

1. On February 27, 2026 (the “Petition Date”), Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, thereby commencing these chapter 11 cases (the “Chapter 11 Cases”).

2. Debtors remain in possession of their property and continue to operate their business as a debtor in possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code. No committee of unsecured creditors has been appointed in these cases.

3. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

4. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Bankruptcy Rule 4001 and Local Rule 4001-2 Disclosures

5. The following tables set forth a summary of the material provisions of the DIP Financing Term Sheet and the Interim Order as required by Bankruptcy Rule 4001(c)(1)(B)(i)-(xi) and Local Rule 4001-2(C)(1)(i)–(x), to the extent applicable:

<i>Material Terms of the DIP Facility³</i>	
Type of Financing	Term loan facility; Bi-weekly draw.
Interim Facility Size	\$12,600,000, subject to the Budget ⁴ .
Final Facility Size	\$16,000,000, subject to the Budget.
Standard Interest Rate	13.0% per annum.
Default Interest Rate	22.0% per annum.
Loan Fees	2.0% (\$320,000); \$60,000 was paid pre-petition; balance due at closing.
Maturity Date	120 days.
Exit Fee	2% (\$320,000); due upon repayment of Loan.
Break-up Fee	JDI shall receive a break-up fee of \$500,000 if it is replaced as the DIP lender.
Default Provisions	The Events of Default will be set forth in the DIP Loan Agreement.
Collateral	First priority priming lien on all of Debtors’ property that is subject to a lien. A lien on all of Debtors’ property that is not subject to a

³ This summary is qualified in its entirety by the terms of the DIP Financing Term Sheet, attached hereto as **Exhibit B**. To the extent that there is any inconsistency between the terms of this summary and the DIP Financing Term Sheet, the terms of the DIP Financing Term Sheet control.

⁴ The initial Budget is attached hereto as **Exhibit C**.

	lien.		
<i>Disclosure Under Bankruptcy Rule 4001 and Local Rule 4001-2</i>			
Required Disclosure	Provision in Term Sheet or Interim Order	Location in Documents	Effective if Interim but not Final Relief is Granted?
<i>Granting of Priority Liens</i> BR 4001(c)(1)(B)(i) Grant of priority or a lien on property of the estate under § 364(c) or (d).	<u>Lien on Any Unencumbered DIP Collateral.</u> Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, perfected, binding, continuing, enforceable and non-avoidable first-priority, lien on all DIP Collateral unencumbered as of the Petition Date, which shall be junior and subordinated only to the Carve Out. <u>Priming Lien on Any Encumbered DIP Collateral.</u> Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, perfected, binding, continuing, enforceable and non-avoidable first-priority, senior priming lien on all DIP Collateral that is subject to a lien as of the Petition Date, which shall be junior and subordinated only to the Carve Out.	Interim Order ¶ 7	Yes
<i>Adequate Protection</i> BR 4001(c)(1)(B)(ii) Providing 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.	None		
<i>Determination of Validity, Enforceability, Priority</i>	None.		

<i>of Liens</i> 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. LR 4001-2(C)(1)(ii) Provisions or findings of fact that bind the estate or parties in interest concerning the validity, perfection, or amount of the secured creditor's pre-petition lien or debt or the waiver of claims against the secured creditors, without first giving parties in interest at least 75 days from the entry of the order, or a creditors' committee at least 60 days from the date of its formation to investigate.			
<i>Automatic Stay</i> BR 4001(c)(1)(B)(iv) Waiver or modification of Code provisions or applicable rules regarding the automatic stay. LR 4001-2(C)(1)(ix) Provisions that grant the lender relief from the automatic stay in §	The automatic stay of section 362 of the Bankruptcy Code is hereby modified to the extent necessary to permit the Debtors and the DIP Lender to accomplish the transactions contemplated by this Interim Order. Upon the occurrence of a DIP Termination Event, without further notice to, hearing of, application to, or order from the Court, the automatic stay provisions of section 362 of the Bankruptcy Code shall be vacated and modified to the extent necessary to	Interim Order ¶¶ 16, 21b	Yes

362 of the Bankruptcy Code without further order of the court.	permit the DIP Lender to take any of the following actions, at the same or different time: (i) deliver a written notice (which may be via email) to counsel for the Debtors, counsel for the Prepetition Secured Parties, the U.S. Trustee, and counsel for the Creditors' Committee (if any) (the "<u>Remedies Notice</u>") declaring the occurrence of a DIP Termination Event (such date, the "<u>DIP Termination Declaration Date</u>") and deliver a Carve Out Trigger Notice; (ii) declare the termination, reduction or restriction of any commitments under the DIP Facility (including the DIP Commitment) to the extent any such commitment remains; (iii) declare all DIP Obligations to be immediately due and payable, without presentment, demand or protest or other notice of any kind, all of which are expressly waived by the Debtors; (iv) declare the termination, restriction or reduction of the DIP Facility and the DIP Loan Agreement as to any further liability or obligation thereunder, but without affecting the DIP Liens, the DIP Superpriority Claims, or the DIP Obligations; (v) charge default interest at the default rate set forth in the DIP Loan Agreement; and (vi) declare the termination, restriction, or revocation of the ability of the Debtors to use of the DIP Lender's Cash Collateral		
<i>Divesting Rights Related to a Plan</i> 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	If any of the Debtors, any trustee, any examiner, or any responsible officer subsequently appointed in any of the Chapter 11 Cases or any Successor Case, shall obtain credit or incur debt pursuant to sections 364(b), 364(c), or 364(d) of the Bankruptcy Code in violation of the DIP Loan Agreement or otherwise at any time prior to the indefeasible repayment in full in cash of all DIP Obligations (other than unasserted contingent obligations that	Interim Order ¶ 17	Yes

under § 363(c), or request authorization to obtain credit under § 364.	expressly survive termination of the DIP Loan Agreement) and the termination of the DIP Lender's obligation to extend credit under the DIP Facility, then, after satisfaction of the Carve Out, and unless otherwise agreed by the DIP Lender, all cash proceeds derived from such credit or debt shall immediately be turned over to the DIP Lender to be distributed in accordance with this Interim Order and the DIP Loan Agreement until all DIP Obligations are satisfied in full.		
<i>Plan and Disclosure Statement Deadlines</i> BR 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.	None.		
<i>Liens Under Nonbankruptcy Law</i> BR 4001(c)(1)(B)(vii) Waiver or modification of applicable nonbankruptcy law regarding perfecting or enforcing a lien on property of the estate.	The DIP Liens are perfected without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements, or other instruments or documents.	Interim Order ¶ 8	Yes
<i>Release of Claims</i> BR 4001(c)(1)(B)(viii) Release, waiver, or limitation on a claim or other cause of action belonging to the estate or the trustee, including any modification of the statute of limitations or other deadline to commence	Subject to entry of a Final Order, the Debtors ... (i) release the DIP Lender ... from any and all claims, ... solely with respect to or relating to the negotiation of and entry into the DIP Loan Agreement the other DIP Documents; and (ii) waive, discharge and release any and all defenses ... as to the validity, perfection, priority, enforceability, and avoidability of the DIP Liens and the DIP Obligations.	Interim Order ¶ 28	No

an action. LR 4001-2(C)(1)(viii) Provisions declaring that the order does not impose lender liability on any creditor.	In determining to make any loan (whether under the DIP Loan Agreement or otherwise) or to permit the use of Cash Collateral, the DIP Lender shall not owe any fiduciary duty to the Debtors or their respective creditors, stakeholders, or estate, and the DIP Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a “responsible person” or “owner or operator” with respect to the operation or management of the Debtors by virtue of making the DIP Loan or allowing use of their Cash Collateral. Furthermore, nothing in this Interim Order shall impose or allow the imposition upon the DIP Lender of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors.	Interim Order ¶ 30	Yes
Indemnification BR 4001(c)(1)(B)(ix) Indemnification of any entity.	The DIP Lender (and its affiliates and respective officers, directors, employees, attorneys, advisors, and agents, solely in such capacity) (each such person, an “<u>Indemnitee</u>”) will have no liability for, and will be indemnified and held harmless by the Debtors and their estates against, any losses, claims, damages, liabilities, or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith, actual fraud, or willful misconduct of the relevant indemnified person (or any of its affiliates or any of its or its respective officers, directors, employees, advisors or agents). Such indemnity shall not be available (i) to the extent arising from a	Interim Order ¶ 26	Yes

	material breach of any obligation of such Indemnatee under the DIP Loan Agreement, or (ii) to the extent arising out of any loss, claim, damage, liability, or expense that does not involve an act or omission of the Debtors and that is brought by an Indemnatee against another Indemnatee.		
<i>Surcharging Collateral</i> BR 4001(c)(1)(B)(x) Release, waiver, or limitation of any right under §506(c). LR 4001-2(C)(1)(iii) Provisions that waive any rights of the estate under § 506(c) of the Bankruptcy Code.	Waiver of the provisions of Section 506(c).	Interim Order, Findings of Fact and Conclusion of Law ¶ m	No
<i>Liens on Avoidance Actions</i> BR 4001(c)(1)(B)(xi) 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). LR 4001-2(C)(1)(iv) Provisions that immediately grant to the pre-petition secured creditor liens on the debtor's claims and causes of action under §§ 544, 545, 547-548, and 549 of the Bankruptcy Code.	None.		
<i>Cross-Collateralization</i> LR 4001-2(C)(1)(i)	None.		

Provisions that secure pre-petition debt with post-petition assets in which the secured party would not otherwise have a security interest based on its prepetition security agreement or applicable law.			
<i>Roll up</i> LR 4001-2(C)(1)(v) Provisions that treat pre-petition secured debt as post-petition debt or use post-petition loans from a pre-petition secured creditor to pay part or all of the secured creditor's pre-petition debt, except as provided in § 552(b) of the Bankruptcy Code.	None.		
<i>Different Carve-Out Treatment for Committee Professionals</i> LR 4001-2(C)(1)(vi) Provisions that treat a committee's professionals differently from the debtor's professionals with respect to a professional fee carve-out, and provisions that limit committee counsel's use of the carve-out.	None.		
<i>Priming of Secured Liens Without Consent</i> LR 4001-2(C)(1)(vii)	<u>Priming Lien on Any Encumbered DIP Collateral</u> . Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, perfected, binding, continuing,	Interim Order ¶ 7	Yes

Provisions that prime any secured lien without the consent of the lien holder.	enforceable and non-avoidable first-priority, senior priming lien on all DIP Collateral that is subject to a lien as of the Petition Date, which shall be junior and subordinated only to the Carve Out.		
<i>Joint and Several Liability</i> LR 4001-2(C)(1)(x) In jointly administered cases, provisions for joint and several liability on loans.	The Loan Agreement will provide that the Debtors are jointly and severally liable.		Yes

Debtors' Property Interests

6. CHP owns the real property known as 3501 South Laramie Ave., Stickney, Illinois, 4950 W. 39th St., Stickney, Illinois, 3640 S. Laramie Ave., Cicero, Illinois, and 3700 S. Laramie Ave., Cicero, Illinois improved with numerous buildings totaling over one (1) million square feet used to operate Hawthorne Race Course (the "Race Course Property").

7. Hawthorne owns the real property known as 5065 Cal Sag Road a/k/a 13148 Rivercrest Drive, Crestwood, Illinois improved with a building of approximately 20,400 square feet used for off-track betting and a bar/lounge/restaurant (the "Crestwood Property").

Prepetition Security Interests and Liens

8. Prior to the commencement of the Chapter 11 Cases, Hawthorne, CHP, and Suburban Downs, as borrowers (collectively, the "Signature Bank Borrowers"), and Signature Bank, as lender, entered into a Loan and Security Agreement, dated as of April 20, 2016, and as thereafter amended the "Signature Bank Loan and Security Agreement", pursuant to which Signature Bank made a revolver loan and term loans.

9. To secure their obligations, the Signature Bank Borrowers granted security interests to Signature Bank in substantially all of their personal property, and CHP and

Hawthorne granted mortgages to Signature Bank on substantially all of the Race Course Property⁵ and the Crestwood Property, respectively. A UCC-1 financing statement was filed against HRC on April 26, 2016, with continuation statements filed on February 11, 2021 and January 26, 2026. UCC-1 financing statements were filed against CHP and Suburban Downs on September 25, 2025. The mortgages were recorded on April 25, 2016.

10. As of the commencement of the Chapter 11 Cases, the amount owed by the Signature Bank Debtors to Signature Bank was approximately \$51,577,523.

This amount consists of:

Line of Credit P&I	\$15,981,121
Term Loans P&I	29,304,319
Exit Fees	<u>6,292,083</u>
	\$51,577,523

11. On October 12, 2022, W. E. O'Neil Construction Co. ("O'Neil") recorded a mechanic's lien with the Cook County Clerk against CHP in the amount of \$5,151,713.94. The claim consisted of a claim of O'Neil for \$2,780,000 and claims of subcontractors: Milburn, LLC (\$429,848, a separate claim was recorded on November 10, 2022); Gurtz Electric Co. (\$1,111,161, a separate claim was recorded on May 17, 2023); Warren Thomas Plumbing (\$355,298); Mechanical Incorporated (\$385,092); S&G Metal and Glass, LLC (\$89,500). O'Neil filed a complaint to enforce the lien in the Circuit Court of Cook County. Upon the motion of Hawthorne, the lien was dismissed with prejudice. O'Neil has appealed that ruling.

12. On August 7, 2024, Aria Group Architects, Inc. ("Aria Group") recorded a mechanic's/materialman's lien with the Cook County Clerk against CHP, Hawthorne, and Signature Bank in the amount of \$5,696,398.56.

⁵ 3640 S. Laramie is a small parking lot across the street from the race course. The Signature Bank mortgage does not include this property.

13. On or about January 3, 2025, Latto Capital LLC (“Latto Capital”) made a loan to Hawthorne in the principal amount of \$5,000,000. Hawthorne executed a promissory note in favor of Latto Capital, dated January 3, 2025. To secure Hawthorne’s obligations, CHP granted a junior mortgage to Latto Capital on the Race Course Property. The mortgage was recorded on January 8, 2025.

14. On December 23, 2025, a judgment was entered in favor of Churchill Downs, Inc. (“Churchill Downs”) and against Hawthorne in the amount of \$1,546,266.84 in the Circuit Court of Cook County, Illinois. On February 3, 2026, a Citation to Discover Assets was issued to Hawthorne. The initial hearing was held on February 24, 2026, and was continued to April 1, 2026.

15. On or about February 20, 2026, the Marital Trust of Robert F. Carey Jr. UAD November 15, 1987 (the “Carey Trust”) made a loan to Hawthorne in the principal amount of \$300,000. To secure its repayment obligations, Hawthorne granted a junior mortgage to the Carey Trust on the Crestwood Property. The mortgage was recorded on February 24, 2026.

16. Real Estate taxes for tax years 2023 and 2024 are unpaid and are due to the Cook County Treasurer. The approximate amounts due are as follows:

Race Course Property

2023 - \$1,250,952

2024 - \$1,230,740

Crestwood Property

2023 - \$205,235

2024 - \$188,622

The first installment for 2025 taxes is due April 1, 2026.

Values of Race Course Property and Crestwood Property

17. At the request of Signature Bank, William Enright of Woodland Valuation Services, LLC prepared an Appraisal Report of the Race Course Property (the “Race Course Appraisal”) which determined the market value to be \$95,000,000 as of August 7, 2025. This value is only for the land, less demolition costs to remove the existing buildings. No consideration was given to the value of the going concern or any gaming licenses. On September 16, 2025, Signature Bank provided the Debtors with a copy of the Race Course Appraisal to use in connection with the Debtors’ efforts to find new financing.

18. At the request of Hawthorne, Schiltz Appraisal Services, Inc. prepared an Appraisal Report of the Crestwood Property which determined the “as is” market value to be \$3,200,000 as of April 7, 2025.

The Debtors Need For DIP Financing

19. As set forth in the Declaration of Timothy Sean Carey in Support of Chapter 11 Petitions and First Day Relief and the Declaration of Billy Condon in Support of Chapter 11 Petitions and First Day Relief, the Debtors require funds to operate their business.

20. Due to the citation to discover assets issued by Churchill Downs, the Debtors have not been able to utilize their revenue stream and Signature Bank has been unwilling to advance funds to pay payroll and employee benefits, track changeover to thoroughbred racing season, amounts due to the horsemen community for services and racing provided, utilities, insurance, professionals, tax and regulatory fees, and other miscellaneous obligations.

21. JDI has agreed to provide Debtors with debtor in possession financing on terms and conditions as set forth in the DIP Financing Term Sheet (Exhibit B hereto).

22. The Debtors desire to use the DIP Financing solely to pay the items set forth in the Budget. The terms of the DIP Facility require that the Debtors immediately pay the 2023 and 2024 real estate taxes. As set forth in the Condon Declaration, and as requested by separate motions, the Debtors need to pay: prepetition wages, salaries, and other compensation and other employee related expenses (\$573,661); and handle, pari-mutuel, and admissions taxes (\$726,082). Additionally, as set forth in the Condon Declaration, the Debtors need to pay certain prepetition claims to continue operations: payments to the Debtors' horsemen for purse amounts due (\$3,910,000); and payments to other host tracks or third party operators to restore simulcast signals (approx. \$750,000).

The DIP Financing Should Be Approved

23. Section 364(c) of the Bankruptcy Code provides that if a debtor is unable to obtain unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code, the court may authorize a debtor in possession to obtain credit or incur debt: (a) with priority over any and all administrative expenses, as specified in section 503(b) or 507(b) of the Bankruptcy Code; or (b) secured by a lien on property of the estate that is not otherwise subject to a lien.

24. Section 364(d) of the Bankruptcy Code provides that the Court may authorize the obtaining of credit or the incurring of debt secured by a senior lien on property of the estate that is subject to a lien if: (a) the debtor in possession is unable to obtain such credit otherwise, and (b) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior lien is proposed to be granted.

25. The Debtors propose to obtain the DIP Facility by providing superpriority claims, security interests and liens pursuant to section 364(c)(1) and (2) and section 364(d) of the Bankruptcy Code.

26. Bankruptcy courts grant a debtor considerable deference in acting in accordance with its business judgment. *See, e.g., Bray v. Shenandoah Fed. Sav. & Loan Ass'n (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("cases consistently reflect that the court's discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit parties in interest"); *see also In re Funding Sys. Asset Mgmt. Corp.*, 72 B.R. 87 (Bankr. W.D. Pa. 1987); *In re Curlew Valley Assocs.*, 14 B.R. 506, 513-14 (Bankr. D. Utah 1981); *In re Simasko Prod. Co.*, 47 B.R. 444,449 (D. Colo. 1985).

