

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	)	
	)	Chapter 11
	)	
NOVATION COMPANIES, INC., <i>et al.</i> , ¹	)	Case No. 23-11153 (JTD)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	<u>Objection Deadline:</u>
	)	November 21, 2023 at 4:00 p.m. (ET)
	)	
	)	<u>Hearing Date for Final Fee Application:</u>
	)	December 13, 2023 at 3:00 p.m. (ET)

**FIRST AND FINAL FEE APPLICATION OF WYSE ADVISORS LLC
FOR PROVIDING A CHIEF RESTRUCTURING OFFICER AND
INTERIM MANAGEMENT SERVICES TO THE DEBTORS**

Name of Applicant:	Wyse Advisors LLC
Authorized to Provide Professional Services to:	Debtors and Debtors in Possession
Date of Retention:	Effective as of August 13, 2023, pursuant to an order entered on September 11, 2023
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$125,000

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Novation Companies, Inc. (0661), Novation Holding, Inc. (7576), Healthcare Staffing, Inc. (6045), and NovaStar Mortgage LLC (0743). The mailing address for each of the Debtors is 1724 Phoenix Parkway, Building 600, College Park, GA 30349.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

NOVATION COMPANIES, INC., *et al.*,¹

Debtors.

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**FIRST AND FINAL FEE APPLICATION OF WYSE ADVISORS LLC
FOR PROVIDING A CHIEF RESTRUCTURING OFFICER AND
INTERIM MANAGEMENT SERVICES TO THE DEBTORS**

Pursuant to section 330 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and the engagement agreement (the “**Agreement**”) by and between the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) and Wyse Advisors LLC (“**WALLC**”), which provided the Debtors with a chief restructuring officer (“**CRO**”) and additional personnel to support the CRO, hereby submits its first and final fee application (this “**Application**”) for approval of a fee in the amount of \$125,000 (the “**Amended Success Fee**”) for the consummation of the Restructuring (as defined below) and the *Debtors’ Joint Prepackaged Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the “**Plan**”), which was attached as Exhibit A to the order approving the Plan [Docket No. 150].

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Novation Companies, Inc. (0661), Novation Holding, Inc. (7576), Healthcare Staffing, Inc. (6045), and NovaStar Mortgage LLC (0743). The mailing address for each of the Debtors is 1724 Phoenix Parkway, Building 600, College Park, GA 30349.

Pursuant to Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, WALLC submits the certification of Michael Wyse, attached hereto as **Exhibit A**, in support of this Application.

BACKGROUND

A. General Background

1. On August 13, 2023 (the “**Petition Date**”), the Debtors each commenced a voluntary case (collectively, the “**Chapter 11 Cases**”) under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No official committees have been appointed in the Chapter 11 Cases and no request has been made for the appointment of a trustee or an examiner.

2. Additional information regarding the Debtors’ businesses, their capital structure, and the circumstances leading to the filing of the Chapter 11 Cases is set forth in the *Declaration of Michael Wyse in Support of Debtors’ Chapter 11 Petitions and First Day Pleadings* [Docket No. 2] (the “**First Day Declaration**”),² which is incorporated herein by reference.

B. The Retention of WALLC

3. On August 23, 2023, the Debtors filed the *Debtors’ Motion for Entry of an Order Authorizing the Debtors to (A) Employ and Retain Wyse Advisors LLC to Provide Interim Management Services and (B) Designate Michael Wyse as Chief Restructuring Officer for the Debtors, Effective as of the Petition Date* [Docket No. 66] (the “**Retention Application**”).

² Capitalized terms used but not defined herein shall have the meaning given to such terms in the First Day Declaration.

4. On September 11, 2023, the Court entered an order [Docket No. 111] (the “**Retention Order**”) approving the Retention Application and authorizing the Debtors to retain WALLC on the terms and conditions set forth in the Agreement, as modified by the Retention Order.

5. Notwithstanding anything to the contrary in the Agreement, the Retention Order provides that in the event that the Restructuring and Plan are consummated, WALLC shall be entitled to the Amended Success Fee, which shall be in lieu of, and not in addition to, the Success Fee (as defined in the Agreement) provided for in paragraph 4(a) of the Agreement, and subject to any modifications set forth in the Retention Order.

C. The Debtors’ Prepetition Marketing and Sale Process

6. As set forth more fully in the First Day Declaration, prior to the Petition Date, in January 2022, the Debtors retained WALLC and appointed the CRO to explore all reasonably available strategic alternatives (the “**Marketing and Sale Process**”), including a potential sale of Healthcare Staffing Services, Inc. (“**HCS**”). With the assistance of WALLC, the Debtors conducted a marketing process for the sale of their assets. Specifically, in January 2022, WALLC contacted approximately thirty-five potentially interested parties, all of which were strategic buyers, regarding HCS. Five interested parties executed non-disclosure agreements and were provided access to a diligence data room and background information to assist them in formulating bids.

