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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re: OROVILLE HOSPITAL, *et al.*,[1] Debtors and Debtors in Possession.	Lead Case No. 25-26876 Jointly Administered With: Case No. 25-26877 **DCN NAK-7** Chapter 11 Hon. Christopher D. Jaime Hearing Date: December 11, 2025 Hearing Time: 11:00 a.m. Location: Courtroom 32 501 I Street, Suite 3-200 Sacramento, California 95814
☒ Affects All Debtors ☐ Affects Oroville Hospital ☐ Affects OroHealth Corporation: A Nonprofit Healthcare System Debtors and Debtors in Possession.	

DEBTORS' EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) OBTAIN SENIOR SECURED POSTPETITION FINANCING, (B) USE CASH COLLATERAL, AND (C) GRANT LIENS AND PROVIDE SUPERPRIORITY ADMINISTRATIVE EXPENSE CLAIMS; (II) GRANTING ADEQUATE PROTECTION TO CERTAIN PREPETITION SECURED PARTIES; (III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF

[1] The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Oroville Hospital (4554) and Orohealth Corporation: A Nonprofit Healthcare System (4776). The mailing address for the Debtors is 2767 Olive Highway, Oroville, California, 95966.

Oroville Hospital (the "Hospital") and OroHealth Corporation ("OroHealth"), as debtors (collectively the "Debtors") in the above-captioned bankruptcy cases (the "Bankruptcy Cases") filed under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"),[1] submit this motion (the "Motion") seeking authorization to obtain senior secured postpetition financing and approval to enter into a delayed draw term loan debtor-in-possession credit facility (the "DIP Facility") provided by Rosemawr Management, LLC, and any other lenders to the DIP Facility from time to time (collectively, the "DIP Lender"), under which $16 million will be made available on an interim basis and an additional $22 million will be made available on a final basis. Additionally, the Debtors also seek authority to use the cash collateral of certain of their prepetition secured creditors—the holders of Hospital Revenue Bonds, Series 2018 (the "Series 2018 Bonds") and the City of Oroville Revenue Bonds (Oroville Hospital), Series 2019 (the "Series 2019 Bonds" and, together with the Series 2018 Bonds, the "Prepetition Secured Creditors" or the "Bonds").

This Motion is supported by the *Declaration of Robert J. Wentz in Support of Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), the *Declaration of Robert J. Wentz* in support of this Motion (the "Wentz Declaration"), the *Declaration of James Moloney* in support of this Motion (the "Moloney Declaration"), the *Declaration of Sean A. Gumbs* in support of this Motion (the "Gumbs Declaration"), the *Declaration of Aaron Murski* in support of this Motion (the "Murski Declaration"), the List of Exhibits in support of this Motion (the "Exhibit List"), and the memorandum of points and authorities in support of this Motion (the "Memorandum"),[2] each of which is filed concurrently herewith, and such other evidence as may be submitted at the hearing on this Motion.

[1] Unless otherwise defined herein, all references to "Section" and "§" refer to a section of the Bankruptcy Code.

[2] Capitalized terms not defined herein shall have the meanings assigned to them in the Memorandum.

I.

SUMMARY

By this Motion, the Debtors seek entry of interim order (the "Interim Order"), substantially in the form to be filed in advance of an initial hearing on this Motion (the "First Day Hearing"), and a final order (the "Final Order," and collectively with the Interim Order, the "DIP Orders"), substantially in the form to be filed in advance of a final hearing on this Motion (the "Final Hearing"), granting the following relief:

- under §§ 363, 364(c) and 364(d), authorizing the Debtors, as Borrowers, to obtain senior secured superpriority debtor-in-possession financing from Rosemawr Management LLC (the "DIP Agent") and the DIP Lender (collectively with the DIP Agent, the "DIP Lenders," and collectively with the Debtors, the "Parties"), under the terms set forth in that certain *Binding Term Sheet for Debtor-In-Possession Credit Facility* dated December 7, 2025 (the "DIP Term Sheet," attached to the Exhibit List as **Exhibit A**) and a certain Senior Secured Superpriority Debtor-In-Possession Financing Agreement (as will be agreed to and executed in accordance with the DIP Term Sheet, the "DIP Credit Agreement"), with an interim amount not to exceed $16,000,000.00 (the "Interim Amount") and a final amount not to exceed $38,000,000.00 (the "Final Amount") and authorizing the Debtors to enter into and comply in all respects with ancillary agreements and documents (and together with the DIP Term Sheet, the DIP Credit Agreement, and all obligations of the Parties thereunder, the "Related Documents");

