

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI
ABERDEEN DIVISION**

In re:)	
)	
)	
UNITED FURNITURE INDUSTRIES, INC., <i>et al.</i> ¹)	Case No. 22-13422-SDM
)	Chapter 11
Debtors.)	Jointly Administered
)	

**NOTICE OF REJECTION OF NON-RESIDENTIAL REAL PROPERTY LEASE
(HIGCOV-SCLC-DC1, LLC)**

PLEASE TAKE NOTICE that the United States Bankruptcy Court for the Northern District of Mississippi (the “**Court**”) entered its *Amended Agreed Order Approving Procedures to Reject Executory Contracts and Unexpired Leases and Granting Related Relief* [Dkt #563] (the “**Order**”) authorizing and approving expedited procedures for the rejection of executory contracts and unexpired leases by Derek Henderson, duly appointed Chapter 11 trustee (“**Trustee**”) for each of the above-captioned debtors (collectively, the “**Debtors**”). The Rejection Procedures are attached hereto as Schedule 1.

PLEASE TAKE FURTHER NOTICE THAT **your rights may be affected**. You should read these papers carefully and discuss them with your attorney, if you have one in these bankruptcy cases. (If you do not have an attorney, you may wish to consult one.)

PLEASE TAKE FURTHER NOTICE that, pursuant to the Court’s approval of the Motion and by this written notice (this “**Rejection Notice**”), the Trustee hereby notifies you that

¹ The Debtors in these Chapter 11 cases, and the last four digits of each Debtor’s federal tax identification number, are as follows: United Furniture Industries, Inc. (2576); United Furniture Industries NC, LLC.(9015); United Furniture Industries CA, Inc. (9966); FW Acquisition, LLC (2133); Furniture Wood, Inc. (9186);United Wood Products, Inc. (1061); Associated Bunk Bed Company (0569); UFI Royal Development, LLC (8143); UFI Exporter, Inc. (6518); UFI Transportation, LLC (9471); and LS Logistics, LLC (7004).

he has determined, in the exercise of his business judgment, that each Lease set forth on Schedule 2 attached hereto is hereby rejected effective as of the date set forth in Schedule 2, or such other date as the Trustee and the counterparty or counterparties agree (the “**Rejection Date**”).²

PLEASE TAKE FURTHER NOTICE that, parties seeking to object to the proposed rejection of any of the Leases **must file and serve a written objection³ so that such objection is filed with the Court and is actually received no later than fourteen (14) days after the date that the Trustee served this Notice** and served upon the following parties: (a) Derek Henderson, Chapter 11 Trustee derek@derekhendersonlaw.com; (b) Douglas C. Noble, dnoble@mmqnlaw.com, counsel to the Trustee; and (c) the Office of the United States Trustee, Attn: Sammye S. Tharp sammye.s.tharp@usdoj.gov. Only objections that are timely filed, served, and received will be considered at the hearing.

PLEASE TAKE FURTHER NOTICE that, absent an objection being timely filed, the rejection of each Lease shall become effective on the Rejection Date set forth in Schedule 2, or such other date as the Trustee and the counterparty or counterparties to such Lease(s) agree; provided, however, that the Rejection Date for a rejection of a lease of nonresidential real property shall not occur earlier than the date the Trustee filed and served the applicable Rejection Notice unless otherwise agreed between the Trustee and counterparty to the applicable Lease.

² The Trustee may modify Schedule 2 to remove any Lease listed thereon at any time prior to the Rejection Date.

³ An objection to the rejection of any particular Lease listed in this Rejection Notice shall not constitute an objection to the rejection of any other contract or lease listed in this Rejection Notice. Any objection to the rejection of any particular Lease listed in this Rejection Notice must state with specificity the Lease to which it is directed. For each particular Lease whose rejection is not timely or properly objected to, such rejection will be effective in accordance with this Rejection Notice and the Court’s Order.