27. The Debtors financial advisors began searching for debtor in possession financing in early January 2026. Thirty-five (35) lenders were contacted of which fourteen (14) expressed an interest, five (5) executed an NDA, and three (3) submitted a term sheet. The interest rates and fees in the JDI facility are less than those in the other two term sheets.

28. Furthermore, section 364(d) does not require that a debtor seek alternative financing from every possible lender; rather, the debtor simply must demonstrate sufficient efforts to obtain financing without the need to grant a senior lien. *Snowshoe Co.*, 789 F.2d at 1088 (demonstrating that credit was unavailable absent the senior lien by establishment of unsuccessful contact with other financial institutions in the geographic area); *In re 495 Central Park Ave. Corp.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992) (debtor testified to numerous failed

attempts to procure financing from various sources, explaining that "most lend money only in return for a senior secured position"); *In re Aqua Assocs.*, 123 B.R. 192, 196 (Bankr. E.D. Pa. 1991) (debtor adequately established that some degree of priming of loan was necessary if debtor were to obtain funding).

29. The Debtors require the DIP Financing to maintain, preserve and maximize the value of their assets.

30. The Debtors submit that, other than the DIP Financing, there is no viable financing alternative available to them under the circumstances.

31. The Debtors submit that the circumstances of these cases requires the Debtors to obtain the DIP Financing pursuant to section 364(c) and section 364(d) of the Bankruptcy Code and, accordingly, the DIP Financing reflects the exercise of their sound business judgment.

32. The terms and conditions of the DIP Financing are fair and reasonable and were negotiated in good faith. Accordingly, JDI and all obligations incurred under the DIP Financing should be accorded the benefits of section 364(e) of the Bankruptcy Code.

The Proposed Adequate Protection Should Be Authorized

33. The value of the Race Course Property and the Crestwood Property is in excess of \$98,000,000. The addition of \$16,000,000 of debt ahead of Signature Bank's lien still leaves an equity cushion of over \$30 million. "Case law has almost uniformly held that an equity cushion of 20% or more constitutes adequate protection." *In re McKillips*, 81 B.R. 454, 458 (Bankr. N.D. Ill. 1987) (collecting cases); *see also In re Olde Prairie Block Owner, LLC*, 448 B.R. 482, 493 (Bankr. N.D. Ill.), *aff'd*, 460 B.R. 500 (N.D. Ill. 2011) (secured creditor's "interest is sufficiently protected by the substantial equity cushion demonstrated by the value found in Debtor's

properties” where real property was valued at \$81.15 million, and secured debt of \$48.7 million was being primed by a DIP loan of \$4 million).

34. All cash receipts from receivables generated prior to the Petition Date will be paid to Signature Bank.

35. The adequate protection proposed herein to protect Signature Bank’s interests in the Race Course Property and the Crestwood Property is fair and reasonable and sufficient to satisfy the requirement of section 364(d) of the Bankruptcy Code.

Interim Approval Should Be Granted

36. Bankruptcy Rules 4001(b) and (c) provide that a final hearing on a motion to use cash collateral or obtain credit, respectively, may not be commenced earlier than fourteen (14) days after the service of such motion. Upon request, however, the Court is empowered to conduct a preliminary expedited hearing on the motion and authorize the use of cash collateral and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to a debtor's estate pending a final hearing.

37. Pursuant to Bankruptcy Rule 4001(c), the Debtors request that the Court conduct an expedited preliminary hearing on this Motion and: (a) authorize the Debtors to borrow under the DIP Financing on an interim basis, pending entry of a final order, in order to avoid immediate and irreparable harm and prejudice to the Debtors’ estates and all parties in interest; and (b) schedule a hearing to consider entry of a final order.

38. The Debtors have an urgent and immediate need for cash to preserve and maximize the value of their assets. Currently, the Debtors do not have sufficient unencumbered funds with which to do so. Absent authorization from the Court to obtain secured credit, as

requested, on an interim basis pending a final hearing on the Motion, the Debtors will be immediately and irreparably harmed.

Notice

39. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee; (b) the creditors on the lists of the Debtors' twenty (20) largest unsecured claims; (c) counsel to JDI; (d) counsel to Signature Bank; (e) O'Neil; (f) Aria Group; (g) Latto Capital; (h); Carey Trust; (i) Cook County Treasurer; (j) the Internal Revenue Service; and (k) the Illinois Department of Revenue. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that this Court: enter the Interim DIP Financing Order; (2) schedule a final hearing on this Motion; (3) after further notice and a hearing enter a Final DIP Financing Order; and (4) grant such other and further relief this Court deems just, equitable, and proper.

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HAWTHORNE RACE COURSE, INC.
POST TIME CATERING, INC.
SUBURBAN DOWNS, INC.
CAREY HEIRS PROPERTIES, LLC,

By: /s/ Barry A. Chatz
One of their attorneys

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	)	
	)	Chapter 11
Hawthorne Race Course, Inc., <i>et al.</i> , ¹	)	
	)	Case No. 26-03505
Debtors.	)	
	)	Joint Administration Requested
	)	

NOTICE OF MOTION

PLEASE TAKE NOTICE that on Monday, March 2, 2026 at 12:00 p.m. CDT we will appear before the Honorable Deborah L. Thorne, or any judge sitting in that judge's place, either in courtroom 682 of the Dirksen Federal Building, 219 S. Dearborn Street, Chicago, IL 60604 or electronically as described below, and present the **Motion of Debtors in Possession For Authorization to Obtain Debtor in Possession Financing**, copy of which is attached.

Important: Only parties and their counsel may appear for presentment of the motion electronically using Zoom for Government. All others must appear in person.

To appear by Zoom, please go to this link: <https://www.zoomgov.com>. Then enter the meeting ID and passcode.

To appear by Zoom using a telephone, call Zoom for Government at 1-669-254-5252 or 1-646-828-7666. Then enter the meeting ID and passcode.

Meeting ID and Passcode. The meeting ID for this hearing is 160 9362 1728, and the passcode is No Passcode Required. The meeting ID and passcode can also be found on the judge's page on the court's web site.

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Hawthorne Race Course, Inc., (2284); Carey Heirs Properties, LLC, (2654); Suburban Downs, Inc., (2457); and Post Time Catering, Inc., (3590). The Debtors' mailing address is 3501 S. Laramie Ave, Stickney, IL 60804.

If you object to this motion and want it called on the presentment date above, you must file a Notice of Objection no later than two (2) business days, before that date. If a Notice of Objection is timely filed, the motion will be called on the presentment date. If no Notice of Objection is timely filed, the court may grant the motion in advance without calling it.

SAUL EWING LLP

By: /s/ Barry A. Chatz

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Proposed Counsel for Debtors and Debtors in Possession

Exhibit A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

(Joint Administration Requested)

**INTERIM ORDER (I) AUTHORIZING POSTPETITION FINANCING
AND; (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE
EXPENSE CLAIMS; (III) MODIFYING THE AUTOMATIC STAY,
(V) SCHEDULING A FINAL HEARING; AND (VI) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of Hawthorne Race Course, Inc., an Illinois corporation, Post Time Catering, Inc., an Illinois corporation, Suburban Downs, Inc., an Illinois Corporation and Carey Heirs Properties, LLC, an Illinois limited liability company, as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), seeking entry of an order (this “Interim Order”), pursuant to sections 105, 361, 362(d), 363(c), 364(c)(1), 364(c)(2), 364(d)(1), 503(b), 506, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Bankruptcy Rules for the Northern District of Illinois, Eastern Division (the “Local Rules”), seeking entry of the Interim Order (together with all exhibits hereto) that, among other things:

- (i) Authorizes Debtors (the “Borrowers”), to obtain postpetition financing pursuant to a senior secured debtor-in-possession term loan credit facility (the “DIP Facility,” and the loan issued thereunder, the “DIP Loan”) in the

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Hawthorne Race Course, Inc. (2284); Carey Heirs Properties, LLC, (2654); Suburban Downs, Inc., (2457); and Post Time Catering, Inc. (3590). The Debtors' mailing address is 3501 S. Laramie Ave., Stickney, IL 60804.

² Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Motion.

aggregate principal amount of up to \$16,000,000 (the “DIP Commitment”) of which, upon entry of this Interim Order, (the “Interim Term Loan”), \$____, with the remainder to be available subject to and following entry of the Final Order (the “Delayed Draw Term Loan”), shall be made available to the Debtors and may be drawn bi-weekly, and the remainder of the DIP Commitment will, subject to and upon the date of entry of the Final Order, be available through additional draws, in case subject to the terms and conditions set forth in that certain Debtor-In-Possession Loan Agreement (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “DIP Loan Agreement” and, together with any ancillary, collateral or related documents and agreements, including this Interim Order, the “DIP Documents”) by and among the Borrowers), and JDI Realty and/or its designees, successors and assignees (the “DIP Lender”), the substantially final form of which DIP Loan Agreement is attached to this Interim Order as **Exhibit 1**;

- (ii) approves the terms of the DIP Loan Agreement, and authorizes the Debtors to execute, deliver, and perform under the DIP Loan Agreement and the other DIP Documents, the DIP Orders, and all other related agreements and documents creating, evidencing, or securing indebtedness or obligations of any of the Debtors to the DIP Lender on account of the DIP Facility;
- (iii) authorize the Debtors, on an interim basis, to incur all obligations under the DIP Loan (including the Loan Fee, the Exit Fee, the Break-Up Fee, and any other interest, costs and fees payable pursuant to the DIP Loan Agreement) and for all obligations due or payable to or for the benefit of the DIP Lender under the DIP Documents (collectively, the “DIP Obligations”) which DIP Obligations shall be subject and subordinate only to the Carve Out (defined below), and to perform such other acts as may be required or appropriate in connection therewith;
- (iv) authorizes and directs the Debtors, on an interim basis, to use the proceeds of the DIP Facility and the Cash Collateral (as defined below) in accordance with the DIP Loan Agreement and this Interim Order, to (a) fund the postpetition working capital needs of the Debtors pending the Final Hearing (as defined below); (b) pay fees, costs and expenses of the DIP Facility on the terms and conditions described in this Interim Order and the DIP Loan Agreement, (c) pay the prepetition real property taxes, in each case, in accordance with the DIP Documents, including the Approved Budget. “Cash Collateral” shall have the meaning set forth in section 363(a) of the Bankruptcy Code (“Cash Collateral”);
- (v) authorizes and directs the Borrowers to grant to the DIP Lender, on an interim basis, valid, enforceable, non-avoidable, and automatically and fully perfected and priming DIP Liens (defined below) and superpriority claims, including (a) allowed superpriority administrative expense claims pursuant

to sections 364(c)(1) of the Bankruptcy Code, subject only to the Carve Out (as defined below), and (b) liens in the DIP Collateral (as defined below) and all proceeds thereof, including, without limitation, all property constituting Cash Collateral pursuant to sections 364(c)(2), and 364(d)(1) of the Bankruptcy Code, to secure all DIP Obligations, subject only to the Carve Out;

- (vi) authorizes the DIP Lender to take all commercially reasonable actions to implement and effectuate the terms of this Interim Order and the DIP Documents;
- (vii) authorizes the Debtors to pay DIP Lender the fees and reimburse expenses under the DIP Documents, and perform such other and further acts as required in connection with the DIP Documents;
- (viii) subject to entry of the Final Order, except to the extent of the Carve Out, waives all rights to surcharge any DIP Collateral under sections 105(a), 506(c) or 552(b) of the Bankruptcy Code or any other applicable principle of equity with respect to the DIP Lender;
- (ix) subject to entry of the Final Order, waives the equitable doctrine of “marshaling” and other similar doctrines with respect to the DIP Collateral with respect to the DIP Lender;
- (x) vacates and modifies the automatic stay of section 362 of the Bankruptcy Code to the extent set forth herein and as necessary to permit the Debtors and the DIP Lender to implement and effectuate the terms and provisions of the DIP Orders and the DIP Documents, and authorizes the DIP Lender, upon the occurrence and continuance of an Event of Default (as set forth herein and in the DIP Loan Agreement), to deliver any notices of termination and take other actions described below and as further set forth herein;
- (xi) authorizes the Debtors to comply with the reporting requirements set forth in the DIP Loan Agreement and the DIP Orders;
- (xii) approving the Debtors’ release and indemnification of the DIP Lender to the extent set forth in the DIP Loan Agreement and the DIP Orders;
- (xiii) schedules the Final Hearing within thirty (30) days of the entry of the Interim Order and approving notice with respect thereto in accordance with Bankruptcy Rule 4001(c)(2); and
- (xiv) waives any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of the DIP Orders and providing for the immediate effectiveness of the DIP Orders.

This Court, having considered the relief requested in the Motion, the exhibits attached thereto, the First Day Declarations (defined in the Motion), the DIP Loan Agreement, the other papers filed with this Court, the evidence submitted and arguments made at the interim hearing held before this Court on March __, 2026 (the “Interim Hearing”); and due and sufficient notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 2002 and 4001(b), (c), and (d) and all applicable Local Rules; and the Interim Hearing having been held and concluded; and all objections, if any, to the interim relief requested in the Motion having been withdrawn, resolved, or overruled by the Court; and it appearing that the interim relief requested in the Motion is fair and reasonable and in the best interests of the Debtors and their estates, necessary to avoid immediate and irreparable harm to the Debtors and their estates, and essential for the continued operation of the Debtors’ businesses and the preservation of the value of the Debtors’ assets; and it appearing that the Debtors’ entry into the DIP Loan Agreement and the other DIP Documents is a sound and prudent exercise of the Debtors’ business judgment; and after due deliberation and consideration, and good and sufficient cause appearing therefor,

THIS COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW BASED UPON THE MOTION, THE REPRESENTATIONS OF COUNSEL AND THE EVIDENCE SUBMITTED DURING THE HEARING:³

a. **Petition Date.** On _____, 2026 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court, commencing these Chapter 11 Cases.

³ The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014, and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon entry hereof. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

b. **Debtors in Possession.** The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in any of the Chapter 11 Cases.

c. **Jurisdiction and Venue.** The Court has jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

d. **Notice.** The Interim Hearing was held pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2). Notice of the Motion has been provided in a manner sufficient under the circumstances and no other or further notice of the Motion or the entry of this Interim Order shall be required. The interim relief granted herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates pending the Final Hearing.

e. **Committee Formation.** As of the date hereof, the United States Trustee for the Northern District of Illinois, Eastern Division (the “U.S. Trustee”) has not appointed an official committee of unsecured creditors in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code (a “Creditors’ Committee”).

f. **No Credit Available on More Favorable Terms.** Given their current financial condition, financing arrangements, and capital structure, and the circumstances of the Chapter 11 Cases as demonstrated by the evidence and arguments presented at the Interim Hearing, the Debtors are unable to obtain financing from sources other than the DIP Lender on terms more favorable than the DIP Facility. The Debtors are unable to procure sufficient financing in the form of unsecured credit allowable as an administrative expense. The Debtors are also unable to obtain sufficient secured credit without granting to the DIP Lender the DIP Liens and the DIP Superpriority Claims, in each case subject and subordinate to the Carve Out, as set forth herein

and in the DIP Loan Agreement.

g. **Good Faith.** Based on the papers filed and the proceedings of record in these Chapter 11 Cases, (i) the extension of credit and financial accommodations under the DIP Facility, as provided by the DIP Loan Agreement, are fair, reasonable, in good faith, negotiated at arm's length, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration; (ii) the DIP Facility and the DIP Loan thereunder are being provided by the DIP Lender in "good faith" within the meaning of section 364(e) of the Bankruptcy Code in express reliance on the protections offered thereby and by order of the Court; (iii) the liens, claims, and other covenants and payments as set forth in the DIP Loan Agreement or this Interim Order, as well as the protections afforded parties acting in "good faith" under section 364(e) of the Bankruptcy Code are integral, critical, and essential components of the DIP Facility provided by the DIP Lender to the Debtors; and (iv) the DIP Lender, the DIP Facility, the DIP Fees, the DIP Liens, and the DIP Superpriority Claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code if this Interim Order or any provision hereof is vacated, reversed, or modified, on appeal or otherwise.

h. **Good Cause.** Good cause has been shown for the entry of this Interim Order, and the entry of this Interim Order is in the best interests of the Debtors, their estates, their residents, their creditors, their employees, and other parties in interest.

i. **Need for Postpetition Financing and Use of Cash Collateral.** The Debtors do not have sufficient and reliable sources of working capital to continue to operate their business in the ordinary course without access to the DIP Facility requested in the Motion. The financing provided pursuant to this Interim Order, the DIP Loan Agreement, and other DIP Documents, and the authority to use Cash Collateral granted herein will permit the Debtors to, among other things, (i)

maintain the orderly operation of their businesses; (ii) make payroll for their employees; (iii) pay the fees, costs, and expenses incurred in connection with the Chapter 11 Cases, which are necessary to preserve enterprise value and benefit all Debtors; (iv) fund any obligations benefiting from the Carve Out; (v) maintain business relationships with vendors and suppliers; and (vi) satisfy other working capital and operational needs.

j. **Willingness to Provide Financing.** The DIP Lender has committed to provide financing to the Debtors subject to: (i) entry of this Interim Order; (ii) approval of the terms and conditions of the DIP Loan Agreement, and the other DIP Documents; (iii) satisfaction of the closing conditions set forth in the DIP Loan Agreement; (iv) findings and conclusions of law by this Court that the DIP Lender is extending credit to the Debtors pursuant to this Interim Order and the DIP Loan Agreement in good faith, and that the DIP Lender's claims, superpriority claims, security interests, liens, and other protections granted pursuant to this Interim Order will have all the protections provided by section 364(e) of the Bankruptcy Code, and if any Chapter 11 Case is dismissed, the DIP Lender may enforce the DIP Documents against any such Debtor in any court of competent jurisdiction.

k. **Approved Budget.** The Debtors have prepared and delivered to the DIP Lender an initial budget attached as **Exhibit 1** (together with any additional line-item or other detail and supplements as may be provided pursuant to the terms of the DIP Loan Agreement, the "Initial DIP Budget"). The Initial DIP Budget reflects, among other things, for the thirteen (13) week period commencing on or about the Petition Date, the Debtors' projected operating receipts, operating disbursements, non-operating disbursements, net operating cash flow, and liquidity for each one-week period covered thereby. The Initial DIP Budget may be modified, amended, extended, and updated from time to time in accordance with the DIP Loan Agreement or the other

DIP Documents, and such modified, amended, extended, or updated budget, once approved by the Debtors and the DIP Lender, shall modify, replace, supplement, or supersede, as applicable, the Initial DIP Budget for the periods covered thereby (the Initial DIP Budget and each subsequent approved budget (including any additional line-item or other detail and supplements as may be provided pursuant to the terms of the DIP Loan Agreement) shall constitute, without duplication, an “Approved Budget”). The Initial DIP Budget has been prepared by the Debtors, their management, and their advisors, and the Debtors believe that the Initial DIP Budget is reasonable under the circumstances. The DIP Lender is relying, in part, on the Debtors’ agreement to comply with the Approved Budget (subject only to Permitted Variances) the terms of the DIP Loan Agreement, and this Interim Order in determining to enter into the DIP Facility and to consent to the use of their Cash Collateral provided for in this Interim Order and the DIP Documents.