- under §§ 363 and 364, authorizing the Debtors to use the proceeds of the DIP Facility in a manner consistent with the terms and conditions of the DIP Facility, and in accordance with the 13-week budget attached to the Exhibit List as **Exhibit B** (the "Budget"), to (i) pay fees and expenses related to the DIP Facility and the Bankruptcy Cases, and (ii) fund operating expenses and support a sale process;

- under §§ 364(c)(2), 364(c)(3) and 364(d), as security for the repayment of the borrowings and all other obligations arising under the DIP Facility, and subject to the Carve-Out (as defined in the Interim Order and Final Order) and the Permitted Priority Liens set forth on Schedule 1 to the DIP Term Sheet, (i) granting the DIP Lenders perfected senior secured priming liens (the "DIP Liens") on, and security interests in, all of the Debtors' assets, whether now owned or existing or acquired, created or arising after the Petition Date and wherever located, including, but not limited to deposit accounts, cash, accounts receivable, and proceeds thereof (the "DIP Collateral") and (ii) authorizing the Debtors to take any actions to implement the foregoing, including, but not limited to (a) to grant an assignment to the DIP Agent on behalf of the DIP Lenders of all accounts receivable, cash, and the DIP Collateral, and proceeds thereof, and (b) to execute a deposit account control agreement in favor of the DIP Agent on behalf of the DIP Lenders with respect to the Debtors' general checking account ending in 0262 at Mechanics Bank;

- under § 364(c)(1), granting in favor of the DIP Lender a superpriority administrative expense claim (the "DIP Claim") with respect to all of the Debtors' obligations under the DIP Facility, subject to the Carve-Out;

- under §§ 361, 363(e) and 364(d)(1), granting the Master Trustee (as defined below), on behalf of the Bonds, adequate protection in the form of liens, junior in priority to the DIP Liens and DIP Claim and subject to the Carve-Out, in the DIP Collateral;
- under § 362, modifying the automatic stay to the extent necessary to implement and effectuate the terms and provisions of the DIP Orders and the DIP Facility;
- under §§ 361 and 363(e), authorizing the Debtors to use the cash collateral of the Prepetition Secured Creditors to fund operations in the ordinary course and determine that, to the extent necessary, the Prepetition Secured Creditors are adequately protected;
- scheduling the final hearing to consider granting the relief requested in the Motion on a final basis; and
- providing for the immediate effectiveness of the DIP Orders by waiving any applicable stay under Bankruptcy Rule 6004.

As evidenced by the Budget, the Debtors are at risk of running out of cash ***as early as the end of the week*** without access to additional liquidity. The serious risk to secured parties' collateral in the event of an operational shutdown to protect patient care far outweighs the budgeted cost of access to cash collateral and priming financing during the interim period. Moreover, the Prepetition Secured Creditors are adequately protected by, among other things, a ***45% equity cushion*** to the extent preserving the Debtors' operations would result in any diminution in value. Urgent access to liquidity is necessary to preserve patient care, over a thousand jobs, and the Debtors' critical healthcare facilities for their communities.

II.

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and *General Order No. 182* and *General Order No. 223* of the United States District Court for the Eastern District of California. This matter is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B), (D), (K), (M) and (O). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The Debtors consent to the Bankruptcy Court's authority to issue final orders or judgments in this matter.

III.

LEGAL BASIS FOR RELIEF

2. The bases for the relief requested herein are §§ 105, 361, 362, 363, 364, 503, 506, 507, and 552, Rules 2002, 4001, 6003, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules" or "BR"), and Rules 1001-1(f), 4001-1, and 9014-1(f) of the Local Rules of Practice for the Bankruptcy Court for the Eastern District of California ("LBR").