PLEASE TAKE FURTHER NOTICE that, if an objection to the rejection of any Lease is timely filed and not withdrawn or consensually resolved, the Trustee shall request that the Court set the objection for hearing to consider the objection for the Lease(s) to which such objection relates. If such objection is overruled or withdrawn, such Lease(s) shall be rejected as of the Rejection Date set forth in Schedule 2, such other date as the Trustee and the counterparty or counterparties to such Lease (s) agree, or such other date as the Court may so order.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the approved Motion, if the Debtors deposited monies with a Lease counterparty as a security deposit or other arrangement, the Lease counterparty may not set off or recoup or otherwise use such monies without further order of the Court, unless the Trustee and the counterparty or counterparties to such Lease otherwise agree.

PLEASE TAKE FURTHER NOTICE that, absent timely objection, any personal property of the Debtors that is listed and described in Schedule 2 shall be deemed abandoned in accordance with § 554 of the Bankruptcy Code as of the Rejection Date. Landlords may, in their sole discretion and without further notice or order of the Court, utilize and/or dispose of such property without notice or liability to the estates or third parties and, to the extent applicable, the automatic stay of § 362 of the Bankruptcy Code is modified to allow such disposition.

PLEASE TAKE FURTHER NOTICE that, to the extent you wish to assert a claim(s) with respect to rejection of your Lease(s), you must do so by the later of (a) the claims bar date established in these chapter 11 cases, if any, and (b) thirty (30) days after the Rejection Date. **IF YOU FAIL TO TIMELY SUBMIT A PROOF OF CLAIM IN THE APPROPRIATE FORM BY THE DEADLINE SET FORTH HEREIN, YOU WILL BE, FOREVER BARRED, ESTOPPED, AND ENJOINED FROM (1) ASSERTING SUCH CLAIM**

**AGAINST ANY OF THE DEBTORS AND THEIR CHAPTER 11 ESTATES, (2)
VOTING ON ANY CHAPTER 11 PLAN FILED IN THESE CASES ON ACCOUNT OF
SUCH CLAIM, AND (3) PARTICIPATING IN ANY DISTRIBUTION IN THE
DEBTORS' CHAPTER 11 CASES ON ACCOUNT OF SUCH CLAIM.**

THIS the 26th day of July, 2023.

Respectfully submitted,

**DEREK A. HENDERSON,
Chapter 11 Trustee of
UNITED FURNITURE INDUSTRIES, INC., *et al.***

By: /s/ Douglas C. Noble

Douglas C. Noble, MS Bar No. 10526
McCraney | Montagnet | Quin | Noble PLLC
602 Steed Road • Suite 200
Ridgeland, Mississippi 39157
Telephone: (601) 707-5725
Facsimile: (601) 510-2939
Email: dnoble@MMQNLaw.com

and

Derek A. Henderson, MS Bar No. 2260
Anna Claire Henderson, MS Bar No. 106230
1765-1 Lelia Drive, Suite 103
Jackson, Mississippi 39216
Telephone: (601) 948-3167
Email: derek@derekhendersonlaw.com

Counsel to Chapter 11 Trustee

Schedule 1

Rejection Procedures

- A. **Rejection Notice.** The Trustee shall file a notice (the “**Rejection Notice**”) to reject one or more Leases pursuant to Section 365 of the Bankruptcy Code, which Rejection Notice shall set forth, among other things: (i) the Lease or Leases to be rejected; (ii) the names and addresses of the counterparties to such Leases; (iii) the effective date of the rejection for each such Lease (the “**Rejection Date**”); (iv) if any such Lease is a lease, the personal property to be abandoned under § 554 of the Bankruptcy Code, if any, and if practicable an estimate of the book value of such property (the “**Abandoned Property**”); and (v) the deadlines and procedures for filing objections to the Rejection Notice (as set forth below). The Rejection Notice may list multiple Leases; provided that the number of counterparties to Leases listed on the Rejection Notice shall be limited to no more than 100.
- B. **Service of Rejection Notice.** The Trustee will cause the Rejection Notice to be served (i) by overnight delivery service upon the Lease counterparties affected by the Rejection Notice at the notice address provided in the applicable Lease (and their counsel, if known) and all parties who may have any interest in any Abandoned Property, and (ii) the current Master Service List in these cases. (collectively the “**Service Parties**”).
- C. **Objection Procedures.** Parties objecting to a proposed rejection must file and serve a written objection so that such objection is filed with the Court and actually received by the following parties (collectively, the “**Objection Service Parties**”) no later than 14 days after the date the Trustee serves the applicable Rejection Notice (the “**Rejection Objection Deadline**”) on the following: (a) Derek Henderson, Chapter 11 Trustee derek@derekhendersonlaw.com; (b) Douglas C. Noble, dnoble@mmqnlaw.com, counsel to the Trustee; and (c) the Office of the United States Trustee, Attn: Sammye S. Tharp sammye.s.tharp@usdoj.gov.
- D. **No Objection.** If no objection to the rejection of any Lease is timely filed, each Lease listed in the applicable Rejection Notice shall be rejected as of the applicable Rejection Date set forth in the Rejection Notice or such other date as the Trustee and the counterparty or counterparties to such Lease(s) agree.
- E. **Unresolved Objections.** If an objection to the rejection of any Lease(s) Listed in the applicable Rejection Notice is timely filed and not withdrawn or consensually resolved, the Trustee shall request that the Court set the objection for a hearing on not less than 10 days’ notice to the applicable Lease counterparty to consider the objection for the Lease(s) to which such objection relates. If such objection is overruled or withdrawn, such Lease(s) shall be rejected as of (a) the applicable Rejection Date set forth in the Rejection Notice, (b) such other date as the Trustee and the counterparty or counterparties to such Lease(s) agree, or (c) such other date as the Court may so order.