1. **Use of Cash Collateral and Proceeds of DIP Facility.** As a condition to the Debtors’ entry into the DIP Loan Agreement and the other DIP Documents and the extension of credit under the DIP Loan Agreement, including the use of Cash Collateral, the Debtors have agreed that the proceeds of the DIP Facility and Cash Collateral shall be used solely in accordance with the terms and conditions of this Interim Order, the DIP Loan Agreement, and the Approved Budget (subject to Permitted Variances).

m. **Section 506(c) and Marshaling.** Subject to entry of a Final Order, as material inducement to the DIP Lender’s agreement that its liens and superpriority claims shall be subject to payment of the Carve Out, subject to entry of the Final Order, the DIP Lender is entitled to (i) a waiver of the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral and the DIP Obligations in favor of the DIP Lender; and (ii) a waiver of the provisions of section 506(c) of the Bankruptcy Code with respect to the DIP Collateral.

n. **Requisite Authority.** Subject to entry of this Interim Order, each Debtor has all requisite corporate or entity power and authority to execute and deliver the DIP Loan Agreement and the other DIP Documents to which it is a party and to perform its obligations thereunder.

o. **Immediate Entry.** Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2). Absent granting the relief set forth in this Interim Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the DIP Facility and the permitted use of Prepetition Collateral in accordance with this Interim Order and the DIP Loan Agreement are therefore in the best interests of the Debtors' estates and consistent with the Debtors' exercise of their fiduciary duties.

NOW, THEREFORE, based on the foregoing findings and conclusions, the Motion, and the record before this Court, and after due consideration, and this Court having found good and sufficient cause therefor,

IT IS HEREBY ORDERED THAT:

1. **Motion Granted.** The relief sought in the Motion is GRANTED on an interim basis as set forth herein. Entry into the DIP Loan Agreement and, as applicable, the other DIP Documents is authorized and approved on an interim basis is authorized, in each case, subject to the terms and conditions set forth in this Interim Order and in the DIP Loan Agreement. All objections to the Motion to the extent not withdrawn, waived, settled, or resolved are hereby denied and overruled on the merits.

2. **Authorization of the DIP Facility.** The Debtors are expressly and immediately authorized and empowered to execute and deliver the DIP Loan Agreement, and the other DIP Documents (as applicable), and to incur and perform the DIP Obligations in accordance with, and subject to, the terms of this Interim Order and the DIP Loan Agreement, and to execute, deliver,

and perform under all instruments, certificates, agreements, and documents that may be required or necessary for their performance under the DIP Loan Agreement, and the creation and perfection of the DIP Liens described in and provided for by this Interim Order, the DIP Loan Agreement. Each of the Debtors is hereby authorized to pay any principal, interest, fees, expenses, and other amounts subject to and in accordance with this Interim Order, the DIP Loan Agreement, or other DIP Documents as such amounts become due and owing, without further Court approval (except as otherwise provided herein or in the DIP Loan Agreement), including, without limitation, the Loan Fee, the Exit Fee, the Break-Up Fee, as well as any reasonable and documented out-of-pocket fees and expenses of DIP Lender's Professionals (defined below), and disbursements arising under the DIP Documents, which amounts shall not be subject to further approval of this Court and shall be non-refundable and not subject to challenge in any respect; *provided*, that the payment of the fees and expenses as set forth herein and in the DIP Loan Agreement, subject to paragraphs 26 and 27 of this Interim Order, and to take any other actions that may be necessary or appropriate, all to the extent provided in this Interim Order and the DIP Documents. Upon execution and delivery, the DIP Loan Agreement and, as applicable, the other DIP Documents shall represent legal, valid, and binding obligations of the Debtors, enforceable against the Debtors and their estates in accordance with their terms. Each officer of the Debtors acting individually is hereby authorized to execute and deliver the DIP Loan Agreement and the other DIP Documents.

3. **DIP Obligations.** The DIP Documents and this Interim Order shall constitute and evidence the validity and binding effect of the DIP Obligations. All DIP Obligations shall be enforceable against the Debtors, their respective estates, and any successors thereto, including without limitation, any trustee appointed in the Chapter 11 Cases, or in any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Chapter 11 Cases, or the dismissal of

any of the Chapter 11 Cases, or in any other proceeding superseding or related to any of the foregoing (the “Successor Case”), and their creditors and other parties-in-interest. Upon entry of this Interim Order, the DIP Obligations shall include, but not be limited to, (i) the payment by the Debtors of (a) the unpaid principal amount of and interest on the DIP Loan, as and when due, whether at maturity, by acceleration, or otherwise, and (b) all fees and other monetary obligations of the Debtors to the DIP Lender under the DIP Loan Agreement and this Interim Order, and (ii) the payment and performance of all covenants, duties, agreements, obligations, and liabilities of the Debtors to the DIP Lender under the DIP Loan Agreement and this Interim Order. The Debtors and their successors shall be jointly and severally liable for repayment of any funds advanced pursuant to the DIP Loan Agreement and the DIP Obligations. The DIP Obligations shall become due and payable, without notice or demand, on the Maturity Date or as otherwise set forth in the DIP Loan Agreement. No obligation, payment, transfer, or grant of collateral as security hereunder or under the DIP Loan Agreement (including any DIP Obligation or DIP Liens) to the DIP Lender shall be stayed, restrained, voidable, avoidable, or recoverable, under the Bankruptcy Code or under any applicable law, or be subject to any disgorgement, avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination, claim, counterclaim, charge, assessment, cross-claim, defense, or any other liability or challenge under the Bankruptcy Code or any applicable law or regulation by any person or entity for any reason.

4. **Authorization to Enter into DIP Facility.** The Debtors are hereby authorized to execute, deliver, enter into and, as applicable, comply with and perform all of their obligations, and to pay all fees, costs, expenses, indemnities, and other amounts contemplated, under the DIP Loan Agreement (and any other DIP Documents) and to take such other and further acts as may be necessary, appropriate, or desirable in connection therewith. Upon entry of this Interim Order,

the Debtors are authorized to borrow up to aggregate amount of the Interim Amount, and the Debtors are hereby authorized to provide a guaranty of payment and performance in respect of the DIP Obligations, in each case, in accordance with the DIP Loan Agreement, and the DIP Obligations are hereby approved (as and when such amounts become earned, due, and payable in accordance with the DIP Loan Agreement) without the need to seek further Court approval. The borrowing of DIP Loan under this Interim Order and the DIP Loan Agreement shall permanently decrease the DIP Commitment and, once repaid, the DIP Loan incurred may not be re-borrowed.

5. **DIP Collateral.** The term “DIP Collateral”⁴ means, collectively, all rights, properties and assets of each DIP Borrower, including all personal property, real property (including without limitation all Real Property), and Fixtures, in each case, whether now owned or existing or hereafter acquired, created or arising, whether arising before or after the Petition Date, and wherever located, including, without limitation, the following: all General Intangibles, Payment Intangibles, Instruments, Accounts, Documents, Documents of Title, Goods, Inventory, Equipment, Fixtures, Chattel Paper, Electronic Chattel Paper, Letter of Credit Rights (whether or not the letter of credit is evidenced by a writing), post petition Money, Deposit Accounts, post petition cash, certificates of deposit, Investment Property, Securities, Securities Accounts, Securities Entitlements, Commodities Accounts, Supporting Obligations, Financial Assets,)and all monies therein, and any cash held therein, and any and all claims, rights and interests in, to or under any of the above, and all substitutions for, additions, attachments, accessories, Accessions and improvements to and replacements, products, Proceeds and insurance proceeds of any or all of the foregoing; all causes of actions (other than Borrowers ‘Avoidance Actions’); all books and records relating to the foregoing, including all ledgers, records regarding the Borrowers’ assets or

⁴ As set forth in the DIP Loan Agreement, capitalized terms used in this paragraph that are not otherwise defined herein have the meaning ascribed to such term in the UCC.

liabilities, business operations or financial condition, and all computer programs or storage or any Equipment containing such information. The DIP Collateral also includes all Borrowers' real property (including the Real Property), leases, leasehold interests, and all rents, profits and Proceeds thereof, all contracts, contract rights, intercompany claims, rights to payment of money, arbitration awards, licenses, permits, and franchise rights, all capital stock, trust interests, all rights under insurance and proceeds thereof, all collateral support, tax or other refunds, mineral rights, and all Software, patents, copyrights, trademarks, trade names and other intellectual property (whether or not registered, and if registered, whether such intellectual property is registered in the United States or in any foreign jurisdiction), together with the right to sue or otherwise recover for any past, present and future infringement, dilution, misappropriation, or other violation or impairment thereof, and all Proceeds of any of the foregoing, including without limitation license fees, royalties, income, payments, claims, damages and proceeds of suit, now or hereafter due and/or payable with respect thereto, any and all claims, rights and interests in, to or under any of the above, and all substitutions for, additions, attachments, accessories, Accessions and improvements to and replacements, products, Proceeds and insurance proceeds of any or all of the foregoing. Notwithstanding the foregoing, the DIP Collateral shall not include any DIP Borrower's (a) Avoidance Actions or proceeds thereof, (b) pre-petition cash and prepetition receivables, or (c) equity and/or beneficial interests issued by any Borrower.

6. **Disposition of Collateral.** Notwithstanding anything otherwise provided herein, it shall be deemed a DIP Termination Event if the Borrowers sell, transfer, or otherwise dispose of any portion of the DIP Collateral, other than in the ordinary course of business or in connection with the payments contemplated under this Interim Order or the Approved Budget (subject to the Permitted Variances), without the prior written consent of the DIP Lender, except as permitted in

the DIP Loan Agreement and this Interim Order.

7. **DIP Liens.** To secure the DIP Obligations, immediately upon and effective as of entry of this Interim Order, pursuant to Bankruptcy Code sections 364(c)(2) and 364(d)(1), the DIP Lender is hereby granted, on an interim basis, continuing, valid, binding, enforceable, nonavoidable, and automatically and properly perfected security interests in and liens on the DIP Collateral of the Borrowers (collectively, the “DIP Liens”) as follows:

- (i) Lien on Any Unencumbered DIP Collateral. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, perfected, binding, continuing, enforceable and non-avoidable first-priority, lien on all DIP Collateral unencumbered as of the Petition Date, which shall be junior and subordinated only to the Carve Out.
- (ii) Priming Lien on Any Encumbered DIP Collateral. Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, perfected, binding, continuing, enforceable and non-avoidable first-priority, senior priming lien on all DIP Collateral that is subject to a lien as of the Petition Date, which shall be junior and subordinated only to the Carve Out.

Other than as set forth herein or in the DIP Loan Agreement, and upon entry of the Final Order, the DIP Liens shall not be (A) subject to sections 506, 510, 549, 550, or 551 of the Bankruptcy Code, and/or (B) made subject to *or pari passu* with any lien or security interest heretofore or hereinafter granted in the Chapter 11 Cases or any Successor Case, and shall be valid and enforceable against any trustee appointed in the Chapter 11 Cases or any Successor Case, upon the conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code (or in any other Successor Case), and/or upon the dismissal of any of the Chapter 11 Cases or Successor Case.

8. **Perfection of DIP Liens.** This Interim Order shall be sufficient and conclusive evidence of the creation, validity, perfection, and priority of all liens granted herein, including the DIP Liens, without the necessity of execution, filing or recording any security agreement, control agreement, pledge agreement, financing statement, mortgage, deed of trust, notice, or other instrument or document which may otherwise be required under the law or regulation of any

jurisdiction or the taking of any other action (including entering into any deposit-account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the DIP Liens or to entitle the DIP Lender to the priorities granted herein. Notwithstanding the foregoing, the DIP Lender is authorized, but not required, to file, as it deems necessary or advisable, such financing statements, security agreements, mortgages, notices of liens and other similar documents to perfect or otherwise evidence the DIP Liens in accordance with applicable non-bankruptcy law, and all such financing statements, mortgages, notices and other documents shall be deemed to have been filed or recorded as of the Petition Date; *provided, however*, that no such filing or recordation shall be necessary or required in order to create or perfect the DIP Liens. The DIP Lender may, in its sole discretion, file an electronic copy or photocopy of this Interim Order as a financing statement with any filing or recording office or with any registry of deeds or similar office in addition to or in lieu of such financing statements, notices of lien or similar instruments.

9. **DIP Superpriority Claims.** Subject only to the Carve Out, effective immediately upon entry of this Interim Order, the Debtors granted to the DIP Lender, pursuant to section 364(c)(1) of the Bankruptcy Code, allowed superpriority administrative-expense claims in the Chapter 11 Cases and any Successor Case (collectively, the “DIP Superpriority Claims”) for all DIP Obligations with priority over any and all administrative expense claims and unsecured claims against the Debtors or their estates in the Chapter 11 Cases and any Successor Case, including administrative expenses or other claims of the kinds specified in, or ordered pursuant to, sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 546, 726, 1113, and 1114 or any other provision of the Bankruptcy Code or otherwise, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment. The DIP Superpriority Claims shall be payable have recourse and be payable

from all prepetition and postpetition property and assets of the Debtors and their estates and all DIP Collateral and all proceeds thereof. The DIP Superpriority Claims shall, for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, shall be against each Debtor on a joint and several basis, and shall be payable from all prepetition and postpetition property of the Debtors and all proceeds thereof. Except with respect to the Carve Out, no costs or expenses of administration, including professional fees allowed and payable under sections 328, 330, or 331 of the Bankruptcy Code, or otherwise, that have been or may be incurred in these proceedings, or in any Successor Case, and no priority claims are, or will be, senior to, prior to, or have parity with the DIP Superpriority Claims or the DIP Obligations, or with any other claims of the DIP Lender arising under the DIP Loan Agreement and/or this Interim Order.

10. **No Obligation to Extend Credit.** The DIP Lender shall have no obligation to make any loan or advance under the DIP Loan Agreement unless (i) all of the conditions precedent to the closing of the DIP Facility and such loan or advance, and other terms under the DIP Loan Agreement and this Interim Order have been satisfied in full or waived by the DIP Lender (in its sole discretion), and (ii) no Event of Default under the DIP Loan Agreement or the other DIP Documents (including this Interim Order) has occurred and is continuing.

11. **Use of DIP Facility Proceeds.** The Debtors shall be permitted to use DIP Loan under the DIP Facility only for the purposes specifically set forth in this Interim Order and the DIP Loan Agreement. The Opening Disbursement shall be used, *inter alia*, to pay the unpaid portion of the Origination Fee, any delinquent Real Property Taxes, and Lender's other costs and expenses (including consultants' fees and attorneys' fees and costs) in connection with the DIP Loan. Lender shall allow bi-weekly draws (each a "**Draw**") with payment of interest.

12. **No Monitoring Obligation.** The DIP Lender shall not have any obligation or responsibility to monitor any Debtor's use of the DIP Facility, and the DIP Lender may rely on each Debtor's representation that the use of the DIP Facility at any time is in accordance with the requirements of this Interim Order and the DIP Loan Agreement, including the Approved Budget (subject to the Permitted Variances).

13. **Authorization to Use Cash Collateral.** Subject to the terms and conditions of this Interim Order and the DIP Loan Agreement, and in accordance with the Approved Budget (subject to Permitted Variances), the Debtors are authorized to use the DIP Lender's Cash Collateral until the DIP Termination Declaration Date..

14. **Modification of DIP Loan Agreement.** The Debtors and the DIP Lender are hereby authorized to implement, in accordance with the terms of the DIP Loan Agreement, any non-material modifications of the DIP Loan Agreement without further notice, motion, or application to, order of, or hearing before, this Court. Any material modification or amendment to the DIP Loan Agreement shall only be permitted pursuant to an order of this Court, after being submitted to this Court on five (5) days' notice to the U.S. Trustee and the Prepetition Secured Parties; provided, however, that any forbearance from, or waiver of, (a) a breach by the Debtors of a covenant representation or any other agreement or (b) a default or an Event of Default, in each case under the DIP Loan Agreement, shall not require an order of this Court. In the event of any inconsistency between this Interim Order and the DIP Loan Agreement, this Interim Order shall control.

15. **DIP Facility Reporting.** Except as otherwise provided herein or approved by the DIP Lender in its reasonable discretion, the proceeds from the DIP Facility shall be used only in compliance with the terms of the DIP Loan Agreement and in accordance with the Approved

Budget subjected to Permitted Variances. The Debtors shall comply with the reporting requirements and obligations set forth in the DIP Loan Agreement.

16. **Modification of Automatic Stay.** The automatic stay of section 362 of the Bankruptcy Code is hereby modified to the extent necessary to permit the Debtors, the DIP Lender, and, as applicable, the Prepetition Secured Parties to accomplish the transactions contemplated by this Interim Order.

17. **Proceeds of Subsequent Financing.** If any of the Debtors, any trustee, any examiner, or any responsible officer subsequently appointed in any of the Chapter 11 Cases or any Successor Case, shall obtain credit or incur debt pursuant to sections 364(b), 364(c), or 364(d) of the Bankruptcy Code in violation of the DIP Loan Agreement or otherwise at any time prior to the indefeasible repayment in full in cash of all DIP Obligations (other than unasserted contingent obligations that expressly survive termination of the DIP Loan Agreement) and the termination of the DIP Lender's obligation to extend credit under the DIP Facility, then, after satisfaction of the Carve Out, and unless otherwise agreed by the DIP Lender, all cash proceeds derived from such credit or debt shall immediately be turned over to the DIP Lender to be distributed in accordance with this Interim Order and the DIP Loan Agreement until all DIP Obligations are satisfied in full.

18. **Payments Held in Trust.** Except as expressly permitted in this Interim Order including in the Approved Budget, the DIP Loan Agreement, or otherwise ordered by this Court, including in respect of the Carve Out, if any person or entity receives any payment on account of a security interest in the DIP Collateral or receives any DIP Collateral or any proceeds of DIP Collateral prior to indefeasible payment in full in cash of all DIP Obligations under the DIP Loan Agreement and termination of the DIP Facility in accordance with the DIP Loan Agreement, such person or entity shall be deemed to have received, and shall hold, any such payment or proceeds

of DIP Collateral in trust and shall immediately turn over such proceeds to the DIP Lender for application in accordance with this Interim Order, the DIP Loan Agreement, or the applicable DIP Documents.