A. Bankruptcy Rule 4001 and Local Rule 4001-1(c) Disclosures

3. The following tables set forth the key economic terms of the DIP Facility and the proposed use of cash collateral as required by the provisions described in BR 4001(b)(1)(b) & (c)(1)(B)(i)–(xi) and LBR 4001-1(c)(3)(A)–(L), to the extent applicable:[3]

Key Economic Terms of the DIP Facility[4]	
Type of Financing	Delayed draw term loan facility in up to four draws over the term of the DIP Facility.
Interim Facility Size	$16 million
Final Facility Size	$38 million
Standard Interest Rate and Interest Payments	11% per annum, payable in cash monthly in arrears on the last day of each month; *provide* that, at the Debtors' option and on at least five days' written notice to the DIP Agent, interest may be paid-in-kind by capitalizing such interest payment to the principal balance of the outstanding principal balance.
Interest Rate During the Sale Milestone Extension Period (as defined below)	12% per annum.

[3] As of the Petition Date, the Debtors and the DIP Lender are negotiating the precise provisions of the Interim Order. The Debtors will file a supplemental disclosure setting forth any provisions of the DIP Facility required to be disclosed under Bankruptcy Rule 4001 and LBR 4001-1, along with such provisions' locations within the Interim Order, in advance of the First Day Hearing.

[4] This summary is qualified in its entirety by the terms of the DIP Term Sheet, attached to the Exhibit List as **Exhibit A**. To the extent that there is any inconsistency between the terms of this summary and the DIP Term Sheet, the terms of the DIP Term Sheet shall control.

Default Interest Rate	13% before the Sale Milestone Extension Period. 14% during the Sale Milestone Extension Period.
Loan Fees	Upfront fee of $760,000 (2% of final DIP Facility size), payable on the date of entry of the Interim Order. Exit fee of $380,000 (1% of the final DIP Facility size), earned upon the date of entry of the Interim Order and payable on the Maturity Date. The Debtor shall pay, on a current basis, the DIP Agent's and DIP Lenders' legal costs and expenses, including reasonable attorneys' fees, associated with the Chapter 11 Cases and the negotiation and execution of the DIP Facility and the transactions contemplated thereby.
Maturity Date	The "DIP Maturity Date" shall be the earliest of: (i) the consummation of any sale or other disposition of all or substantially all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code; (ii) December 31, 2026 or, if the Debtors invoke, and subject to the terms and conditions of the DIP Facility, the Sale Milestone Extension Period, February 28, 2027; (iii) the date of the acceleration of the DIP Facility and the termination of the DIP Lenders' obligation to advance funds under the DIP Facility following the occurrence and during the continuation of an Event of Default (as defined in the DIP Facility and/or the Interim Order and Final Order); (iv) entry of an order without the express written consent of the DIP Agent or the DIP Lenders authorizing the Debtors to obtain additional financing from a party other than the DIP Lenders under § 364(d), except if such financing provides for the payment in full in cash of the obligations under the DIP Facility; (v) conversion of the Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code, the dismissal of the Chapter 11 Cases, or the appointment of a trustee or examiner with expanded power in the Chapter 11 Cases; or (vi) forty-five days after the Petition Date (or such later date as agreed to by the DIP Agent), unless the Final Order has been entered on or before such date.
Default Provisions	Upon the occurrence and during the continuation of an Event of Default (as defined in the DIP Term Sheet and the DIP Credit Agreement), remedies customarily available in the Chapter 11 Cases shall be available to the DIP Agent, on behalf of the DIP Lenders, including, without limitation, those remedies customarily available to a senior secured, administrative expense claim of a debtor-in-possession lender.

Collateral	Substantially all the Debtors' assets, whether now owned or existing or acquired, created or arising after the Petition Date and wherever located, including, but not limited to, deposit accounts, cash, accounts receivable, and proceeds thereof.