7. After receiving proposals from four parties expressing interest in purchasing the HCS business, the Debtors selected Med Healthcare Partners LLC (“**Med Healthcare**”) as the purchaser after determining that its proposal provided the best value for those assets. Med Healthcare’s bid comprised \$1.5 million in cash at closing for the Debtors’ assets

associated with the HCS business, excluding all accounts receivable. However, before closing on the proposed sale, the Debtors determined that it was in their best interest to consummate the sale pursuant to an in-court proceeding under section 363 of the Bankruptcy Code. Accordingly, as discussed above, the Debtors entered into an administrative services agreement with an affiliate of Med Healthcare to operate the HCS business while the Debtors pursued a marketing process for the sale of their other assets, with the ultimate goal of executing on a comprehensive global restructuring for all of the Debtors and their assets in chapter 11.

8. Thereafter, at the direction of the Board of Directors, WALLC initiated additional outreach and broadened the Marketing and Sale Process to include potential buyers for the remainder of the Debtors' assets. WALLC also re-engaged with potential buyers that WALLC had previously solicited in January 2022. Three parties submitted indications of interest for a transaction to acquire all or substantially all of the Debtors' assets. WALLC then worked closely with these interested bidders to explore and address, among other things, transaction structure, timing, and process considerations. After the Board of Directors determined that it was in the Debtors' best interests to seek potential higher indications of value, WALLC contacted approximately twenty additional potentially interested strategic buyers. One party expressed an interest in the Debtors' assets and performed some initial due diligence, but did not submit a formal bid.

9. Ultimately, certain affiliates of the Plan Sponsors (the "**Plan Sponsor Affiliates**") submitted a joint bid on September 16, 2022 for all of the Debtors' assets, including the HCS business. Based on their review of the proposals received to date, the Debtors, in consultation with the Debtors' professional advisors, focused their attention on the bid submitted

by the Plan Sponsor Affiliates, which the Debtors concluded was the best and most actionable offer under the circumstances.

10. Thereafter, the Debtors commenced extensive arms'-length and good faith negotiations with the Plan Sponsor Affiliates to finalize the definitive terms of a proposed restructuring transaction (the “**Restructuring**”), which culminated in the execution of an initial term sheet on January 23, 2023 and a revised term sheet on April 21, 2023 (together, the “**Term Sheet**”). Among other things, the Term Sheet summarized certain principal terms for a proposed restructuring of the Debtors sponsored by the Plan Sponsor Affiliates. Importantly, the Term Sheet provided the Debtors with prepetition funding, on a fully unsecured basis, which afforded the Debtors the liquidity runway necessary to continue to fund operations and to negotiate and prepare the definitive documents related to the proposed transaction (the “**Pre-Bankruptcy Funding**”).

11. On August 4, 2023, the Debtors executed that certain Restructuring Support Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “**RSA**”) which contemplated the Debtors’ in-court restructuring, including consummation of a prepackaged chapter 11 plan of reorganization. On August 31, 2023, the Court entered the *Order Approving the Debtors’ Assumption of the Restructuring Support Agreement and Authorizing the Debtors to Perform the Obligations Thereunder* [Docket No. 81].

D. Consummation of the Plan

12. As contemplated in the RSA, the Debtors prepared a prepackaged chapter 11 plan of reorganization which provided that Allowed General Unsecured Claims will be unimpaired and satisfied in full. The Debtors solicited the prepackaged chapter 11 plan prepetition with a voting deadline of August 11, 2023, and filed the Plan on the Petition Date. All classes entitled to vote on the Plan, voted in favor of confirmation. *See* Docket No. 74. A hearing to

consider plan confirmation was held on October 4, 2023 and the Court entered an order confirming the Plan on October 6, 2023 [Docket No. 150]. The Plan became effective on October 26, 2023 [Docket No. 162]. Accordingly, through this Application, WALLC seeks approval of the Amended Success Fee in connection with the consummation of the Restructuring and Plan, in accordance with the Retention Order.

WALLC'S APPLICATION FOR COMPENSATION

13. This Application seeks final allowance and approval of the Amended Success Fee.

14. The Amended Success Fee was disclosed in WALLC's Retention Application and the Retention Order. WALLC seeks final allowance and approval of the Amended Success Fee in the amount of \$125,000.

REQUESTED RELIEF

15. By this Application, WALLC requests that the Court allow and approve the Amended Success Fee.

16. At all relevant times, WALLC has been a disinterested person as that term is defined in §101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interests of the Debtors.

17. All services for which compensation is requested by WALLC were performed for or on behalf of the Debtors.

18. In accordance with section 504 of the Bankruptcy Code and Bankruptcy Rule 2016(a), no agreement or understanding exists between WALLC and any other person for the sharing of compensation received or to be received for services rendered in or in connection with the Chapter 11 Cases.

19. The professional services performed by WALLC were rendered in connection with the Chapter 11 Cases in the discharge of WALLC's professional responsibilities to provide the CRO and interim management services to the Debtors in the Chapter 11 Cases. WALLC's services have been necessary and beneficial to the Debtors and their estates, creditors and other parties in interest.

20. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, it is respectfully submitted that the amount requested by WALLC is fair and reasonable given (a) the time expended, (b) the nature and extent of the services rendered, (c) the value of such services, and (e) the cost of comparable services other than in a case under the Bankruptcy Code. Moreover, WALLC has reviewed the requirements of Local Rule 2016-2 and believes that this Application complies with such rule.

WHEREFORE, WALLC respectfully requests (i) final allowance and approval of the Amended Success Fee in the amount of \$125,000; (ii) payment of the Amended Success Fee; and (iii) such other and further relief as this Court may deem just and proper.

Dated: November 7, 2023

WYSE ADVISORS LLC

By: /s/ Michael Wyse
Michael Wyse, Managing Member
Wyse Advisors, LLC
51 JFK Parkway
First Floor West
Short Hills, NJ 07078
Telephone: (917) 553-5883
Email: mwyse@wyseadvisorsllc.com

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

NOVATION COMPANIES, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 23-11153 (JTD)

(Jointly Administered)

Objection Deadline:

November 21, 2023 at 4:00 p.m. (ET)

Hearing Date for Final Fee Application:

December 13, 2023 at 3:00 p.m. (ET)

NOTICE OF FIRST AND FINAL FEE APPLICATION

PLEASE TAKE NOTICE that the *First and Final Fee Application of Wyse Advisors LLC for Providing a Chief Restructuring Officer and Interim Management Services to the Debtors* (the “**Application**”) has been filed with the United States Bankruptcy Court for the District of Delaware (the “**Court**”). The Application seeks allowance of final fees in the amount of \$125,000.00.

PLEASE TAKE FURTHER NOTICE that objections to the Application, if any, are required to be filed **on or before November 21, 2023 at 4:00 p.m. (ET)** (the “**Objection Deadline**”) with the Clerk of the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 N. Market Street, Wilmington, Delaware 19801. You must also serve any such objection so as to be received by the following on or before the Objection Deadline: (i) counsel for the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801, Attn: Robert F. Poppiti, Jr. (rpoppiti@ycst.com) and Allison S. Mielke (amielke@ycst.com); (ii) counsel to the Reorganized Debtors and the Lead Plan Sponsor, (a) Loeb & Loeb, LLP, 345 Park Avenue, New York, New York 10154, Attn: Daniel B. Besikof (dbesikof@loeb.com), and (b) Morris James, LLP, 500 Delaware Avenue, Suite 1500, Wilmington, DE 19801, Attn: Eric J. Monzo (emonzo@morrisjames.com) and Brya M. Keilson (bkeilson@morrisjames.com); (iii) Wyse Advisors LLC, 51 JFK Parkway, First Floor West, Short Hills, NJ 07078, Attn: Michael Wyse (mwyse@wyseadvisorsllc.com); and (iv) the Office of the United States Trustee for the District of Delaware, 844 N. King Street, Room 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Richard L. Schepacarter (richard.schepacarter@usdoj.gov).

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PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER APPROVAL OF THE APPLICATION WILL BE HELD ON **DECEMBER 13, 2023 AT 3:00 P.M. (ET)** BEFORE THE HONORABLE JOHN T. DORSEY IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT, IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE APPLICATION WITHOUT FUTURE NOTICE OR A HEARING.

Dated: November 7, 2023
Wilmington, DE

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Kristin L. McElroy

Robert S. Brady (No. 2847)

Robert F. Poppiti, Jr. (No. 5052)

Allison S. Mielke (No. 5934)

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Counsel to the Debtors

EXHIBIT A

Certification

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

NOVATION COMPANIES, INC., *et al.*,¹

Debtors.

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) Chapter 11
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) Case No. 23-11153 (JTD)
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) (Jointly Administered)
)

CERTIFICATION OF MICHAEL WYSE

I, Michael Wyse, hereby declare, pursuant to 28 U.S.C. § 1746, under penalty of perjury:

1. I am a Managing Member of the firm of Wyse Advisors LLC (“**WALLC**”), which is a financial advisory firm with its principal office located at 51 JFK Parkway, Short Hills, New Jersey 07078. WALLC’s retention in the Chapter 11 Cases commenced on August 13, 2023.

2. I have personally performed many of the services rendered and am familiar with the other work performed on behalf of the Debtors by the other professionals in the firm.

3. The *First and Final Fee Application of Wyse Advisors LLC for Providing a Chief Restructuring Officer and Interim Management Services to the Debtors* (the “**Application**”) was prepared at my direction. The facts set forth in the foregoing Application are true to the best of my knowledge, information and belief and are incorporated herein by reference as if such facts were set forth herein.

4. I have reviewed Local Rule 2016-2, and the Application substantially complies with Local Rule 2016-2.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Novation Companies, Inc. (0661), Novation Holding, Inc. (7576), Healthcare Staffing, Inc. (6045), and NovaStar Mortgage LLC (0743). The mailing address for each of the Debtors is 1724 Phoenix Parkway, Building 600, College Park, GA 30349.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: November 7, 2023

/s/ Michael Wyse
Michael Wyse, Managing Member
Wyse Advisors LLC