]; *Nexpak Corp. et al.*, No. 04-63816 (RK) (Bankr. N.D. Ohio July 19, 2004) [Docket No. 43]; *In re The Roman Catholic Diocese of Albany*, Case No. 23-10244 (Bankr. N.D.N.Y. May 11, 2023) [Docket No. 192]; *In re The Roman Catholic Diocese of Syracuse, New York*, Case No. 20-30663 (Bankr. N.D.N.Y. Aug. 10, 2020) [Docket No. 74]; *In re The Diocese of Buffalo, N.Y.*, Case No. 20-10322 (Bankr. W.D.N.Y. Apr. 21, 2020) [Docket Nos. 250, 253]; *In re Diocese of Rochester, Inc.*, Case No. 19-20905 (Bankr. W.D.N.Y. Nov. 11, 2019) [Docket No. 269].

REQUEST FOR WAIVER OF STAY

43. The Debtor further submits that, because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor, for all of the foregoing reasons, Bankruptcy Rule 6003 has been satisfied and it is essential that the Court approve payment of the prepetition obligations described in this Motion.

44. The Debtor also seeks a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court others otherwise." The next payroll is August 14, 2026, which needs to be funded immediately. As set forth above, the payments proposed herein are essential to prevent irreparable damage to the employees and the Debtor. Accordingly, the Debtor submits that ample cause exists to justify a waiver of the fourteen (14) day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.

NOTICE

45. Notice of this Motion has been given to (a) the United States Trustee for the Northern District of Ohio; (b) the Debtor's twenty (20) largest unsecured creditors; (c) counsel to the Bond Trustee; (d) counsel to the proposed DIP Lender; (e) counsel to Signature Bank (which is not only a pre-petition lender but also the holder of the Debtor's bank accounts; and (f) any other party who requests to receive notices. The Debtor submits that, under the circumstances, no other or further notice is required.

46. No previous application for the relief sought herein has been made to this or any other Court.

CONCLUSION

47. For the reasons set forth herein, it is critically important that the Debtor be able to maintain its remaining workforce through the payment of Wages and continued performance under the Employee Benefit Programs. If the Debtor was to experience a further decline in its workforce at this juncture, it would cause severe disruption to the Debtor's ability to winddown and perform its obligations in Chapter 11.

WHEREFORE, the Debtor respectfully requests entry of the Order annexed hereto as Exhibit "A" granting the relief requested herein, together with such other and further relief as the Court deems just and proper.

Dated: Uniondale, New York
August 10, 2026

Cullen and Dykman LLP

By: */s/ Bonnie L. Pollack*
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EXHIBIT A

Proposed Order

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IN THE UNITED STATES BANKRUPTCY COURT
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ORDER (I) AUTHORIZING THE DEBTOR TO PAY (A) PREPETITION EMPLOYEE OBLIGATIONS AND (B) PREPETITION WITHHOLDING OBLIGATIONS, (II) AUTHORIZING THE DEBTOR TO CONTINUE ITS SEVERANCE PROGRAM AND EMPLOYEE BENEFIT PROGRAMS, (III) DIRECTING BANKS TO HONOR RELATED PREPETITION TRANSFERS, AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[1] filed by Lourdes University, the above-captioned debtor and debtor-in-possession (the "Debtor"), by and through its proposed attorneys Cullen

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and Dykman LLP, pursuant to sections 105, 363, 507, 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for entry of an order (i) authorizing the Debtor to pay (a) certain prepetition employee obligations, and (b) prepetition withholding obligations and payroll taxes, (ii) authorizing the Debtor to continue its severance program and its employee benefit programs to its employees; (iii) directing banks to honor prepetition transfers related to the foregoing, and (iv) granting related relief; and the Court, having reviewed the Motion and having heard the statements of counsel in support of the relief requested in the Motion at the hearing before the Court (the "Hearing"), finds that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, this is a core matter pursuant to 28 U.S.C. § 157(b)(2), notice of the Motion and the Hearing were sufficient under the circumstances and that no further notice need be given, and the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm to the Debtor's estate,

THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED to the extent set forth herein.

2. The Debtor shall be and hereby is authorized but not directed to pay, in their discretion, the prepetition Wages relating to their employees up to the statutory cap of $17,150 per employee, and to remit all prepetition Withholding Obligations and Payroll Taxes to the appropriate third parties as and when such obligations come due.

3. The Severance Program is approved, and the Severance is authorized to be paid with funds advanced to the Debtor by SOSF.

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

4. The Debtor shall be and hereby is authorized to continue to provide the Employee Benefit Programs to the Debtor's employees that were in place prior to the Petition Date in the ordinary course of business and in accordance with the Debtor's stated policies and prepetition practices including, without limitation, the Health Care Programs and the PTO Policies.

5. All banks shall be and hereby are authorized and directed to receive, process, honor and pay all checks drawn on the Debtor's accounts with the banks and fund transfers on account of the Debtor's prepetition obligations to its employees, whether presented before or after the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments.

6. Notwithstanding anything to the contrary herein, no individual shall receive more than $17,150 (exclusive of Severance payments) based on the authority granted in this Order absent further order of the Court, heard on notice.

7. Any and all payments authorized to be made pursuant to this Order shall be subject to and made only to the extent authorized under any interim or final orders governing the Debtor's use of cash collateral and terms of Debtor-in-Possession financing, including any budget in connection therewith provided, however, the Severance payments may be made without being provided for in the budget governing Debtor-in-Possession financing as long as the SOSF provides the funds to the Debtor to make such payments without any requirement that such funds be repaid.

8. The Debtor shall be and hereby is authorized to issue, in its discretion, new postpetition checks or effect new postpetition fund transfers on account of its prepetition obligations to its employees to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

9. Notwithstanding Bankruptcy Rules 6004(h) or 7062, the terms and conditions of this order shall be immediately effective upon its entry.

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