Disclosure Under Bankruptcy Rule 4001 and LBR 4001-1[5]			
Required Disclosure	**Provision in DIP Facility or Interim Order**	**Location in Documents**	**Effective if Interim but Not Final Relief is Granted?**
Granting of Priority Liens BR 4001(c)(1)(B)(i) Grant of priority or a lien on property of the estate under §364(c) or (d).	Senior secured priming liens on, and security interests in, all assets of the Debtors, subject only to the Carve-Out and the Permitted Priority Liens.	DIP Term Sheet, p. 4.	Yes
Adequate Protection BR 4001(c)(1)(B)(ii) Adequate protection or priority for a claim that arose before the case commenced—including a lien on property of the estate, or its use, or of credit obtained under §364 to make cash payments on the claim.	The DIP Agent to permit adequate protection liens for those certain holders of secured bonds (the "Bondholders") under the indenture between the Debtor as issuer and UMB Bank, N.A., as trustee (the "Bonds"), which such liens shall be junior in priority to the DIP Liens and DIP Claims in all respects.	DIP Term Sheet, p. 4.	Yes
Determination of Priority of Liens BR 4001(c)(1)(B)(iii) Determination of the validity, enforceability, priority, or amount of a claim that arose before the case commenced, or of any lien securing the claim. LBR 4001-1(c)(3)(B) Provisions or findings of fact that bind the estate or all parties in interest with respect to the validity,	Senior secured priming liens on, and security interests in, all assets of the Debtors, subject only to the Carve-Out and the Permitted Priority Liens. The DIP Agent to permit adequate protection liens for the Bondholders, which such liens shall be junior in priority to the DIP Liens and DIP Claims in all respects.	DIP Term Sheet, p. 4.	Yes

[5] This summary is qualified in its entirety by the terms of the DIP Term Sheet, attached to the Exhibit List as **Exhibit A**. To the extent that there is any inconsistency between the terms of this summary and the DIP Term Sheet, the terms of the DIP Term Sheet shall control.

perfection, or amount of the secured party's lien or debt. LBR 4001-1(c)(3)(C) Provisions or findings of fact that bind the estate or all parties in interest with respect to the relative priorities of the secured party's lien and liens held by persons who are not parties to the stipulation. (This would include, for example, an order approving a stipulation providing that the secured party's lien is a "first priority" lien.)			
Automatic Stay BR 4001(c)(1)(B)(iv) Waiver or modification of Code provisions or applicable rules regarding the automatic stay. LBR 4001-1(c)(3)(H) Automatic relief from the automatic stay upon default, conversion to chapter 7, or appointment of a trustee.	The Interim Order shall modify the automatic stay to implement the DIP Facility pursuant to the terms of the DIP Loan Documents, and to take any act to create, validate, evidence, attach, or perfect any lien, security interest, right, or claim in the DIP Collateral. Upon the occurrence and continuance of an Event of Default and after providing five business days prior written notice to counsel for the Debtors, counsel for the Committee, if any, counsel for the Prepetition Secured Parties, and the U.S. Trustee, the DIP Agent, acting on behalf of itself and the DIP Lenders, shall be entitled to take any action and exercise all rights and remedies provided to it by the Interim Order, the DIP Loan Documents, or applicable law.	*Proposed Interim Order to be Filed*	Yes
Liens Under Nonbankruptcy Law BR 4001(c)(1)(B)(vii) Waiver or modification of applicable nonbankruptcy law regarding perfecting or enforcing a lien on property of the estate. LBR 4001-1(c)(3)(I)	The DIP Liens will automatically attach to the DIP Collateral and become valid and perfected immediately upon entry of the Interim Order, without the necessity of the execution or filing of mortgages, landlord agreements, security agreements, pledge agreements, control	DIP Term Sheet, p. 4.	Yes