19. **Maintenance of DIP Collateral.** Until the payment in full of the DIP Obligations, the Debtors shall, except as otherwise agreed to by the DIP Lender in writing (email being sufficient): (i) insure the DIP Collateral as required under the DIP Loan Agreement; and (ii) maintain the cash-management system consistent with the terms and conditions of any order(s) governing the Debtors' cash-management systems and the DIP Loan Agreement.

20. **Right to Credit Bid.** Subject to section 363(k) of the Bankruptcy Code, the DIP Lender may credit bid all or any portion of its DIP Liens up to the amount of the DIP Obligations, in connection with any proposed sale of any, all, or substantially all of the Debtors' assets, whether occurring pursuant to section 363 of the Bankruptcy Code or included as part of a reorganization plan under section 1123 of the Bankruptcy Code, including a plan subject to confirmation under section 1129(b)(2)(A)(ii) of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtors under section 725 of the Bankruptcy Code. In connection with any such credit bid by the DIP Lender, the Debtors shall, upon reasonable advance notice by the DIP Lender, provide for the assignment of such DIP Lender's right to purchase the acquired assets to one or more of the applicable DIP Lender's subagents or a newly formed acquisition vehicle.

21. **DIP Termination Event; Exercise of Remedies.**

a. **DIP Termination Event.** For purposes of this Interim Order, the term "DIP Termination Event" shall mean:

- (i) the occurrence of the Maturity Date,
- (ii) the occurrence of any Event of Default under the DIP Loan Agreement or this Interim Order; or

- (iii) the acceleration of the DIP Obligations or termination of the DIP Commitment in accordance with the terms of the DIP Loan Agreement or the other DIP Documents.

b. **Exercise of Remedies.** Upon the occurrence of a DIP Termination Event, without further notice to, hearing of, application to, or order from this Court, the automatic stay provisions of section 362 of the Bankruptcy Code shall be vacated and modified to the extent necessary to permit the DIP Lender to take any of the following actions, at the same or different time: (i) deliver a written notice (which may be via email) to counsel for the Debtors, counsel for the Prepetition Secured Parties, the U.S. Trustee, and counsel for the Creditors' Committee (if any) (the "Remedies Notice") declaring the occurrence of a DIP Termination Event (such date, the "DIP Termination Declaration Date") and deliver a Carve Out Trigger Notice; (ii) declare the termination, reduction or restriction of any commitments under the DIP Facility (including the DIP Commitment) to the extent any such commitment remains; (iii) declare all DIP Obligations to be immediately due and payable, without presentment, demand or protest or other notice of any kind, all of which are expressly waived by the Debtors; (iv) declare the termination, restriction or reduction of the DIP Facility and the DIP Loan Agreement as to any further liability or obligation thereunder, but without affecting the DIP Liens, the DIP Superpriority Claims, or the DIP Obligations; (v) charge default interest at the default rate set forth in the DIP Loan Agreement; and (vi) declare the termination, restriction, or revocation of the ability of the Debtors to use of the DIP Lender's Cash Collateral.

c. **Waiting Period Procedures.** The Debtors may seek an emergency hearing solely during the period beginning on the DIP Termination Declaration Date and prior to the expiration of the five (5) business days following the DIP Termination Declaration Date

(such period, the “Waiting Period”). If, however, the Debtor files a request for an emergency hearing during the Waiting Period and a hearing cannot be scheduled prior to the expiration of the Waiting Period, the Waiting Period shall be deemed automatically extended until such time as the matter can be heard by the Court. At any hearing regarding a Remedies Notice, the Court may only consider (i) whether a DIP Termination Event occurred or is continuing, and (ii) a request by the Debtors for non-consensual use of the DIP Lender’s Cash Collateral. During the Waiting Period, the Debtors shall continue to have the right to use DIP Collateral (including Cash Collateral) only for payroll and other expenses critical to maintain the business of the Debtors’ operating in accordance with the terms of this Interim Order and the Approved Budget.

d. **Rights and Remedies Following Termination Date.** Following a DIP Termination Declaration Date and the expiration of the Waiting Period, unless this Court has entered an order prior to the expiration of the Waiting Period finding that a DIP Termination Event has not occurred or is not continuing, the DIP Lender is hereby granted relief from the automatic stay of Bankruptcy Code section 362, without further notice, hearing, motion, order or other action of any kind, to exercise all rights and remedies against the DIP Collateral in accordance with this Interim Order, the DIP Loan Agreement, the other DIP Documents (if any), and applicable law.

22. **No Waiver by Failure to Seek Relief.** The rights and remedies of the DIP Lender specified herein are cumulative and not exclusive of any rights or remedies that the DIP Lender may have under this Interim Order, the DIP Loan Agreement, applicable law, or otherwise. The failure or delay on the part of the DIP Lender to seek relief or otherwise exercise its rights and remedies under this Interim Order, the DIP Loan Agreement, or applicable law shall not constitute

a waiver of any of its respective rights. Except as expressly set forth herein, none of the rights or remedies of the DIP Lender under this Interim Order, the DIP Loan Agreement shall be deemed to have been amended, modified, suspended, or waived unless such amendment, modification, suspension, or waiver is express, in writing and signed by the DIP Lender. No consents required hereunder by the DIP Lender shall be implied by any inaction or acquiescence by the DIP Lender.

23. Carve Out.

a. **Priority of Carve Out.** The DIP Lien and the DIP Superpriority Claims shall be subject and subordinate to payment of the Carve Out. The Carve Out shall be senior to all claims and liens over all assets of the Debtors, including any DIP Collateral, as set forth in the DIP Orders. The Carve Out is a lien subordination agreement, not a limitation on the allowance or payment of Professional Fees.

b. **Carve Out.** The term “Carve Out” shall mean the sum of (i) all unpaid fees required to be paid to the Clerk of the Court and to the United States Trustee under 28 U.S.C. § 1930(a)(6), together with any interest thereon pursuant to 31 U.S.C. § 3717 (“Statutory Fees”), which shall not be subject to the Approved Budget; (ii) Court-allowed fees and expenses of a trustee appointed under section 726(b) of the Bankruptcy Code in an amount not to exceed \$100,000, (iii) subject to the terms and conditions of this Interim Order, to the extent allowed at any time, whether by interim order, procedural order, or otherwise, the reasonable unpaid fees and expenses (the “Professional Fees”) incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the “Debtor Professionals”) or persons or firms retained by the Creditors’ Committee (if any) pursuant to sections 328 or 1103 of the Bankruptcy Code (together with the Debtor Professionals and PCO Professionals, the “Professional

Persons”) that are incurred at any time before or on the first calendar day following delivery by the DIP Lender of a Carve Out Trigger Notice, to the extent permitted by the Approved Budget and are allowed by the Court under sections 327, 330, or 363 of the Bankruptcy Code (whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice) and remain unpaid after application of any retainers being held by such Professional Persons (the “Pre-Trigger Date Fees”); and (iv) allowed Professional Fees of Professional Persons in an aggregate amount not to exceed **\$100,000** incurred after the first calendar day following delivery by the DIP Lender of the Carve Out Trigger Notice (the “Trigger Date”), to the extent allowed by the Bankruptcy Court at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the “Post-Carve Out Trigger Notice Cap”); provided, however, that for the purposes of the foregoing, any plan-success fee, financing fee, transaction fee, or other similar contingency fee shall not be included in the Pre-Trigger Date Fees or Post-Carve Out Trigger Notice Cap and shall be paid, to the extent allowed, pursuant to any confirmed plan in these Chapter 11 Cases. No amounts set forth in this subparagraph with respect to the Carve Out may be modified without the prior written consent of the DIP Lender. For purposes of the foregoing, “Carve Out Trigger Notice” shall mean a written notice delivered by email (or other electronic means) by the DIP Lender or its counsel to the Debtors, their lead restructuring counsel, the Prepetition Secured Parties, the Office of the U.S. Trustee, and counsel to the Creditors’ Committee (if any), which notice may be delivered following the occurrence or during the continuation of a DIP Termination Event and acceleration of the DIP Loan under and as such terms are defined in the DIP Loan Agreement, stating that the Post-Carve Out Trigger Notice Cap has been invoked.

c. **Payment of Allowed Professional Fees Prior to the Trigger Date.** Any payment or reimbursement made prior to the occurrence of the Trigger Date in respect of any allowed Professional Fees shall not reduce the Carve Out.

d. **No Direct Obligation to Pay Professional Fees; No Waiver of Right to Object to Fees.** The DIP Lender shall not be responsible for the direct or indirect payment or reimbursement of any fees or disbursements of any of the Professional Persons incurred in connection with the Chapter 11 Cases or any Successor Case under any chapter of the Bankruptcy Code. Nothing in the DIP Orders or otherwise shall be construed to obligate the DIP Lender in any way to pay compensation to, or to reimburse expenses of, any of the Professional Persons, or to guarantee that the Debtors or their estates have sufficient funds to pay such compensation or reimbursement. Nothing herein shall be construed as consent to the allowance of any fees or expenses of Professional Persons of any of the Debtors, the Creditors' Committee (if any), any other official or unofficial committee in these Chapter 11 Cases or any Successor Case, or of any other person or entity, or shall affect the right of the DIP Lender to object to the allowance and payment of any such fees and expenses.

24. **Approval of DIP Fees.** In consideration for the DIP Facility, the DIP Lender shall be paid all fees, expenses and other amounts payable under the DIP Loan Agreement as such become due, including, without limitation, the Loan Fee, the Exit Fee, and the Break-Up Fee, each of which is fully earned, non-refundable, payable in accordance with the terms of the DIP Loan Agreement, approved and allowed on a final basis upon entry of this Interim Order, (all such fees, together, the "DIP Fees"), the reasonable and documented fees and expenses of the DIP Lender in connection with the DIP Facility (the "DIP Lender Expenses"). The DIP Fees and DIP Lender Expenses shall be part of the DIP Obligations and secured by the DIP Liens on DIP Collateral and

all other security provided under the DIP Documents. Notwithstanding anything herein to the contrary, upon entry of the Interim Order, all reasonable and documented out-of-pocket DIP Lender Expenses incurred prior to the Closing Date shall be paid on the Closing Date, without the need to first deliver a copy of its invoice or otherwise comply with paragraph 27.

25. **DIP Lender's Professionals' Fees.** The Debtors are obligated to pay all reasonable and documented out-of-pocket DIP Lender Expenses related to the DIP Facility, including the preparation, execution, delivery, administration, and exercise of any remedies related to the DIP Documents, this Interim Order, the Final Order, and any other agreements, instruments, pleadings, or other documents prepared or reviewed in connection with any of the foregoing, whether or not any or all of the transactions contemplated hereby or by the DIP Documents are consummated. Professionals for the DIP Lender (Fox Rothschild LLP, and such other professionals as the DIP Lender determines necessary, the "DIP Lender's Professionals"), shall provide summary copies of any invoices (which shall not be required to contain time entries/narratives and which may be redacted or modified to the extent necessary to delete any information subject to the attorney-client privilege, any information constituting attorney work product or any other confidential information, and the provision of such invoices shall not constitute any waiver of the attorney-client privilege, the attorney work-product doctrine or any other evidentiary privilege or protection recognized under applicable law) with: (i) a summary of the work performed during the relevant compensation period; (ii) the name of, hourly rate (if applicable) of, and number of hours worked by each professional and paraprofessional who worked on the matter during the relevant compensation period; and (iii) the total fee amount being requested by electronic mail to the Debtors, U.S. Trustee, and counsel to the Creditors' Committee (if appointed). The Debtors shall promptly pay in full all such invoiced fees and expenses at the conclusion of the Review Period

(defined below) other than any Disputed Invoiced Fees (defined below). Any objections raised by the Debtors, the U.S. Trustee, or the Creditors' Committee with respect to such invoices shall be subject to the Complex Case Procedures, Section D, paragraph 14(c) regarding notice parties and reasonableness (the "Disputed Invoiced Fees") must be in writing and state with particularity the grounds therefor and must be submitted to the applicable professional within ten (10) days of the receipt of such invoice (the "Review Period"); provided, however, that any failure by such party to raise a Disputed Invoiced Fee during the applicable Review Period shall constitute a waiver of any rights of such party to object to the applicable invoice. Upon delivery of the Disputed Invoiced Fee, the DIP Lender's Professionals and the objecting party shall meet and confer in good faith to resolve the objection for a period of not less than five (5) days, to be followed by the filing with this Court, if necessary, of a motion or other pleading, with at least ten (10) days' prior written notice by the submitting party of any hearing on such motion or other pleading. No DIP Lender's Professionals shall be required to file an application seeking compensation for services or reimbursement of expenses with this Court.

26. **Indemnification.** The DIP Lender (and its affiliates and respective officers, directors, employees, attorneys, advisors, and agents, solely in such capacity) (each such person, an "Indemnatee") will have no liability for, and will be indemnified and held harmless by the Debtors and their estates against, any losses, claims, damages, liabilities, or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith, actual fraud, or willful misconduct of the relevant indemnified person (or any of its affiliates or any of its or its respective officers, directors, employees, advisors or agents). Such indemnity shall not be available (i) to the extent arising from

a material breach of any obligation of such Indemnatee under the DIP Loan Agreement, or (ii) to the extent arising out of any loss, claim, damage, liability, or expense that does not involve an act or omission of the Debtors and that is brought by an Indemnatee against another Indemnatee.

27. **Use of DIP Proceeds.** Without in any way limiting the foregoing, no DIP Collateral, DIP Loan, Cash Collateral, proceeds of any of the foregoing, any portion of the Carve Out, or any other cash or funds may be used, directly or indirectly, by any of the Debtors, any official committee appointed in the Chapter 11 Cases, or any trustee or other estate representative appointed in the Chapter 11 Cases (or any Successor Case) or any other person or entity (or to pay any professional fees, disbursements, costs or expenses incurred in connection therewith): (i) to object to, contest, prevent, hinder, delay, or interfere with, in any way, the DIP Lender's enforcement or realization on any of the DIP Collateral, or Cash Collateral, following the occurrence and continuation of a DIP Termination Event; or (ii) to investigate (including by way of examinations or discovery proceedings, whether formal or informal), prepare, assert, join, commence, support, or prosecute any action for any claim, counter-claim, action, proceeding, application, motion, objection, defense, or other contested matter seeking any order, judgment, determination, or similar relief against, or adverse to the interests of, in any capacity, the DIP Lender, and each of its respective successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders, and employees, past, present and future, and their respective heirs, predecessors, successors and assigns (in each case, in their respective capacities as such) with respect to any transaction, occurrence, omission, action, or other matter arising under, in connection with, or related to the Interim DIP Order, the DIP Facility, the DIP Documents, the DIP Obligations, any claim or cause of action with respect to the validity,

enforceability, priority and extent of, or asserting any defense, counterclaim, or offset to, the DIP Obligations, the DIP Liens, the DIP Documents.

28. **Releases.** Subject to entry of a Final Order, the Debtors, on their own behalf and on behalf of their estates, forever and irrevocably: (i) release, discharge, and acquit the DIP Lender and each of its respective former or current officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest, in each case solely in their capacity as such, from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every type, including, without limitation, any so-called “lender-liability” or equitable subordination claims or defenses, solely with respect to or relating to the negotiation of and entry into the DIP Loan Agreement the other DIP Documents; and (ii) waive, discharge and release any and all defenses (including, without limitation, offsets and counterclaims of any nature or kind) as to the validity, perfection, priority, enforceability, and avoidability of the DIP Liens and the DIP Obligations.

29. **Waivers.**

a. **Limitation on Charging on Expenses.** Subject to entry of the Final Order, no costs or expenses of administration of the Chapter 11 Cases or any Successor Case shall be charged against or recovered from or against the DIP Lender with respect to the DIP Collateral pursuant to section 105 or section 506(c) of the Bankruptcy Code or otherwise, without the prior written consent of the DIP Lender.

b. **No Marshaling.** Subject to entry of the Final Order, in no event shall the DIP Lender be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral or the DIP Obligations and all proceeds shall be received

and applied in accordance with this Interim Order and the DIP Loan Agreement; provided, however, to the extent the DIP Lender exercises remedies after a DIP Termination Event and as practicable, the DIP Lender stipulates to using commercially reasonable efforts to collect from DIP Collateral commercial-tort claims before turning to such proceeds thereof; *provided*, for the avoidance of doubt, this limitation on DIP Lender's exercise of remedies shall not be deemed a modification of Section 2.3 of the DIP Loan Agreement.

30. **No Lender Liability.** In determining to make any loan (whether under the DIP Loan Agreement or otherwise) or to permit the use of Cash Collateral, the DIP Lender shall not owe any fiduciary duty to the Debtors or their respective creditors, stakeholders, or estate, and the DIP Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors by virtue of making the DIP Loan or allowing use of their Cash Collateral. Furthermore, nothing in this Interim Order shall impose or allow the imposition upon the DIP Lender of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors.

31. **Limitation of Liability.** Nothing in this Interim Order, the DIP Loan Agreement, or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Lender of (i) any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts or (ii) any fiduciary duties to the Debtors, their respective creditors, stakeholders, or estates. The DIP Lender shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the DIP Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in value thereof, or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency, or other

person and all risk of loss, damage, or destruction of the DIP Collateral shall be borne by the Debtors.

32. **No Third-Party Beneficiaries.** Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any Professional Person, third party, creditor, landlord, lessor, equity holder, or any direct, indirect, or incidental beneficiary.

33. **Insurance Proceeds and Policies.** The DIP Lender shall be, and shall be deemed to be, without any further action or notice, named as an additional insured and loss payee on each insurance policy maintained by the Debtors that in any way relates to the DIP Collateral.

34. **No Waivers or Modifications of Interim Order.** The Debtors have agreed not to and shall not seek any modification or extension of this Interim Order without the prior written consent of the DIP Lender, and no such consent shall be implied by any other action, inaction, or acquiescence of the DIP Lender.

35. **Binding Effect of this Interim Order.** Immediately upon entry of this Interim Order by this Court, the terms and provisions of this Interim Order shall become valid and binding upon and inure to the benefit of the Debtors, the DIP Lender, all other stakeholders of any of the Debtors, and all other parties in interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in the Chapter 11 Cases, any Successor Case, or upon dismissal of any of the Chapter 11 Cases or any Successor Case; provided, however, that the DIP Lender shall not have any obligation to permit the use of DIP Collateral (including DIP Cash Collateral) by or extend any financing to any chapter 7 trustee, chapter 11 trustee or similar responsible person appointed for the Debtors' estates.

