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## ***Renovate America's Ch. 11 Loan Gets Nod After Lender Deal***

*By Vince Sullivan*

A lender providing \$50 million in post-petition financing to home improvement lender Renovate America Inc. made concessions Wednesday that resolved an objection to the loan package made by the official committee of unsecured creditors.

During a virtual hearing, attorneys representing lender and stalking horse bidder Finance of America Mortgage LLC said it would alter the terms of its financing agreement by eliminating liens on avoidance actions as part of the debtor-in-possession loan's collateral package, and would only acquire causes of action against directors and officers it intended to hire in the event its acquisition of the debtor is approved by the court.

The changes allayed concerns raised by the official committee of unsecured creditors, which had objected to final approval of the DIP package with arguments that the loan gave Finance of America too much power in the case as it pursued the acquisition of Renovate America.

Debtor attorney Sharon Z. Weiss of Bryan Cave Leighton Paisner LLP said the changes cleared up the opposition to the DIP and would allow Renovate America's Chapter 11 case to progress as it works toward a sale of its assets. Finance of America is serving as a stalking horse bidder in the debtor's court-approved public auction process, but there has been discussion of completing a transaction through a private sale to Finance of America.

Agreements signed by the debtor and its lenders include a Jan. 28 deadline to receive final approval for the DIP package, and Weiss said without approval the case could not move forward.

"We needed to secure financing," Weiss told the court. "We heavily negotiated the deal with Finance of America, and we want to honor it. If we don't have entry of a final DIP order by tomorrow, the case goes nowhere."

U.S. Bankruptcy Judge Laurie Selber Silverstein approved the DIP on a final basis, saying that it was the only thing before her Wednesday and that discussion about a shift to a private sale was not timely since no motion has been presented for that change.

"I'm going to approve the DIP financing on the revised terms that were agreed to between the committee and the lender that resolved the committee objections," Judge Silverstein said. "That's the only thing that is in front of me today."

Renovate America hit Chapter 11 on Dec. 21 with \$115 million in liabilities and \$102 million in assets with plans for a sale. Among its troubles, the debtors cited tightened requirements for financing of home energy efficiency improvements and, more recently, the market-blunting effects of the COVID-19 pandemic. The business also has to face government and consumer class litigation over its origination and administration of home energy efficiency loans under a government program for middle- and low-income property owners.

Finance of America won the bidder-to-beat stalking horse role with an estimated \$42.65 million offer that included a \$5 million payment for Renovate's loan origination platform and an estimated \$37.65 million for the debtor's unsold inventory and loans, while also reimbursing the estate for prepaid contract expenses.

Renovate America Inc. is represented by Mette H. Kurth of Culhane Meadows PLLC and Sharon Z. Weiss and Timothy R. Bow of Bryan Cave Leighton Paisner LLP.

The official committee of unsecured creditors is represented by Jeremy W. Ryan, R. Stephen McNeill and Joseph D. Farris of Potter Anderson & Corroon LLP.

The case is In Re: Renovate America Inc., case number 20-13172, in the U.S. Bankruptcy Court for the District of Delaware.

--Additional reporting by Jeff Montgomery. Editing by Daniel King.

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**[Mette H. Kurth](#)** is a partner at Culhane Meadows PLLC in the firm's Delaware office. Mette represents clients facing complex, financially distressed situations involving bankruptcy and bankruptcy alternatives, M&A transactions, and bankruptcy-related litigation. She is also available to serve as mediator in bankruptcy disputes and related litigation..

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