Waivers of the procedural requirements for foreclosure mandated under applicable nonbankruptcy law.	agreements, financing statements or other agreements		
Divesting Rights related to a Plan BR 4001(c)(1)(B)(v) Waiver or modification of an entity's right to file a plan, seek to extend the time in which the debtor has the exclusive right to file a plan, request the use of cash collateral under §363(c), or request authorization to obtain credit under §364. 4001(c)(1)(B)(vi) Establishment of deadlines for filing a plan of reorganization, approving a disclosure statement, holding a hearing on confirmation, or entering a confirmation order. LBR 4001-1(c)(3)(E) Provisions that operate to divest the debtor-in-possession of any discretion in the formulation of a plan or administration of the estate or limit access to the court to seek any relief under other applicable provisions of law	Events of default include: entry of an order by the Bankruptcy Court terminating or modifying the exclusive right of any Debtor to file a chapter 11 plan pursuant to section 1121 of the Bankruptcy Code, without the prior written consent of the DIP Agent; the Debtors file a Plan that is not in form and substance satisfactory to the DIP Agent; entry of an order without the express written consent of the DIP Agent obtaining additional financing from a party other than the DIP Agent and the DIP Lenders under section 364(d) of the Bankruptcy Code except if such financing provides for the payment in full, in cash, of the DIP Obligations; any action by any Debtor to (a) challenge the rights and remedies of the DIP Agent or any DIP Lender under the DIP Facility in the Chapter 11 Cases or acting in a manner inconsistent with the DIP Facility, or (b) avoid or require disgorgement by the DIP Agent or any DIP Lender of any amounts received in respect of the obligations under the DIP Facility;	DIP Term Sheet, p. 6.	Yes
Release of Claims BR 4001(c)(1)(B)(viii) Release, waiver, or limitation on a claim or other cause of action belonging to the estate or the	The Interim Order and Final Order shall include a customary release of the DIP Agent, the DIP Lenders, their affiliates, directors, officers, employees, agents,	DIP Term Sheet, p. 9.	Yes

trustee, including any modification of the statute of limitations or other deadline to commence an action. LBR 4001-1(c)(3)(F) Releases of liability for the creditor's alleged pre-petition torts or breaches of contract.	representatives, and professional advisors, with respect to any and all claims and causes of action arising from or related to the DIP Facility		
Indemnification BR 4001(c)(1)(B)(ix) Indemnification of any entity.	The DIP Facility shall contain customary indemnification provisions for the benefit of the DIP Agent and the DIP Lenders, and its related parties, including, without limitation, indemnification against losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated by the Operative Documents or the use or the proposed use of proceeds thereof.	DIP Term Sheet, p. 3.	Yes
Surcharging Collateral BR 4001(c)(1)(B)(x) Release, waiver, or limitation of any right under §506(c). LBR 4001-1(c)(3)(D) Waivers of 11 U.S.C. § 506(c), unless the waiver is effective only during the period in which the debtor is authorized to use cash collateral or borrow funds.	Events of default include: the entry of an order (a) surcharging any of the DIP Collateral under sections 105, 506(c), or any other section of the Bankruptcy Code, (b) allowing any administrative expense claim having priority over or ranking in parity with the DIP Claims or the rights of the DIP Agent (subject to the Carve- Out), or (c) otherwise adversely impacting the DIP Agent's liens and priority in the DIP Collateral as set forth in the DIP Term Sheet. The Final Order shall include waiver of the automatic stay, credit-bidding rights, "no marshaling" provisions and other similar doctrines, and waivers of the imposition of costs or right to surcharge the DIP Collateral pursuant to sections 105(a) and 506(c).	DIP Term Sheet, pp. 5, 9.	Yes
Liens on Avoidance Actions BR 4001(c)(1)(B)(xi)	Subject to entry of the Final Order, the DIP Liens shall	*Proposed Interim*	No.

Granting of a lien on a claim or cause of action arising under §544, 545, 547, 548, 549, 553(b), 723(a), or 724(a). LBR 4001-1(c)(3)(J) Adequate protection provisions that create liens on claims for relief arising under the Bankruptcy Code (see 11 U.S.C. §§ 506(c), 544, 545 and 547-549).	include a lien on the proceeds of claims and causes of action under sections 502(d), 544, 545, 547, 548 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code.	*Order to be Filed*	
Cross-Collateralization LBR 4001-1(c)(3)(A) Cross-collateralization clauses, i.e., clauses that secure pre-petition debt by post-petition assets in which the secured party would not otherwise have a security interest by virtue of its prepetition security agreement. See 11 U.S.C. § 552.	N/A	N/A	N/a
Avoidance Action Waivers LBR 4001-1(c)(3)(G) Waivers of avoidance actions arising under the Bankruptcy Code.	N/A	N/A	N/A
Cash Collateral LBR 4001-1(c)(3)(K) Waivers, effective on default or expiration, of the debtor's right to move for a court order pursuant to 11 U.S.C. § 363(c)(2)(B) authorizing the use of cash collateral in the absence of the secured party's consent.	N/A	N/A	N/A
Extraneous Findings of Fact LBR 4001-1(c)(3)(L) Findings of fact on matters extraneous to the approval process. (For example, in connection with an application to borrow on a secured basis, a finding that the debtor cannot obtain unsecured credit would be acceptable, whereas a "finding" that the lender acted in good faith in declaring the pre-	N/A	N/A	N/A