36. **Discharge.** Except as otherwise agreed in writing by the DIP Lender, the DIP Obligations shall not be discharged by the entry of an order confirming any plan of reorganization

or liquidation in any of the Chapter 11 Cases, notwithstanding the provisions of section 1141(d) of the Bankruptcy Code, unless the DIP Obligations have been indefeasibly paid in full in cash, on or before the effective date of such confirmed plan.

37. **Survival.** This Interim Order, the terms of the DIP Documents, and any actions taken pursuant hereto shall survive entry of any order that may be entered: (i) confirming any chapter 11 plan in any of the Chapter 11 Cases; (ii) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code; (iii) dismissing any of the Chapter 11 Cases or any Successor Case; or (iv) pursuant to which this Court abstains from hearing the Chapter 11 Cases or Successor Case. The terms and provisions of this Interim Order and the DIP Documents, including the claims, liens, security interests and other protections granted to the DIP Lender pursuant to this Interim Order and the DIP Documents, pursuant to this Interim Order,]shall continue in the Chapter 11 Cases or any Successor Case including following dismissal of any of the Chapter 11 Cases or any Successor Case in any court of competent jurisdiction, and shall maintain their priority as provided by this Interim Order until, in respect of the DIP Facility, all the DIP Obligations, pursuant to the DIP Documents and this Interim Order, have been paid in full (such payment being without prejudice to any terms or provisions contained in the DIP Facility, which survive such discharge or dismissal by their terms). In the event of dismissal or conversion of the Chapter 11 Cases or any Successor Case, the terms of this Interim Order including the indemnification of the DIP Lender shall survive and continue, and shall not be modified by Bankruptcy Code sections 348 or 349, or otherwise, until the indefeasible repayment of all DIP Obligations are satisfied in full, which remedies may be exercised in this Court or any other court of competent jurisdiction.

38. **Necessary Actions.** The Debtors are authorized and directed to take such actions

as are reasonable or appropriate to implement the terms of this Interim Order and the DIP Loan Agreement.

39. **Enforceability.** This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable immediately upon entry thereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), or 7062, any applicable Local Rules, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable, by this and any other court of competent jurisdiction, upon its entry, and there shall be no stay of execution or effectiveness of this Interim Order.

40. **Interim Order Controls.** In the event of any conflict between or among the terms or provisions of this Interim Order and the DIP Loan Agreement, the terms and provisions of this Interim Order shall govern and control.

41. **Headings.** All paragraph headings used in this Interim Order are for ease of reference only and shall not affect the construction or interpretation hereof.

42. **Retention of Jurisdiction.** This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of the DIP Loan Agreement or this Interim Order, even if the Chapter 11 Cases are converted or dismissed.

43. **Final Hearing.** The final hearing (the “Final Hearing”) on the Motion shall be held on ____ at __:00 .m. (prevailing Central Time). Any objections or responses to the entry of the proposed Final Order shall be filed with the Court and served on the following no later than _____, 2026 on: (a) counsel for the Debtors; (b) counsel for JDI; (c) the Office of the United States Trustee; (d) counsel to the official committee of unsecured creditors (if any) appointed in these Chapter 11 Cases; and (e) any party that has requested notice pursuant to Bankruptcy Rule 2002.

(collectively, the “Notice Parties”). If no objections to entry of the Final Order are filed and served, the Court may enter such Final Order without further notice or hearing.

44. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested in the Motion is necessary to avoid immediate and irreparable harm.

45. All time periods set forth in this Interim Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

Prepared and presented by:

EXHIBIT 1

DIP Loan Agreement

Exhibit B

JDI LOANS LLC

853 North Elston
Chicago, Illinois 60622

312.433.0500 phone
312.433.0555 fax

February 20, 2026

Billy Condon
Getzler Henrich & Associates LLC

VIA EMAIL

Re: Debtor-in-possession ("DIP") financing for the Hawthorne Race Course located at 3501 S. Laramie Ave in Village of Stickney, IL.

JDI Loans LLC is interested in providing DIP financing on the general terms and conditions outlined below:

Lender: JDI Loans LLC or its affiliate ("Lender")

Borrower: All current Property owners including Hawthorne Race Course, Inc, Post Time Catering, Inc, Suburban Downs, Inc and Carey Heirs Properties, LLC (collectively, the "Borrower")

Property: The Hawthorne Race Course located at 3501 S. Laramie Ave in Village of Stickney, IL including 107 acres of land, all ancillary buildings totaling over 1.0 million SF, all operating licenses and permits, and two casino licenses.

LOI: Borrower is in active discussions with a capital source to provide sufficient funds to exit bankruptcy and recapitalize the Property and Borrower.

Loan Amount: A BK Court approved \$16,000,000 priming senior secured DIP financing with such funds being drawn down on an anticipated bi-weekly basis (each a "Draw") pursuant to a mutually agreed upon budget (the "Budget").

Loan Term: 120 days

Interest Rate: Interest shall be calculated at 13.0% per annum, and in the event of default, the interest rate shall be 22.0%.

Prepayment: At any time during the Loan Term, Borrower will be allowed to prepay the Loan Amount, in full, provided Lender receives at least three (3) months of interest on the Loan ("Minimum Return").

Loan Fee: Borrower shall pay a fee to Lender equal to 2.0% of the Loan Amount. A fee equal to \$60,000 shall be due upon Borrower's acceptance of this letter (the "Initial Fee") and the remaining fee balance shall be due at closing (the "Additional Fee"). The Initial Fee and the Additional Fee shall together be known as the "Loan Fee". The Loan Fee shall be deemed earned by Lender at the time of payment and will be refunded to Borrower, less any costs incurred by Lender, only in the event that Borrower is not in default hereunder and Lender fails to close based on the terms outlined herein, subject to Borrower's execution of Lender's standard release letter.

Exit Fee: Upon repayment of the loan, Borrower shall pay Lender an Exit Fee in the amount equal to 2.0% of the Loan Amount.

Security: The DIP Loan will be secured by (i) a first priority lien on the Property, (ii) a pledge of all contracts, agreements, and other assets related to the Property and their proceeds; and (iii) post-petition cash (together, the "Collateral"). The DIP Loan will be senior to all existing debt, contractor liens and any other obligations of Borrower, subject only to customary carve-outs approved by the Bankruptcy Court. No additional financing, secured or unsecured, senior, pari passu, or junior, shall be permitted during the term of the DIP Loan without Lender's written consent.

Interest

Payments: Borrower shall be obligated to pay interest current and past of each Draw.

RE Taxes: The Property real estate taxes, including all delinquent and current amounts shall be paid and included in the Budget.

Extensions: Borrower shall have the right to extend the subject loan one (1) time for a three (3) months subject to the following:

- Borrower shall not have been in default during the term of the loan.
- The Property is under an active LOI with a new equity source to recapitalize the Property including a new casino.
- Borrower shall provide notice of the extension at least 30 days prior to the loan maturity date.
- Borrower shall pay Lender an extension fee of 1.0% of the Loan Amount.

Due Diligence: Lender's obligations hereunder are contingent upon Lender completing to its sole and absolute satisfaction, its due diligence, which shall include, but not be limited to, the Property's ownership information, environmental information, entitlement and zoning information, valuation information and such other information as Lender, in its sole discretion, deems necessary and relevant. At any time prior to Closing, Lender may, in its sole and absolute discretion, elect to terminate this agreement.

Other

Conditions: In addition to completion of Lender's Due Diligence as outlined above, Lender's obligations hereunder are contingent on satisfactory completion, in Lender's sole and absolute discretion, of title and survey review and all of the Court's filings, motions, and documentation regarding the bankruptcy filing, as well as the Borrower's execution of loan documents.

Break-up Fee: Borrower shall seek approval of a \$500,000 break up fee with the Interim Financing Motion if Lender is not the final DIP lender which shall be paid immediately, in addition to all Lender costs and expenses, including Lender legal costs and fees.

Expenses: Borrower shall be responsible for payment of all the Lender's costs and expenses associated with the underwriting, documenting, funding, monitoring and enforcing of the loan without regard to whether the subject loan closes. Such expenses shall include, but not be limited to, legal, search, appraisal, travel, consultants and other due diligence costs.

Broker: Borrower represents and warrants to Lender that no brokers have participated in the subject loan other than Getzler Henrich & Associates LLC whose fee shall be paid by Borrower at Closing. Borrower shall also indemnify Lender from any other claims.

Loan

Documents: Upon Borrower's acceptance of this letter and payment of the Initial Fee as outlined above, Lender shall commence its Due Diligence and the documentation of the subject loan based on the terms outlined herein. Such documentation shall include, but not be limited to, preparation of Lender's standard loan documentation including requirements for monthly reporting and LOI updates and Lender's standard requirements for covenants and representations by Borrower and other matters.

Closing: The Closing is expected to occur by February 27, 2026, or a date mutually agreeable to Borrower and Lender after the Court has approved the bankruptcy filing and loan terms.

If interested in this proposal, please indicate the Borrower's acceptance of this letter by signing a copy and returning it to me with the Initial Fee. Once received, we will commence the Due Diligence and begin initial documentation of the loan.

Sincerely,

JDI Loans, LLC

Bennet Schwartz

Bennet Schwartz
Manager

Agreed To and Accepted By:


By: *122 G. [Signature]*
Date: *2-27-26*

Exhibit C

Hawthorne Race Course
Cash Flow Projection
Summary and Assumptions
Operating Collections

- Wagering Deposits - Cash receipts from live pari-mutuel wagering at the HRC facility and off-track betting facilities ("OTBs"). Driven by simulcasting, which allows HRC to accept wagers on races run at other tracks. Model assumes a ramp-up in simulcast availability, resulting in increased import wagering revenue.
- Out of State Earnings - Wagering settlement receipts between race host tracks and signal-receiving tracks. Collections projected to increase when thoroughbred racing begins in WE 04/04/26. Model assumes a ramp-up in simulcast availability, driving increased export wagering revenue.
- Amounts received prior to start of thoroughbred season are prepetition revenue.

Operating Disbursements**Payroll & Benefits**

- Payroll - Bi-monthly payroll cycles: accrual for the 1st–15th paid on the 22nd; accrual for the 16th–end of month paid on the 7th of the following month. Payroll and related taxes are funded one day prior to each pay date. Model assumes an 8% reduction in payroll driven by a reduction in force ("RIF").
- \$461k accrued balance, expected to be paid in full through the DIP facility in Week 1.
- 401(k) EE & ER Portion - Identical pay periods and payment timing as payroll.
- \$60k accrued balance, expected to be paid in full through the DIP facility in Week 1.
- Health Ins. Premium & Claims - Self-funded employee health insurance premiums and claims administered by Luminare Health.
- \$52k accrued balance, expected to be paid in full through the DIP facility in Week 1.
- Union Withholdings - Contractual union benefit obligations.
- Model assumes none of the accrued balance is paid during the DIP period. Actual payment amount subject to negotiated settlement.

Due to Horsemen

- Horsemen Returned Checks - Purse obligations to Thoroughbred and Harness horsemen (owners, trainers, jockeys) for which checks were issued and subsequently returned.
- \$1.4MM accrued balance, expected to be paid in full through the DIP facility in Week 1. Actual payment subject to negotiated settlement with the IRB.
- Horsemen Purse Balance - Purse obligations to Thoroughbred and Harness horsemen that have accrued but have not yet been paid.
- \$2.4MM accrued balance, expected to be paid in full through the DIP facility in Week 1. Actual payment subject to negotiated settlement with the IRB.
- Purse Accrual - Thoroughbred racing season begins WE 04/04/26. Purse balance accrues at \$110k per race day. Harness racing season ended in Dec 2025; no future purse accruals assumed.

Tax & Regulatory

- ITHA Association Fees - Statutory payments to the Illinois Thoroughbred Horsemen's Association. Weekly fee accrual of \$23k.
- Model assumes none of the accrued balance is paid during the DIP period. Actual payment amount subject to negotiated settlement.
- IHHA Association Fees - Statutory payments to the Illinois Harness Horsemen's Association. Weekly fee accrual of \$11k.
- Model assumes none of the accrued balance is paid during the DIP period. Actual payment amount subject to negotiated settlement.
- Handle Tax - Taxes assessed on wagering handle, calculated as a percentage of total betting dollars.
- Model assumes none of the accrued balance is paid during the DIP period. Actual payment amount subject to negotiated settlement.
- HISA - Regulatory assessments due to the Horseracing Integrity and Safety Authority ("HISA").
- Model assumes none of the accrued balance is paid during the DIP period. Actual payment amount subject to negotiated settlement.

Signal Providers

- Reconciliation payments between host tracks and HRC related to simulcast wagering. Handle received by HRC is allocated to host tracks, purses, and regulatory fees.
- Model assumes \$750k of critical vendor payments to maintain profitable signals. Actual amounts subject to negotiation and court approval.

Facility-Related

- Property Taxes - Model assumes delinquent 2023 and 2024 tax balances paid in week 1. Tax year 2025 due on 04/01/26.
- Rent - HRC operates 12 OTB locations, 11 of which are leased. HRC pays OTBs monthly rent to operate within OTB locations.
- Model assumes no pre-petition rent payments during the DIP period.
- ComEd - Electricity service for HRC and certain OTB locations.
- Model assumes no pre-petition rent payments during the DIP period.
- Waste Management - Horse manure removal and related waste services.
- Model assumes no pre-petition payments during the DIP period.

Ordinary Course Professionals

- Auditor (FGMK) - Audit services required to complete the 2025 audit by 03/31/26, as required by the IRB. Audit work must commence by 02/01/26 to meet regulatory deadlines.
- \$147k accrued balance; model assumes 1/3 of the accrued balance is paid during the DIP period. Actual payment amount subject to negotiated settlement.

Hawthorne Race Course
Cash Flow Projection
Summary and Assumptions
Other Operating Disbursements

- Insurance
 - Premiums for property insurance and accident & health coverage (jockeys and drivers).
 - \$64k payment in first week to bind workman's comp policy. Previous policy terminated for non-payment.
- Daily Racing Form
 - Paper forms for race and sportsbook wagering.
 - Model assumes no pre-petition payments during the DIP period.
- Incompass
 - Central horse racing computer systems.
 - Model assumes no pre-petition payments during the DIP period.
- Esparza Trucking
 - Freight and trucking services used to deliver backstretch supplies (feed, hay, track equipment).
 - Model assumes no pre-petition payments during the DIP period.

DIP Budget**Critical Vendor Payments**

- Payments for certain prepetition claims of vendors deemed critical to ongoing operations and value preservation.
- Budget assumes aggregate payments of \$750k, distributed over the course of the case. Actual timing and amounts are subject to court approval and vendor negotiations.

Professional Fee Carve Out

- Funding of a segregated account for payment of court approved professional fees and expenses pursuant to fee application procedures.
- Weekly fee accrual by professional shown in the Professional Fee Budget.

Chapter 11 Fees

- US Trustee Fees
 - US Trustee fees calculated based on projected quarterly disbursements, pursuant to bankruptcy code.
- Adequate Assurance Utilities
 - Assumes deposits equal to approximately one half month of average utility service, pursuant to bankruptcy code.

DIP Facility Related

- Secured Creditor Distributions
 - Model assumes secured creditors are entitled to specified prepetition revenue collections.
- Lender DIP Fees
 - DIP lender entitled to an origination fee equal to 2% of the total loan commitment, net of any upfront fees previously paid.
- Lender Legal Fees
 - Assumes periodic payment of reasonable and documented legal fees and expenses of DIP lender professionals.
- DIP Interest
 - DIP loan bears interest at 13% per annum. Interest is calculated based on outstanding principal and paid bi-weekly.

Hawthorne Race Course	1	2	3	4	5	6	7	8	9	10	11	12	13	03/07/26
Cash Flow Projection	03/07/26	03/14/26	03/21/26	03/28/26	04/04/26	04/11/26	04/18/26	04/25/26	05/02/26	05/09/26	05/16/26	05/23/26	05/30/26	05/30/26
As of 02/27/26	03/07/26	03/14/26	03/21/26	03/28/26	04/04/26	04/11/26	04/18/26	04/25/26	05/02/26	05/09/26	05/16/26	05/23/26	05/30/26	13-Wk Total
OPERATING COLLECTIONS														
Wagering Deposits	230,000	405,000	580,000	755,000	805,000	855,000	905,000	892,603	1,186,393	940,804	1,225,459	1,129,638	1,251,535	11,161,432
Out of State Earnings	20,000	20,000	20,000	20,000	20,000	20,000	20,000	75,000	125,000	125,000	125,000	125,000	125,000	840,000
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING COLLECTIONS	250,000	425,000	600,000	775,000	825,000	875,000	925,000	967,603	1,311,393	1,065,804	1,350,459	1,254,638	1,376,535	12,001,432
OPERATING DISBURSEMENTS														
Payroll	899,558	-	438,368	-	438,368	-	438,368	-	-	438,368	-	438,368	-	3,091,398
401(k) EE & ER Portion	84,425	-	24,261	-	24,261	-	24,261	-	-	24,261	-	24,261	-	205,728
Health Insurance Premium	-	81,999	-	-	-	81,999	-	-	-	-	81,999	-	-	245,997
Health Insurance Claims	52,307	-	50,000	-	-	-	50,000	-	-	-	50,000	-	-	202,307
Union Withholdings	-	198,000	-	-	-	198,000	-	-	-	-	198,000	-	-	594,000
Other Payroll & Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll & Benefits	1,036,290	279,999	512,629	-	462,629	279,999	512,629	-	-	462,629	329,999	462,629	-	4,339,430
Thoroughbred Returned Checks	281,844	-	-	-	-	-	-	-	-	-	-	-	-	281,844
Harness Returned Checks	1,182,620	-	-	-	-	-	-	-	-	-	-	-	-	1,182,620
Thoroughbred Purse Balance	1,108,733	-	-	-	-	-	-	-	-	-	-	-	-	1,108,733
Harness Purse Balance	1,337,968	-	-	-	-	-	-	-	-	-	-	-	-	1,337,968
Thoroughbred Purse Accrual	-	-	-	-	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	1,980,000
Harness Purse Accrual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to Horsemen	3,911,165	-	-	-	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	5,891,165
ITHA Association Fees	23,016	23,016	23,016	23,016	23,016	23,016	23,016	23,016	23,016	23,016	23,016	23,016	23,016	299,208
IHHA Association Fees	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	154,700
Handle Tax	-	133,000	-	-	-	133,000	-	-	-	-	130,000	-	-	396,000
HISA	-	121,146	-	-	-	121,146	-	-	-	-	121,146	-	-	363,438
Other Tax & Regulatory	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000
Tax & Regulatory	44,916	299,062	44,916	44,916	44,916	299,062	44,916	44,916	44,916	44,916	296,062	44,916	44,916	1,343,346
Signal Providers	-	700,000	-	-	-	900,000	-	-	-	-	1,000,000	-	-	2,600,000
Signal Providers	-	700,000	-	-	-	900,000	-	-	-	-	1,000,000	-	-	2,600,000
Property Taxes	2,324,105	-	-	-	599,091	-	-	-	-	-	-	-	-	2,923,196
Rent	-	81,000	-	-	-	81,000	-	-	-	-	81,000	-	-	243,000
ComEd	-	65,000	-	-	-	65,000	-	-	-	-	65,000	-	-	195,000
Waste Management	25,000	25,000	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	275,000
Other Facility-Related	-	100,000	-	-	-	100,000	-	-	-	-	100,000	-	-	300,000
Facility-Related	2,349,105	271,000	25,000	20,000	619,091	266,000	20,000	20,000	20,000	20,000	266,000	20,000	20,000	3,936,196
Auditor (FGMK)	48,967	-	-	-	-	-	-	-	-	-	-	25,850	-	74,817
Other Professional Fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000
Ordinary Course Professionals	53,967	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	30,850	5,000	139,817
Insurance	64,449	120,000	-	-	-	215,000	-	-	-	-	197,000	-	-	596,449
Daily Racing Form	-	30,000	-	-	-	30,000	-	-	-	-	30,000	-	-	90,000
Incompass	-	15,000	-	-	-	15,000	-	-	-	-	15,000	-	-	45,000
Esparza Trucking	-	25,000	-	-	-	25,000	-	-	-	-	25,000	-	-	75,000
Other Operating Disbursements	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	845,000
Other Operating Disbursements	129,449	255,000	65,000	65,000	65,000	350,000	65,000	65,000	65,000	65,000	332,000	65,000	65,000	1,651,449
TOTAL OPERATING DISBURSEMENTS	7,524,892	1,810,061	652,545	134,916	1,416,636	2,320,061	867,545	354,916	354,916	817,545	2,449,061	843,395	354,916	19,901,403
Starting Cash	-	500,000	500,000	500,000	967,304	500,000	500,000	500,000	1,112,687	1,303,861	1,552,120	500,000	911,243	-
Change in Cash from Operations	(7,274,892)	(1,385,061)	(52,545)	640,084	(591,636)	(1,445,061)	57,455	612,687	956,477	248,259	(1,098,603)	411,243	1,021,619	(7,899,971)
Ch. 11 Disbursements	(1,185,000)	(20,000)	(1,293,849)	(172,780)	(714,207)	(250,000)	(707,731)	-	(765,304)	-	(995,304)	-	(1,171,820)	(7,275,995)
DIP Term Note Funding	8,959,892	1,405,061	1,346,394	-	838,539	1,695,061	650,276	-	-	-	1,041,786	-	-	15,937,009
ENDING CASH	500,000	500,000	500,000	967,304	500,000	500,000	500,000	1,112,687	1,303,861	1,552,120	500,000	911,243	761,042	761,042