- F. ***No Application of Security Deposits.*** If the Trustee has deposited monies with a Lease counterparty as a security deposit or other arrangement, such Lease counterparty may not setoff, recoup, or otherwise use such monies without further order of the Court, unless the Trustee and the counterparty or counterparties to such Lease(s) otherwise agree
- G. ***Abandoned Property.*** The Trustee is authorized, but not directed, at any time on or before the applicable Rejection Date, to remove or abandon any of the Debtors' personal property that may be located on the Debtors' leased premises that are subject to a rejected Lease. If the Trustee decides to abandon any personal property, the Trustee shall generally describe the abandoned personal property in the Rejection Notice. Absent a timely objection, the property will be deemed abandoned pursuant to § 554 of the Bankruptcy Code, as is, effective as of the Rejection Date. For the avoidance of doubt, any and all property located on the Debtors' leased premises on the Rejection Date of the applicable lease of nonresidential real property shall be deemed abandoned pursuant to § 554 of the Bankruptcy Code, as is, effective as of the Rejection Date. Landlords may, in their sole discretion and without further notice or order of this Court, utilize and/or dispose of such property without liability to the Trustee or third parties and, to the extent applicable, the automatic stay of § 362 of the Bankruptcy Code is modified to allow such disposition.
- H. ***Proofs of Claim.*** Claims arising out of the rejection of Leases, if any, must be filed on or before the later of (i) the deadline for filing proofs of claim established in these chapter 11 cases, if any, and (ii) 30 days after the later of (A) the Rejection Objection Deadline, if no objection is filed and (B) the date that all such filed objections have either been overruled or withdrawn. If no proof of claim is timely filed, such claimant shall be forever barred from asserting a claim for damages arising from the rejection and from participating in any distributions on such a claim that may be made in connection with these chapter 11 cases.

Schedule 2

Lease Being Rejected

That certain Lease Agreement dated September 2, 2011, as amended, by and between United Furniture Industries CA, Inc., and Stirling Capital Investments Phase I, LLC, pertaining to a ground lease of approximately 505,000 square feet of warehouse space located at 13133 Innovation Drive, Suite 200, Victorville, CA 92394.

Effective Date of Rejection: July 31, 2023

Notice Parties: HIGCOV-SCLC-DC1 LLC
c/o Covington Group, Inc.
Attn: Mark Milakovich
14180 Dallas Parkway, Suite 730
Dallas, TX 75254

and

Bill Freeman
Katten Muchin Rosenman LLP
515 South Flower Street, Suite 4150
Los Angeles, CA 90071-2212
Email: bill.freeman@katten.com

All personal property located in, on or around the above-described lease premises shall be deemed abandoned as of the Effective Date stated above as provided in the Rejection Procedures.

CERTIFICATE OF SERVICE

I do hereby certify that the foregoing pleading was filed electronically through the Court's CM/ECF system and served electronically on all parties enlisted to receive service electronically.

SO CERTIFIED, this the 26th day of July, 2023.

/s/ Douglas C. Noble