petition loan in default would not be acceptable.)			
Name of Entity with an Interest in Cash Collateral BR 4001(b)(1)(B)	As of the Petition Date, UMB Bank, N.A., as Master Trustee, on behalf of the Hospital Revenue Bonds, Series 2018, and the City of Oroville Revenue Bonds (Oroville Hospital), Series 2019. The Bank of New York Mellon Trust Company, N.A. and UMB Bank, N.A. as indenture trustee to each issuance, respectively.		
Use of Cash Collateral BR 4001(b)(1)(B)	Funding operating and administrative expenses consistent with the 13-week budget (the "Budget") attached to the Exhibit List as **Exhibit B**.		
Material Terms of Use BR 4001(b)(1)(B)	Funding operating and administrative expenses consistent with the 13-week budget (the "Budget") attached to the Exhibit List as **Exhibit B**.		
Duration BR 4001(b)(1)(B)	Through the effective date of a plan of liquidation, which is anticipated in the second quarter of 2027.		
Adequate Protection Offered BR 4001(b)(1)(B)	• 45% equity cushion in collateral; • Application of cash collateral to fund the operating expenses of Oroville Hospital to preserve and maintain the collateral; and • Postpetition replacement liens on postpetition revenues and prepetition assets junior to liens securing the DIP Facility.		
Cross-Collateralization Clauses LBR 4001-1(c)(3)(A) Cross-collateralization clauses, i.e., clauses that secure pre-petition debt by post-petition	The Order proposes to grant postpetition replacement liens (junior to any liens securing a DIP Facility) on postpetition revenues and prepetition assets to the extent the Master		

assets in which the secured party would not otherwise have a security interest by virtue of its prepetition security agreement. See 11 U.S.C. § 552	Trustee's lien does not extend to such assets by operation of: (i) § 552; (ii) nonbankruptcy law anti-assignment provisions concerning government receivables; (iii) the DACA is ineffective to perfect against receivable accounts; or (iv) otherwise. The Debtors submit this form of adequate protection is appropriate to ensure the Master Trustee is adequately protected notwithstanding a substantial equity cushion, given the Debtors' need for access to cash collateral to fund postpetition operations.		
Determination of Priority of Liens LBR 4001-1(c)(3)(B) Provisions or findings of fact that bind the estate or all parties in interest with respect to the validity, perfection, or amount of the secured party's lien or debt. LBR 4001-1(c)(3)(C) Provisions or findings of fact that bind the estate or all parties in interest with respect to the relative priorities of the secured party's lien and liens held by persons who are not parties to the stipulation. (This would include, for example, an order approving a stipulation providing that the secured party's lien is a "first priority" lien.)	None, except insofar as the Order provides that replacement liens will be junior to any approved DIP Facility liens.		

4. OroHealth, Oroville Hospital, and their affiliated nondebtor entities operate as a California nonprofit health care system in and around Butte County, California, with approximately 133 general acute care beds (including 10 intensive care and 10 perinatal beds), an active emergency room, 14 "flex" beds separately authorized by the California Department of Public Health on an annual basis, and 126 skilled nursing facility beds. The Debtors also provide 33

specialty services at their 31 clinics (including 10 rural health clinics) in Oroville, Yuba City, and Chico, and provide laboratory services through Valley Clinical Laboratory with 23 outpatient laboratory draw stations in Oroville, Yuba City, Chico, Grass Valley, Orland, and Redding. In its fiscal year ended 2024, the Debtors recorded 98,018 patient days (adjusted to account for outpatient visits), 26,416 emergency room visits, 2.2 million lab tests, 361,558 clinic visits, and 384 births at their facilities. Each of the Debtors are exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. *See* Wentz Declaration, ¶ 4. A more detailed description of the Debtors, including their current and historical business operations and the events precipitating the Chapter 11 Cases, are set forth in the First Day Declaration.