Hawthorne Race Course	1	2	3	4	5	6	7	8	9	10	11	12	13	03/07/26
DIP Budget	03/07/26	03/14/26	03/21/26	03/28/26	04/04/26	04/11/26	04/18/26	04/25/26	05/02/26	05/09/26	05/16/26	05/23/26	05/30/26	05/30/26
As of 02/27/26														13-Wk Total
Critical Vendor Payments	-	-	250,000	-	-	250,000	-	-	-	-	250,000	-	-	750,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Critical Vendor Payments	-	-	250,000	-	-	250,000	-	-	-	-	250,000	-	-	750,000
Prof. Fee Carve Out Funding	605,000	-	975,000	-	655,000	-	640,000	-	640,000	-	670,000	-	790,000	4,975,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fee Carve Out Funding	605,000	-	975,000	-	655,000	-	640,000	-	640,000	-	670,000	-	790,000	4,975,000
US Trustee Fees	-	-	-	102,780	-	-	-	-	-	-	-	-	251,250	354,030
Adequate Assurance Utilities	250,000	-	-	-	-	-	-	-	-	-	-	-	-	250,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chapter 11 Fees	250,000	-	-	102,780	-	-	-	-	-	-	-	-	251,250	604,030
Secured Creditor Disbursements	20,000	20,000	20,000	20,000	-	-	-	-	-	-	-	-	-	80,000
Lender DIP Fees	260,000	-	-	-	-	-	-	-	-	-	-	-	-	260,000
Lender Legal Fees	50,000	-	-	50,000	-	-	-	-	50,000	-	-	-	50,000	200,000
DIP Interest	-	-	48,849	-	59,207	-	67,731	-	75,304	-	75,304	-	80,570	406,965
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Facility Related	330,000	20,000	68,849	70,000	59,207	-	67,731	-	125,304	-	75,304	-	130,570	946,965
Total Chapter 11 Disbursements	1,185,000	20,000	1,293,849	172,780	714,207	250,000	707,731	-	765,304	-	995,304	-	1,171,820	7,275,995

Hawthorne Race Course														03/07/26
Professional Fee Budget	1	2	3	4	5	6	7	8	9	10	11	12	13	05/30/26
As of 02/27/26	03/07/26	03/14/26	03/21/26	03/28/26	04/04/26	04/11/26	04/18/26	04/25/26	05/02/26	05/09/26	05/16/26	05/23/26	05/30/26	13-Wk Total
Accrual														
Debtor FA (Getzler Henrich)	200,000	200,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,500,000
Debtor Legal (Saul Ewing)	200,000	200,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,500,000
In-House Counsel (Carey White)	50,000	50,000	50,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	500,000
Regulatory Counsel (Greenberg Traurig)	80,000	80,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	80,000	80,000	500,000
Claims Agent (Omni)	25,000	25,000	25,000	25,000	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	300,000
UCC Legal	25,000	25,000	25,000	25,000	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	300,000
UCC FA	25,000	25,000	25,000	25,000	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	300,000
Conflicts Counsel	-	-	25,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	75,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Accrual	605,000	605,000	370,000	335,000	320,000	320,000	320,000	320,000	320,000	335,000	335,000	395,000	395,000	4,975,000
Carve Out Funding														
Debtor FA (Getzler Henrich)	200,000	-	300,000	-	200,000	-	200,000	-	200,000	-	200,000	-	200,000	1,500,000
Debtor Legal (Saul Ewing)	200,000	-	300,000	-	200,000	-	200,000	-	200,000	-	200,000	-	200,000	1,500,000
In-House Counsel (Carey White)	50,000	-	100,000	-	70,000	-	70,000	-	70,000	-	70,000	-	70,000	500,000
Regulatory Counsel (Greenberg Traurig)	80,000	-	100,000	-	40,000	-	40,000	-	40,000	-	40,000	-	160,000	500,000
Claims Agent (Omni)	25,000	-	50,000	-	45,000	-	40,000	-	40,000	-	50,000	-	50,000	300,000
UCC Legal	25,000	-	50,000	-	45,000	-	40,000	-	40,000	-	50,000	-	50,000	300,000
UCC FA	25,000	-	50,000	-	45,000	-	40,000	-	40,000	-	50,000	-	50,000	300,000
Conflicts Counsel	-	-	25,000	-	10,000	-	10,000	-	10,000	-	10,000	-	10,000	75,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Carve Out Funding	605,000	-	975,000	-	655,000	-	640,000	-	640,000	-	670,000	-	790,000	4,975,000
Professional Fee Disbursements														
Debtor FA (Getzler Henrich)	-	-	200,000	-	300,000	-	200,000	-	200,000	-	200,000	-	400,000	1,500,000
Debtor Legal (Saul Ewing)	-	-	200,000	-	300,000	-	200,000	-	200,000	-	200,000	-	400,000	1,500,000
In-House Counsel (Carey White)	-	-	50,000	-	100,000	-	70,000	-	70,000	-	70,000	-	140,000	500,000
Regulatory Counsel (Greenberg Traurig)	-	-	80,000	-	100,000	-	40,000	-	40,000	-	40,000	-	200,000	500,000
Claims Agent (Omni)	-	-	25,000	-	50,000	-	45,000	-	40,000	-	40,000	-	100,000	300,000
UCC Legal	-	-	25,000	-	50,000	-	45,000	-	40,000	-	40,000	-	100,000	300,000
UCC FA	-	-	25,000	-	50,000	-	45,000	-	40,000	-	40,000	-	100,000	300,000
Conflicts Counsel	-	-	-	-	25,000	-	10,000	-	10,000	-	10,000	-	20,000	75,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Professional Fee Disbursements	-	-	605,000	-	975,000	-	655,000	-	640,000	-	640,000	-	1,460,000	4,975,000

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re

**HAWTHORNE RACE COURSE, INC., an
Illinois Corporation, *et al.*¹**

Debtors.

)
) **Chapter 11**
)
) **Case No.**
)
) **(Joint Administration Requested)**
)
)
)

**INTERIM ORDER (I) AUTHORIZING POSTPETITION FINANCING
AND; (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE
EXPENSE CLAIMS; (III) MODIFYING THE AUTOMATIC STAY,
(V) SCHEDULING A FINAL HEARING; AND (VI) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of Hawthorne Race Course, Inc, an Illinois corporation, Post Time Catering, Inc., an Illinois corporation, Suburban Downs, Inc., an Illinois Corporation and Carey Heirs Properties, LLC, an Illinois limited liability company, as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), seeking entry of an order (this “Interim Order”), pursuant to sections 105, 361, 362(d), 363(c), 364(c)(1), 364(c)(2), 364(d)(1), 503(b), 506, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Bankruptcy Rules for the Northern District of Illinois, Eastern Division (the “Local Rules”), seeking entry of the Interim Order (together with all exhibits hereto) that, among other things:

- (i) Authorizes Debtors (the “Borrowers”), to obtain postpetition financing pursuant to a senior secured debtor-in-possession term loan credit facility (the “DIP Facility,” and the loan issued thereunder, the “DIP Loan”) in the

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Hawthorne Race Course, Inc. (2284); Carey Heirs Properties, LLC, (2654); Suburban Downs, Inc., (2457); and Post Time Catering, Inc. (3590). The Debtors’ mailing address is 3501 S. Laramie Ave., Stickney, IL 60804.

² Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the Motion.

aggregate principal amount of up to \$16,000,000 (the “DIP Commitment”) of which, upon entry of this Interim Order, (the “Interim Term Loan”), \$____, with the remainder to be available subject to and following entry of the Final Order (the “Delayed Draw Term Loan”), shall be made available to the Debtors and may be drawn bi-weekly, and the remainder of the DIP Commitment will, subject to and upon the date of entry of the Final Order, be available through additional draws, in case subject to the terms and conditions set forth in that certain Debtor-In-Possession Loan Agreement (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “DIP Loan Agreement” and, together with any ancillary, collateral or related documents and agreements, including this Interim Order, the “DIP Documents”) by and among the Borrowers), and JDI Realty and/or its designees, successors and assignees (the “DIP Lender”), the substantially final form of which DIP Loan Agreement is attached to this Interim Order as **Exhibit 1**;

- (ii) approves the terms of the DIP Loan Agreement, and authorizes the Debtors to execute, deliver, and perform under the DIP Loan Agreement and the other DIP Documents, the DIP Orders, and all other related agreements and documents creating, evidencing, or securing indebtedness or obligations of any of the Debtors to the DIP Lender on account of the DIP Facility;
- (iii) authorize the Debtors, on an interim basis, to incur all obligations under the DIP Loan (including the Loan Fee, the Exit Fee, the Break-Up Fee, and any other interest, costs and fees payable pursuant to the DIP Loan Agreement) and for all obligations due or payable to or for the benefit of the DIP Lender under the DIP Documents (collectively, the “DIP Obligations”) which DIP Obligations shall be subject and subordinate only to the Carve Out (defined below), and to perform such other acts as may be required or appropriate in connection therewith;
- (iv) authorizes and directs the Debtors, on an interim basis, to use the proceeds of the DIP Facility and the Cash Collateral (as defined below) in accordance with the DIP Loan Agreement and this Interim Order, to (a) fund the postpetition working capital needs of the Debtors pending the Final Hearing (as defined below); (b) pay fees, costs and expenses of the DIP Facility on the terms and conditions described in this Interim Order and the DIP Loan Agreement, (c) pay the prepetition real property taxes, in each case, in accordance with the DIP Documents, including the Approved Budget. “Cash Collateral” shall have the meaning set forth in section 363(a) of the Bankruptcy Code (“Cash Collateral”);
- (v) authorizes and directs the Borrowers to grant to the DIP Lender, on an interim basis, valid, enforceable, non-avoidable, and automatically and fully perfected and priming DIP Liens (defined below) and superpriority claims, including (a) allowed superpriority administrative expense claims pursuant

to sections 364(c)(1) of the Bankruptcy Code, subject only to the Carve Out (as defined below), and (b) liens in the DIP Collateral (as defined below) and all proceeds thereof, including, without limitation, all property constituting Cash Collateral pursuant to sections 364(c)(2), and 364(d)(1) of the Bankruptcy Code, to secure all DIP Obligations, subject only to the Carve Out;

- (vi) authorizes the DIP Lender to take all commercially reasonable actions to implement and effectuate the terms of this Interim Order and the DIP Documents;
- (vii) authorizes the Debtors to pay DIP Lender the fees and reimburse expenses under the DIP Documents, and perform such other and further acts as required in connection with the DIP Documents;
- (viii) subject to entry of the Final Order, except to the extent of the Carve Out, waives all rights to surcharge any DIP Collateral under sections 105(a), 506(c) or 552(b) of the Bankruptcy Code or any other applicable principle of equity with respect to the DIP Lender;
- (ix) subject to entry of the Final Order, waives the equitable doctrine of “marshaling” and other similar doctrines with respect to the DIP Collateral with respect to the DIP Lender;
- (x) vacates and modifies the automatic stay of section 362 of the Bankruptcy Code to the extent set forth herein and as necessary to permit the Debtors and the DIP Lender to implement and effectuate the terms and provisions of the DIP Orders and the DIP Documents, and authorizes the DIP Lender, upon the occurrence and continuance of an Event of Default (as set forth herein and in the DIP Loan Agreement), to deliver any notices of termination and take other actions described below and as further set forth herein;
- (xi) authorizes the Debtors to comply with the reporting requirements set forth in the DIP Loan Agreement and the DIP Orders;
- (xii) approving the Debtors’ release and indemnification of the DIP Lender to the extent set forth in the DIP Loan Agreement and the DIP Orders;
- (xiii) schedules the Final Hearing within thirty (30) days of the entry of the Interim Order and approving notice with respect thereto in accordance with Bankruptcy Rule 4001(c)(2); and
- (xiv) waives any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of the DIP Orders and providing for the immediate effectiveness of the DIP Orders.

This Court, having considered the relief requested in the Motion, the exhibits attached thereto, the First Day Declarations (defined in the Motion), the DIP Loan Agreement, the other papers filed with this Court, the evidence submitted and arguments made at the interim hearing held before this Court on March __, 2026 (the “Interim Hearing”); and due and sufficient notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 2002 and 4001(b), (c), and (d) and all applicable Local Rules; and the Interim Hearing having been held and concluded; and all objections, if any, to the interim relief requested in the Motion having been withdrawn, resolved, or overruled by the Court; and it appearing that the interim relief requested in the Motion is fair and reasonable and in the best interests of the Debtors and their estates, necessary to avoid immediate and irreparable harm to the Debtors and their estates, and essential for the continued operation of the Debtors’ businesses and the preservation of the value of the Debtors’ assets; and it appearing that the Debtors’ entry into the DIP Loan Agreement and the other DIP Documents is a sound and prudent exercise of the Debtors’ business judgment; and after due deliberation and consideration, and good and sufficient cause appearing therefor,

THIS COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW BASED UPON THE MOTION, THE REPRESENTATIONS OF COUNSEL AND THE EVIDENCE SUBMITTED DURING THE HEARING:³

a. **Petition Date.** On _____, 2026 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court, commencing these Chapter 11 Cases.

³ The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014, and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon entry hereof. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

b. **Debtors in Possession.** The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in any of the Chapter 11 Cases.

c. **Jurisdiction and Venue.** The Court has jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

d. **Notice.** The Interim Hearing was held pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2). Notice of the Motion has been provided in a manner sufficient under the circumstances and no other or further notice of the Motion or the entry of this Interim Order shall be required. The interim relief granted herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates pending the Final Hearing.

e. **Committee Formation.** As of the date hereof, the United States Trustee for the Northern District of Illinois, Eastern Division (the “U.S. Trustee”) has not appointed an official committee of unsecured creditors in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code (a “Creditors’ Committee”).

f. **No Credit Available on More Favorable Terms.** Given their current financial condition, financing arrangements, and capital structure, and the circumstances of the Chapter 11 Cases as demonstrated by the evidence and arguments presented at the Interim Hearing, the Debtors are unable to obtain financing from sources other than the DIP Lender on terms more favorable than the DIP Facility. The Debtors are unable to procure sufficient financing in the form of unsecured credit allowable as an administrative expense. The Debtors are also unable to obtain sufficient secured credit without granting to the DIP Lender the DIP Liens and the DIP Superpriority Claims, in each case subject and subordinate to the Carve Out, as set forth herein

and in the DIP Loan Agreement.

g. **Good Faith.** Based on the papers filed and the proceedings of record in these Chapter 11 Cases, (i) the extension of credit and financial accommodations under the DIP Facility, as provided by the DIP Loan Agreement, are fair, reasonable, in good faith, negotiated at arm's length, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration; (ii) the DIP Facility and the DIP Loan thereunder are being provided by the DIP Lender in "good faith" within the meaning of section 364(e) of the Bankruptcy Code in express reliance on the protections offered thereby and by order of the Court; (iii) the liens, claims, and other covenants and payments as set forth in the DIP Loan Agreement or this Interim Order, as well as the protections afforded parties acting in "good faith" under section 364(e) of the Bankruptcy Code are integral, critical, and essential components of the DIP Facility provided by the DIP Lender to the Debtors; and (iv) the DIP Lender, the DIP Facility, the DIP Fees, the DIP Liens, and the DIP Superpriority Claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code if this Interim Order or any provision hereof is vacated, reversed, or modified, on appeal or otherwise.

h. **Good Cause.** Good cause has been shown for the entry of this Interim Order, and the entry of this Interim Order is in the best interests of the Debtors, their estates, their residents, their creditors, their employees, and other parties in interest.

i. **Need for Postpetition Financing and Use of Cash Collateral.** The Debtors do not have sufficient and reliable sources of working capital to continue to operate their business in the ordinary course without access to the DIP Facility requested in the Motion. The financing provided pursuant to this Interim Order, the DIP Loan Agreement, and other DIP Documents, and the authority to use Cash Collateral granted herein will permit the Debtors to, among other things, (i)

maintain the orderly operation of their businesses; (ii) make payroll for their employees; (iii) pay the fees, costs, and expenses incurred in connection with the Chapter 11 Cases, which are necessary to preserve enterprise value and benefit all Debtors; (iv) fund any obligations benefiting from the Carve Out; (v) maintain business relationships with vendors and suppliers; and (vi) satisfy other working capital and operational needs.

j. **Willingness to Provide Financing.** The DIP Lender has committed to provide financing to the Debtors subject to: (i) entry of this Interim Order; (ii) approval of the terms and conditions of the DIP Loan Agreement, and the other DIP Documents; (iii) satisfaction of the closing conditions set forth in the DIP Loan Agreement; (iv) findings and conclusions of law by this Court that the DIP Lender is extending credit to the Debtors pursuant to this Interim Order and the DIP Loan Agreement in good faith, and that the DIP Lender's claims, superpriority claims, security interests, liens, and other protections granted pursuant to this Interim Order will have all the protections provided by section 364(e) of the Bankruptcy Code, and if any Chapter 11 Case is dismissed, the DIP Lender may enforce the DIP Documents against any such Debtor in any court of competent jurisdiction.

k. **Approved Budget.** The Debtors have prepared and delivered to the DIP Lender an initial budget attached as **Exhibit 1** (together with any additional line-item or other detail and supplements as may be provided pursuant to the terms of the DIP Loan Agreement, the "**Initial DIP Budget**"). The Initial DIP Budget reflects, among other things, for the thirteen (13) week period commencing on or about the Petition Date, the Debtors' projected operating receipts, operating disbursements, non-operating disbursements, net operating cash flow, and liquidity for each one-week period covered thereby. The Initial DIP Budget may be modified, amended, extended, and updated from time to time in accordance with the DIP Loan Agreement or the other

DIP Documents, and such modified, amended, extended, or updated budget, once approved by the Debtors and the DIP Lender, shall modify, replace, supplement, or supersede, as applicable, the Initial DIP Budget for the periods covered thereby (the Initial DIP Budget and each subsequent approved budget (including any additional line-item or other detail and supplements as may be provided pursuant to the terms of the DIP Loan Agreement) shall constitute, without duplication, an “Approved Budget”). The Initial DIP Budget has been prepared by the Debtors, their management, and their advisors, and the Debtors believe that the Initial DIP Budget is reasonable under the circumstances. The DIP Lender is relying, in part, on the Debtors’ agreement to comply with the Approved Budget (subject only to Permitted Variances) the terms of the DIP Loan Agreement, and this Interim Order in determining to enter into the DIP Facility and to consent to the use of their Cash Collateral provided for in this Interim Order and the DIP Documents.