5. The Debtors require access to liquidity immediately following the Petition Date to fund ongoing operations and administer the Chapter 11 Cases. As evidenced by the Budget, the Debtors are at risk of running out of cash ***as early as the end of the week*** without access to additional liquidity. Patients, creditors, and the Debtors' business operations will suffer if the requested relief is not granted on an emergency basis. Indeed, the use of cash collateral is essential to fund ongoing operations, but, alone, will not be sufficient for the Debtors postpetition liquidity needs. *See* Wentz Declaration, ¶ 5.

6. As discussed at length in the Memorandum, the provisions of the DIP Facility are justified under the circumstances. Prepetition, the Debtors were unable to obtain sufficient financing or access to cash collateral on more favorable terms from sources other than the DIP Lender, and the DIP Lender would not commit to providing the required funds without all of the protections and benefits afforded to it in the DIP Term Sheet, including the provisions disclosed above pursuant to Bankruptcy Rule 4001 and LBR 4001-1(c)(3). The DIP Lender has agreed to lend $38 million, but would not do so without the protections and priorities set forth above. Without the DIP Facility, the Debtors' ability to provide patient care and operate during these Chapter 11 Cases with the objective of consummating a sale of all of their assets to a buyer or affiliation partner that will continue to fulfill the Debtors' mission by serving the communities of the City of Oroville, the greater Butte County and surrounding areas of Northern California, will not be possible. The

Debtors respectfully submit that the facts and circumstances of these Chapter 11 Cases demonstrate that the DIP Facility provisions, and use of cash collateral, are necessary and appropriate and should be approved by the Court.

7. The Debtors will provide notice of this Motion via first class mail, facsimile or email (where available) to: (i) the Office of the U.S. Trustee; (ii) the holders of the thirty (30) largest unsecured claims against the Debtors (on a consolidated basis) filed in accordance with Bankruptcy Rule 1007(d); (iii) the agent for the DIP Lender and/or its counsel; (iv) the Prepetition Secured Creditors and/or their counsel; (v) the Master Trustee and/or its counsel; (v) the State of California through the Attorney General for the State of California; (vi) the United States of America through the United States Attorney for the Eastern District of California; and (vii) parties that file with the Court and serve upon the Debtor requests for notice of all maters in accordance with Bankruptcy Rule 2002(i).

WHEREFORE, the Debtors respectfully request that the Court grant this Motion and enter the Interim Order (substantially in the form to be submitted prior to the First Day Hearing): (i) authorizing the Debtors to obtain senior secured superpriority debtor-in-possession financing from the DIP Lender under the terms of the DIP Term Sheet, with an interim amount not to exceed $16,000,000; (ii) granting the DIP Lender perfected senior secured priming liens on, and security interests in, all of the Debtors' assets (the "DIP Collateral"), subject to the Carve-Out and the Permitted Priority Liens; (iii) granting the DIP Lender a superpriority administrative expense claim with respect to all of the Debtors' obligations under the DIP Facility, subject to the Carve-Out; (iv) authorizing the Debtors to use the cash collateral of the Prepetition Secured Creditors to fund operations in the ordinary course and determining that, to the extent necessary, the Prepetition Secured Creditors are adequately protected;[6] (v), granting the Master Trustee, on behalf of the Prepetition Secured Creditors, adequate protection in the form of liens, junior in priority to the DIP Liens and DIP Claim and subject to the Carve-Out, in the DIP Collateral; (vi) scheduling the final hearing to consider granting the relief requested in this Motion on a final basis; (vii) providing for

[6] Nothing contained herein is an admission that the Prepetition Secured Creditors hold a validly perfected interest in any cash collateral.

the immediate effectiveness of the Interim Order by waiving any applicable stay under Bankruptcy Rule 6004; and (viii) granting the Debtors such other and further relief as is just and appropriate under the circumstances.

Dated: December 9, 2025

FOX ROTHSCHILD LLP

By */s/ Nicholas A. Koffroth*
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