1. **Use of Cash Collateral and Proceeds of DIP Facility.** As a condition to the Debtors’ entry into the DIP Loan Agreement and the other DIP Documents and the extension of credit under the DIP Loan Agreement, including the use of Cash Collateral, the Debtors have agreed that the proceeds of the DIP Facility and Cash Collateral shall be used solely in accordance with the terms and conditions of this Interim Order, the DIP Loan Agreement, and the Approved Budget (subject to Permitted Variances).

m. **Section 506(c) and Marshaling.** Subject to entry of a Final Order, as material inducement to the DIP Lender’s agreement that its liens and superpriority claims shall be subject to payment of the Carve Out, subject to entry of the Final Order, the DIP Lender is entitled to (i) a waiver of the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral and the DIP Obligations in favor of the DIP Lender; and (ii) a waiver of the provisions of section 506(c) of the Bankruptcy Code with respect to the DIP Collateral.

n. **Requisite Authority.** Subject to entry of this Interim Order, each Debtor has all requisite corporate or entity power and authority to execute and deliver the DIP Loan Agreement and the other DIP Documents to which it is a party and to perform its obligations thereunder.

o. **Immediate Entry.** Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2). Absent granting the relief set forth in this Interim Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the DIP Facility and the permitted use of Prepetition Collateral in accordance with this Interim Order and the DIP Loan Agreement are therefore in the best interests of the Debtors' estates and consistent with the Debtors' exercise of their fiduciary duties.

NOW, THEREFORE, based on the foregoing findings and conclusions, the Motion, and the record before this Court, and after due consideration, and this Court having found good and sufficient cause therefor,

IT IS HEREBY ORDERED THAT:

1. **Motion Granted.** The relief sought in the Motion is GRANTED on an interim basis as set forth herein. Entry into the DIP Loan Agreement and, as applicable, the other DIP Documents is authorized and approved on an interim basis is authorized, in each case, subject to the terms and conditions set forth in this Interim Order and in the DIP Loan Agreement. All objections to the Motion to the extent not withdrawn, waived, settled, or resolved are hereby denied and overruled on the merits.

2. **Authorization of the DIP Facility.** The Debtors are expressly and immediately authorized and empowered to execute and deliver the DIP Loan Agreement, and the other DIP Documents (as applicable), and to incur and perform the DIP Obligations in accordance with, and subject to, the terms of this Interim Order and the DIP Loan Agreement, and to execute, deliver,

and perform under all instruments, certificates, agreements, and documents that may be required or necessary for their performance under the DIP Loan Agreement, and the creation and perfection of the DIP Liens described in and provided for by this Interim Order, the DIP Loan Agreement. Each of the Debtors is hereby authorized to pay any principal, interest, fees, expenses, and other amounts subject to and in accordance with this Interim Order, the DIP Loan Agreement, or other DIP Documents as such amounts become due and owing, without further Court approval (except as otherwise provided herein or in the DIP Loan Agreement), including, without limitation, the Loan Fee, the Exit Fee, the Break-Up Fee, as well as any reasonable and documented out-of-pocket fees and expenses of DIP Lender's Professionals (defined below), and disbursements arising under the DIP Documents, which amounts shall not be subject to further approval of this Court and shall be non-refundable and not subject to challenge in any respect; *provided*, that the payment of the fees and expenses as set forth herein and in the DIP Loan Agreement, subject to paragraphs 26 and 27 of this Interim Order, and to take any other actions that may be necessary or appropriate, all to the extent provided in this Interim Order and the DIP Documents. Upon execution and delivery, the DIP Loan Agreement and, as applicable, the other DIP Documents shall represent legal, valid, and binding obligations of the Debtors, enforceable against the Debtors and their estates in accordance with their terms. Each officer of the Debtors acting individually is hereby authorized to execute and deliver the DIP Loan Agreement and the other DIP Documents.

3. **DIP Obligations.** The DIP Documents and this Interim Order shall constitute and evidence the validity and binding effect of the DIP Obligations. All DIP Obligations shall be enforceable against the Debtors, their respective estates, and any successors thereto, including without limitation, any trustee appointed in the Chapter 11 Cases, or in any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Chapter 11 Cases, or the dismissal of

any of the Chapter 11 Cases, or in any other proceeding superseding or related to any of the foregoing (the “Successor Case”), and their creditors and other parties-in-interest. Upon entry of this Interim Order, the DIP Obligations shall include, but not be limited to, (i) the payment by the Debtors of (a) the unpaid principal amount of and interest on the DIP Loan, as and when due, whether at maturity, by acceleration, or otherwise, and (b) all fees and other monetary obligations of the Debtors to the DIP Lender under the DIP Loan Agreement and this Interim Order, and (ii) the payment and performance of all covenants, duties, agreements, obligations, and liabilities of the Debtors to the DIP Lender under the DIP Loan Agreement and this Interim Order. The Debtors and their successors shall be jointly and severally liable for repayment of any funds advanced pursuant to the DIP Loan Agreement and the DIP Obligations. The DIP Obligations shall become due and payable, without notice or demand, on the Maturity Date or as otherwise set forth in the DIP Loan Agreement. No obligation, payment, transfer, or grant of collateral as security hereunder or under the DIP Loan Agreement (including any DIP Obligation or DIP Liens) to the DIP Lender shall be stayed, restrained, voidable, avoidable, or recoverable, under the Bankruptcy Code or under any applicable law, or be subject to any disgorgement, avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination, claim, counterclaim, charge, assessment, cross-claim, defense, or any other liability or challenge under the Bankruptcy Code or any applicable law or regulation by any person or entity for any reason.

4. **Authorization to Enter into DIP Facility.** The Debtors are hereby authorized to execute, deliver, enter into and, as applicable, comply with and perform all of their obligations, and to pay all fees, costs, expenses, indemnities, and other amounts contemplated, under the DIP Loan Agreement (and any other DIP Documents) and to take such other and further acts as may be necessary, appropriate, or desirable in connection therewith. Upon entry of this Interim Order,

the Debtors are authorized to borrow up to aggregate amount of the Interim Amount, and the Debtors are hereby authorized to provide a guaranty of payment and performance in respect of the DIP Obligations, in each case, in accordance with the DIP Loan Agreement, and the DIP Obligations are hereby approved (as and when such amounts become earned, due, and payable in accordance with the DIP Loan Agreement) without the need to seek further Court approval. The borrowing of DIP Loan under this Interim Order and the DIP Loan Agreement shall permanently decrease the DIP Commitment and, once repaid, the DIP Loan incurred may not be re-borrowed.

5. **DIP Collateral.** The term “DIP Collateral”⁴ means, collectively, all rights, properties and assets of each DIP Borrower, including all personal property, real property (including without limitation all Real Property), and Fixtures, in each case, whether now owned or existing or hereafter acquired, created or arising, whether arising before or after the Petition Date, and wherever located, including, without limitation, the following: all General Intangibles, Payment Intangibles, Instruments, Accounts, Documents, Documents of Title, Goods, Inventory, Equipment, Fixtures, Chattel Paper, Electronic Chattel Paper, Letter of Credit Rights (whether or not the letter of credit is evidenced by a writing), post petition Money, Deposit Accounts, post petition cash, certificates of deposit, Investment Property, Securities, Securities Accounts, Securities Entitlements, Commodities Accounts, Supporting Obligations, Financial Assets,)and all monies therein, and any cash held therein, and any and all claims, rights and interests in, to or under any of the above, and all substitutions for, additions, attachments, accessories, Accessions and improvements to and replacements, products, Proceeds and insurance proceeds of any or all of the foregoing; all causes of actions (other than Borrowers ‘Avoidance Actions’); all books and records relating to the foregoing, including all ledgers, records regarding the Borrowers’ assets or

⁴ As set forth in the DIP Loan Agreement, capitalized terms used in this paragraph that are not otherwise defined herein have the meaning ascribed to such term in the UCC.

liabilities, business operations or financial condition, and all computer programs or storage or any Equipment containing such information. The DIP Collateral also includes all Borrowers' real property (including the Real Property), leases, leasehold interests, and all rents, profits and Proceeds thereof, all contracts, contract rights, intercompany claims, rights to payment of money, arbitration awards, licenses, permits, and franchise rights, all capital stock, trust interests, all rights under insurance and proceeds thereof, all collateral support, tax or other refunds, mineral rights, and all Software, patents, copyrights, trademarks, trade names and other intellectual property (whether or not registered, and if registered, whether such intellectual property is registered in the United States or in any foreign jurisdiction), together with the right to sue or otherwise recover for any past, present and future infringement, dilution, misappropriation, or other violation or impairment thereof, and all Proceeds of any of the foregoing, including without limitation license fees, royalties, income, payments, claims, damages and proceeds of suit, now or hereafter due and/or payable with respect thereto, any and all claims, rights and interests in, to or under any of the above, and all substitutions for, additions, attachments, accessories, Accessions and improvements to and replacements, products, Proceeds and insurance proceeds of any or all of the foregoing. Notwithstanding the foregoing, the DIP Collateral shall not include any DIP Borrower's (a) Avoidance Actions or proceeds thereof, (b) pre-petition cash and prepetition receivables, or (c) equity and/or beneficial interests issued by any Borrower.

6. **Disposition of Collateral.** Notwithstanding anything otherwise provided herein, it shall be deemed a DIP Termination Event if the Borrowers sell, transfer, or otherwise dispose of any portion of the DIP Collateral, other than in the ordinary course of business or in connection with the payments contemplated under this Interim Order or the Approved Budget (subject to the Permitted Variances), without the prior written consent of the DIP Lender, except as permitted in

the DIP Loan Agreement and this Interim Order.

7. **DIP Liens.** To secure the DIP Obligations, immediately upon and effective as of entry of this Interim Order, pursuant to Bankruptcy Code sections 364(c)(2) and 364(d)(1), the DIP Lender is hereby granted, on an interim basis, continuing, valid, binding, enforceable, nonavoidable, and automatically and properly perfected security interests in and liens on the DIP Collateral of the Borrowers (collectively, the “DIP Liens”) as follows:

- (i) Lien on Any Unencumbered DIP Collateral. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, perfected, binding, continuing, enforceable and non-avoidable first-priority, lien on all DIP Collateral unencumbered as of the Petition Date, which shall be junior and subordinated only to the Carve Out.
- (ii) Priming Lien on Any Encumbered DIP Collateral. Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, perfected, binding, continuing, enforceable and non-avoidable first-priority, senior priming lien on all DIP Collateral that is subject to a lien as of the Petition Date, which shall be junior and subordinated only to the Carve Out.

Other than as set forth herein or in the DIP Loan Agreement, and upon entry of the Final Order, the DIP Liens shall not be (A) subject to sections 506, 510, 549, 550, or 551 of the Bankruptcy Code, and/or (B) made subject to *or pari passu* with any lien or security interest heretofore or hereinafter granted in the Chapter 11 Cases or any Successor Case, and shall be valid and enforceable against any trustee appointed in the Chapter 11 Cases or any Successor Case, upon the conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code (or in any other Successor Case), and/or upon the dismissal of any of the Chapter 11 Cases or Successor Case.

8. **Perfection of DIP Liens.** This Interim Order shall be sufficient and conclusive evidence of the creation, validity, perfection, and priority of all liens granted herein, including the DIP Liens, without the necessity of execution, filing or recording any security agreement, control agreement, pledge agreement, financing statement, mortgage, deed of trust, notice, or other instrument or document which may otherwise be required under the law or regulation of any

jurisdiction or the taking of any other action (including entering into any deposit-account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the DIP Liens or to entitle the DIP Lender to the priorities granted herein. Notwithstanding the foregoing, the DIP Lender is authorized, but not required, to file, as it deems necessary or advisable, such financing statements, security agreements, mortgages, notices of liens and other similar documents to perfect or otherwise evidence the DIP Liens in accordance with applicable non-bankruptcy law, and all such financing statements, mortgages, notices and other documents shall be deemed to have been filed or recorded as of the Petition Date; *provided, however*, that no such filing or recordation shall be necessary or required in order to create or perfect the DIP Liens. The DIP Lender may, in its sole discretion, file an electronic copy or photocopy of this Interim Order as a financing statement with any filing or recording office or with any registry of deeds or similar office in addition to or in lieu of such financing statements, notices of lien or similar instruments.

9. **DIP Superpriority Claims.** Subject only to the Carve Out, effective immediately upon entry of this Interim Order, the Debtors granted to the DIP Lender, pursuant to section 364(c)(1) of the Bankruptcy Code, allowed superpriority administrative-expense claims in the Chapter 11 Cases and any Successor Case (collectively, the “DIP Superpriority Claims”) for all DIP Obligations with priority over any and all administrative expense claims and unsecured claims against the Debtors or their estates in the Chapter 11 Cases and any Successor Case, including administrative expenses or other claims of the kinds specified in, or ordered pursuant to, sections 105, 326, 328, 330, 331, 503(a), 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 546, 726, 1113, and 1114 or any other provision of the Bankruptcy Code or otherwise, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment. The DIP Superpriority Claims shall be payable have recourse and be payable

from all prepetition and postpetition property and assets of the Debtors and their estates and all DIP Collateral and all proceeds thereof. The DIP Superpriority Claims shall, for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, shall be against each Debtor on a joint and several basis, and shall be payable from all prepetition and postpetition property of the Debtors and all proceeds thereof. Except with respect to the Carve Out, no costs or expenses of administration, including professional fees allowed and payable under sections 328, 330, or 331 of the Bankruptcy Code, or otherwise, that have been or may be incurred in these proceedings, or in any Successor Case, and no priority claims are, or will be, senior to, prior to, or have parity with the DIP Superpriority Claims or the DIP Obligations, or with any other claims of the DIP Lender arising under the DIP Loan Agreement and/or this Interim Order.

10. **No Obligation to Extend Credit.** The DIP Lender shall have no obligation to make any loan or advance under the DIP Loan Agreement unless (i) all of the conditions precedent to the closing of the DIP Facility and such loan or advance, and other terms under the DIP Loan Agreement and this Interim Order have been satisfied in full or waived by the DIP Lender (in its sole discretion), and (ii) no Event of Default under the DIP Loan Agreement or the other DIP Documents (including this Interim Order) has occurred and is continuing.

11. **Use of DIP Facility Proceeds.** The Debtors shall be permitted to use DIP Loan under the DIP Facility only for the purposes specifically set forth in this Interim Order and the DIP Loan Agreement. The Opening Disbursement shall be used, *inter alia*, to pay the unpaid portion of the Origination Fee, any delinquent Real Property Taxes, and Lender's other costs and expenses (including consultants' fees and attorneys' fees and costs) in connection with the DIP Loan. Lender shall allow bi-weekly draws (each a "**Draw**") with payment of interest.

12. **No Monitoring Obligation.** The DIP Lender shall not have any obligation or responsibility to monitor any Debtor's use of the DIP Facility, and the DIP Lender may rely on each Debtor's representation that the use of the DIP Facility at any time is in accordance with the requirements of this Interim Order and the DIP Loan Agreement, including the Approved Budget (subject to the Permitted Variances).

13. **Authorization to Use Cash Collateral.** Subject to the terms and conditions of this Interim Order and the DIP Loan Agreement, and in accordance with the Approved Budget (subject to Permitted Variances), the Debtors are authorized to use the DIP Lender's Cash Collateral until the DIP Termination Declaration Date..

14. **Modification of DIP Loan Agreement.** The Debtors and the DIP Lender are hereby authorized to implement, in accordance with the terms of the DIP Loan Agreement, any non-material modifications of the DIP Loan Agreement without further notice, motion, or application to, order of, or hearing before, this Court. Any material modification or amendment to the DIP Loan Agreement shall only be permitted pursuant to an order of this Court, after being submitted to this Court on five (5) days' notice to the U.S. Trustee and the Prepetition Secured Parties; provided, however, that any forbearance from, or waiver of, (a) a breach by the Debtors of a covenant representation or any other agreement or (b) a default or an Event of Default, in each case under the DIP Loan Agreement, shall not require an order of this Court. In the event of any inconsistency between this Interim Order and the DIP Loan Agreement, this Interim Order shall control.

15. **DIP Facility Reporting.** Except as otherwise provided herein or approved by the DIP Lender in its reasonable discretion, the proceeds from the DIP Facility shall be used only in compliance with the terms of the DIP Loan Agreement and in accordance with the Approved

Budget subjected to Permitted Variances. The Debtors shall comply with the reporting requirements and obligations set forth in the DIP Loan Agreement.

16. **Modification of Automatic Stay.** The automatic stay of section 362 of the Bankruptcy Code is hereby modified to the extent necessary to permit the Debtors, the DIP Lender, and, as applicable, the Prepetition Secured Parties to accomplish the transactions contemplated by this Interim Order.

17. **Proceeds of Subsequent Financing.** If any of the Debtors, any trustee, any examiner, or any responsible officer subsequently appointed in any of the Chapter 11 Cases or any Successor Case, shall obtain credit or incur debt pursuant to sections 364(b), 364(c), or 364(d) of the Bankruptcy Code in violation of the DIP Loan Agreement or otherwise at any time prior to the indefeasible repayment in full in cash of all DIP Obligations (other than unasserted contingent obligations that expressly survive termination of the DIP Loan Agreement) and the termination of the DIP Lender's obligation to extend credit under the DIP Facility, then, after satisfaction of the Carve Out, and unless otherwise agreed by the DIP Lender, all cash proceeds derived from such credit or debt shall immediately be turned over to the DIP Lender to be distributed in accordance with this Interim Order and the DIP Loan Agreement until all DIP Obligations are satisfied in full.

18. **Payments Held in Trust.** Except as expressly permitted in this Interim Order including in the Approved Budget, the DIP Loan Agreement, or otherwise ordered by this Court, including in respect of the Carve Out, if any person or entity receives any payment on account of a security interest in the DIP Collateral or receives any DIP Collateral or any proceeds of DIP Collateral prior to indefeasible payment in full in cash of all DIP Obligations under the DIP Loan Agreement and termination of the DIP Facility in accordance with the DIP Loan Agreement, such person or entity shall be deemed to have received, and shall hold, any such payment or proceeds

of DIP Collateral in trust and shall immediately turn over such proceeds to the DIP Lender for application in accordance with this Interim Order, the DIP Loan Agreement, or the applicable DIP Documents.

19. **Maintenance of DIP Collateral.** Until the payment in full of the DIP Obligations, the Debtors shall, except as otherwise agreed to by the DIP Lender in writing (email being sufficient): (i) insure the DIP Collateral as required under the DIP Loan Agreement; and (ii) maintain the cash-management system consistent with the terms and conditions of any order(s) governing the Debtors' cash-management systems and the DIP Loan Agreement.

20. **Right to Credit Bid.** Subject to section 363(k) of the Bankruptcy Code, the DIP Lender may credit bid all or any portion of its DIP Liens up to the amount of the DIP Obligations, in connection with any proposed sale of any, all, or substantially all of the Debtors' assets, whether occurring pursuant to section 363 of the Bankruptcy Code or included as part of a reorganization plan under section 1123 of the Bankruptcy Code, including a plan subject to confirmation under section 1129(b)(2)(A)(ii) of the Bankruptcy Code, or a sale or disposition by a chapter 7 trustee for any of the Debtors under section 725 of the Bankruptcy Code. In connection with any such credit bid by the DIP Lender, the Debtors shall, upon reasonable advance notice by the DIP Lender, provide for the assignment of such DIP Lender's right to purchase the acquired assets to one or more of the applicable DIP Lender's subagents or a newly formed acquisition vehicle.

21. **DIP Termination Event; Exercise of Remedies.**

a. **DIP Termination Event.** For purposes of this Interim Order, the term "DIP Termination Event" shall mean:

- (i) the occurrence of the Maturity Date,
- (ii) the occurrence of any Event of Default under the DIP Loan Agreement or this Interim Order; or

- (iii) the acceleration of the DIP Obligations or termination of the DIP Commitment in accordance with the terms of the DIP Loan Agreement or the other DIP Documents.

b. **Exercise of Remedies.** Upon the occurrence of a DIP Termination Event, without further notice to, hearing of, application to, or order from this Court, the automatic stay provisions of section 362 of the Bankruptcy Code shall be vacated and modified to the extent necessary to permit the DIP Lender to take any of the following actions, at the same or different time: (i) deliver a written notice (which may be via email) to counsel for the Debtors, counsel for the Prepetition Secured Parties, the U.S. Trustee, and counsel for the Creditors' Committee (if any) (the "Remedies Notice") declaring the occurrence of a DIP Termination Event (such date, the "DIP Termination Declaration Date") and deliver a Carve Out Trigger Notice; (ii) declare the termination, reduction or restriction of any commitments under the DIP Facility (including the DIP Commitment) to the extent any such commitment remains; (iii) declare all DIP Obligations to be immediately due and payable, without presentment, demand or protest or other notice of any kind, all of which are expressly waived by the Debtors; (iv) declare the termination, restriction or reduction of the DIP Facility and the DIP Loan Agreement as to any further liability or obligation thereunder, but without affecting the DIP Liens, the DIP Superpriority Claims, or the DIP Obligations; (v) charge default interest at the default rate set forth in the DIP Loan Agreement; and (vi) declare the termination, restriction, or revocation of the ability of the Debtors to use of the DIP Lender's Cash Collateral.

c. **Waiting Period Procedures.** The Debtors may seek an emergency hearing solely during the period beginning on the DIP Termination Declaration Date and prior to the expiration of the five (5) business days following the DIP Termination Declaration Date

(such period, the “Waiting Period”). If, however, the Debtor files a request for an emergency hearing during the Waiting Period and a hearing cannot be scheduled prior to the expiration of the Waiting Period, the Waiting Period shall be deemed automatically extended until such time as the matter can be heard by the Court. At any hearing regarding a Remedies Notice, the Court may only consider (i) whether a DIP Termination Event occurred or is continuing, and (ii) a request by the Debtors for non-consensual use of the DIP Lender’s Cash Collateral. During the Waiting Period, the Debtors shall continue to have the right to use DIP Collateral (including Cash Collateral) only for payroll and other expenses critical to maintain the business of the Debtors’ operating in accordance with the terms of this Interim Order and the Approved Budget.

d. **Rights and Remedies Following Termination Date.** Following a DIP Termination Declaration Date and the expiration of the Waiting Period, unless this Court has entered an order prior to the expiration of the Waiting Period finding that a DIP Termination Event has not occurred or is not continuing, the DIP Lender is hereby granted relief from the automatic stay of Bankruptcy Code section 362, without further notice, hearing, motion, order or other action of any kind, to exercise all rights and remedies against the DIP Collateral in accordance with this Interim Order, the DIP Loan Agreement, the other DIP Documents (if any), and applicable law.

22. **No Waiver by Failure to Seek Relief.** The rights and remedies of the DIP Lender specified herein are cumulative and not exclusive of any rights or remedies that the DIP Lender may have under this Interim Order, the DIP Loan Agreement, applicable law, or otherwise. The failure or delay on the part of the DIP Lender to seek relief or otherwise exercise its rights and remedies under this Interim Order, the DIP Loan Agreement, or applicable law shall not constitute

a waiver of any of its respective rights. Except as expressly set forth herein, none of the rights or remedies of the DIP Lender under this Interim Order, the DIP Loan Agreement shall be deemed to have been amended, modified, suspended, or waived unless such amendment, modification, suspension, or waiver is express, in writing and signed by the DIP Lender. No consents required hereunder by the DIP Lender shall be implied by any inaction or acquiescence by the DIP Lender.

23. Carve Out.

a. **Priority of Carve Out.** The DIP Lien and the DIP Superpriority Claims shall be subject and subordinate to payment of the Carve Out. The Carve Out shall be senior to all claims and liens over all assets of the Debtors, including any DIP Collateral, as set forth in the DIP Orders. The Carve Out is a lien subordination agreement, not a limitation on the allowance or payment of Professional Fees.

b. **Carve Out.** The term “Carve Out” shall mean the sum of (i) all unpaid fees required to be paid to the Clerk of the Court and to the United States Trustee under 28 U.S.C. § 1930(a)(6), together with any interest thereon pursuant to 31 U.S.C. § 3717 (“Statutory Fees”), which shall not be subject to the Approved Budget; (ii) Court-allowed fees and expenses of a trustee appointed under section 726(b) of the Bankruptcy Code in an amount not to exceed \$100,000, (iii) subject to the terms and conditions of this Interim Order, to the extent allowed at any time, whether by interim order, procedural order, or otherwise, the reasonable unpaid fees and expenses (the “Professional Fees”) incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, or 363 of the Bankruptcy Code (the “Debtor Professionals”) or persons or firms retained by the Creditors’ Committee (if any) pursuant to sections 328 or 1103 of the Bankruptcy Code (together with the Debtor Professionals and PCO Professionals, the “Professional

Persons”) that are incurred at any time before or on the first calendar day following delivery by the DIP Lender of a Carve Out Trigger Notice, to the extent permitted by the Approved Budget and are allowed by the Court under sections 327, 330, or 363 of the Bankruptcy Code (whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice) and remain unpaid after application of any retainers being held by such Professional Persons (the “Pre-Trigger Date Fees”); and (iv) allowed Professional Fees of Professional Persons in an aggregate amount not to exceed \$100,000 incurred after the first calendar day following delivery by the DIP Lender of the Carve Out Trigger Notice (the “Trigger Date”), to the extent allowed by the Bankruptcy Court at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the “Post-Carve Out Trigger Notice Cap”); provided, however, that for the purposes of the foregoing, any plan-success fee, financing fee, transaction fee, or other similar contingency fee shall not be included in the Pre-Trigger Date Fees or Post-Carve Out Trigger Notice Cap and shall be paid, to the extent allowed, pursuant to any confirmed plan in these Chapter 11 Cases. No amounts set forth in this subparagraph with respect to the Carve Out may be modified without the prior written consent of the DIP Lender. For purposes of the foregoing, “Carve Out Trigger Notice” shall mean a written notice delivered by email (or other electronic means) by the DIP Lender or its counsel to the Debtors, their lead restructuring counsel, the Prepetition Secured Parties, the Office of the U.S. Trustee, and counsel to the Creditors’ Committee (if any), which notice may be delivered following the occurrence or during the continuation of a DIP Termination Event and acceleration of the DIP Loan under and as such terms are defined in the DIP Loan Agreement, stating that the Post-Carve Out Trigger Notice Cap has been invoked.

c. **Payment of Allowed Professional Fees Prior to the Trigger Date.** Any payment or reimbursement made prior to the occurrence of the Trigger Date in respect of any allowed Professional Fees shall not reduce the Carve Out.

d. **No Direct Obligation to Pay Professional Fees; No Waiver of Right to Object to Fees.** The DIP Lender shall not be responsible for the direct or indirect payment or reimbursement of any fees or disbursements of any of the Professional Persons incurred in connection with the Chapter 11 Cases or any Successor Case under any chapter of the Bankruptcy Code. Nothing in the DIP Orders or otherwise shall be construed to obligate the DIP Lender in any way to pay compensation to, or to reimburse expenses of, any of the Professional Persons, or to guarantee that the Debtors or their estates have sufficient funds to pay such compensation or reimbursement. Nothing herein shall be construed as consent to the allowance of any fees or expenses of Professional Persons of any of the Debtors, the Creditors' Committee (if any), any other official or unofficial committee in these Chapter 11 Cases or any Successor Case, or of any other person or entity, or shall affect the right of the DIP Lender to object to the allowance and payment of any such fees and expenses.

24. **Approval of DIP Fees.** In consideration for the DIP Facility, the DIP Lender shall be paid all fees, expenses and other amounts payable under the DIP Loan Agreement as such become due, including, without limitation, the Loan Fee, the Exit Fee, and the Break-Up Fee, each of which is fully earned, non-refundable, payable in accordance with the terms of the DIP Loan Agreement, approved and allowed on a final basis upon entry of this Interim Order, (all such fees, together, the "DIP Fees"), the reasonable and documented fees and expenses of the DIP Lender in connection with the DIP Facility (the "DIP Lender Expenses"). The DIP Fees and DIP Lender Expenses shall be part of the DIP Obligations and secured by the DIP Liens on DIP Collateral and

all other security provided under the DIP Documents. Notwithstanding anything herein to the contrary, upon entry of the Interim Order, all reasonable and documented out-of-pocket DIP Lender Expenses incurred prior to the Closing Date shall be paid on the Closing Date, without the need to first deliver a copy of its invoice or otherwise comply with paragraph 27.

25. **DIP Lender's Professionals' Fees.** The Debtors are obligated to pay all reasonable and documented out-of-pocket DIP Lender Expenses related to the DIP Facility, including the preparation, execution, delivery, administration, and exercise of any remedies related to the DIP Documents, this Interim Order, the Final Order, and any other agreements, instruments, pleadings, or other documents prepared or reviewed in connection with any of the foregoing, whether or not any or all of the transactions contemplated hereby or by the DIP Documents are consummated. Professionals for the DIP Lender (Fox Rothschild LLP, and such other professionals as the DIP Lender determines necessary, the "DIP Lender's Professionals"), shall provide summary copies of any invoices (which shall not be required to contain time entries/narratives and which may be redacted or modified to the extent necessary to delete any information subject to the attorney-client privilege, any information constituting attorney work product or any other confidential information, and the provision of such invoices shall not constitute any waiver of the attorney-client privilege, the attorney work-product doctrine or any other evidentiary privilege or protection recognized under applicable law) with: (i) a summary of the work performed during the relevant compensation period; (ii) the name of, hourly rate (if applicable) of, and number of hours worked by each professional and paraprofessional who worked on the matter during the relevant compensation period; and (iii) the total fee amount being requested by electronic mail to the Debtors, U.S. Trustee, and counsel to the Creditors' Committee (if appointed). The Debtors shall promptly pay in full all such invoiced fees and expenses at the conclusion of the Review Period

(defined below) other than any Disputed Invoiced Fees (defined below). Any objections raised by the Debtors, the U.S. Trustee, or the Creditors' Committee with respect to such invoices shall be subject to the Complex Case Procedures, Section D, paragraph 14(c) regarding notice parties and reasonableness (the "Disputed Invoiced Fees") must be in writing and state with particularity the grounds therefor and must be submitted to the applicable professional within ten (10) days of the receipt of such invoice (the "Review Period"); provided, however, that any failure by such party to raise a Disputed Invoiced Fee during the applicable Review Period shall constitute a waiver of any rights of such party to object to the applicable invoice. Upon delivery of the Disputed Invoiced Fee, the DIP Lender's Professionals and the objecting party shall meet and confer in good faith to resolve the objection for a period of not less than five (5) days, to be followed by the filing with this Court, if necessary, of a motion or other pleading, with at least ten (10) days' prior written notice by the submitting party of any hearing on such motion or other pleading. No DIP Lender's Professionals shall be required to file an application seeking compensation for services or reimbursement of expenses with this Court.

26. **Indemnification.** The DIP Lender (and its affiliates and respective officers, directors, employees, attorneys, advisors, and agents, solely in such capacity) (each such person, an "Indemnatee") will have no liability for, and will be indemnified and held harmless by the Debtors and their estates against, any losses, claims, damages, liabilities, or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith, actual fraud, or willful misconduct of the relevant indemnified person (or any of its affiliates or any of its or its respective officers, directors, employees, advisors or agents). Such indemnity shall not be available (i) to the extent arising from

a material breach of any obligation of such Indemnatee under the DIP Loan Agreement, or (ii) to the extent arising out of any loss, claim, damage, liability, or expense that does not involve an act or omission of the Debtors and that is brought by an Indemnatee against another Indemnatee.

27. **Use of DIP Proceeds.** Without in any way limiting the foregoing, no DIP Collateral, DIP Loan, Cash Collateral, proceeds of any of the foregoing, any portion of the Carve Out, or any other cash or funds may be used, directly or indirectly, by any of the Debtors, any official committee appointed in the Chapter 11 Cases, or any trustee or other estate representative appointed in the Chapter 11 Cases (or any Successor Case) or any other person or entity (or to pay any professional fees, disbursements, costs or expenses incurred in connection therewith): (i) to object to, contest, prevent, hinder, delay, or interfere with, in any way, the DIP Lender's enforcement or realization on any of the DIP Collateral, or Cash Collateral, following the occurrence and continuation of a DIP Termination Event; or (ii) to investigate (including by way of examinations or discovery proceedings, whether formal or informal), prepare, assert, join, commence, support, or prosecute any action for any claim, counter-claim, action, proceeding, application, motion, objection, defense, or other contested matter seeking any order, judgment, determination, or similar relief against, or adverse to the interests of, in any capacity, the DIP Lender, and each of its respective successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders, and employees, past, present and future, and their respective heirs, predecessors, successors and assigns (in each case, in their respective capacities as such) with respect to any transaction, occurrence, omission, action, or other matter arising under, in connection with, or related to the Interim DIP Order, the DIP Facility, the DIP Documents, the DIP Obligations, any claim or cause of action with respect to the validity,

enforceability, priority and extent of, or asserting any defense, counterclaim, or offset to, the DIP Obligations, the DIP Liens, the DIP Documents.

28. **Releases.** Subject to entry of a Final Order, the Debtors, on their own behalf and on behalf of their estates, forever and irrevocably: (i) release, discharge, and acquit the DIP Lender and each of its respective former or current officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest, in each case solely in their capacity as such, from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every type, including, without limitation, any so-called “lender-liability” or equitable subordination claims or defenses, solely with respect to or relating to the negotiation of and entry into the DIP Loan Agreement the other DIP Documents; and (ii) waive, discharge and release any and all defenses (including, without limitation, offsets and counterclaims of any nature or kind) as to the validity, perfection, priority, enforceability, and avoidability of the DIP Liens and the DIP Obligations.

29. **Waivers.**

a. **Limitation on Charging on Expenses.** Subject to entry of the Final Order, no costs or expenses of administration of the Chapter 11 Cases or any Successor Case shall be charged against or recovered from or against the DIP Lender with respect to the DIP Collateral pursuant to section 105 or section 506(c) of the Bankruptcy Code or otherwise, without the prior written consent of the DIP Lender.

b. **No Marshaling.** Subject to entry of the Final Order, in no event shall the DIP Lender be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral or the DIP Obligations and all proceeds shall be received

and applied in accordance with this Interim Order and the DIP Loan Agreement; provided, however, to the extent the DIP Lender exercises remedies after a DIP Termination Event and as practicable, the DIP Lender stipulates to using commercially reasonable efforts to collect from DIP Collateral commercial-tort claims before turning to such proceeds thereof; *provided*, for the avoidance of doubt, this limitation on DIP Lender's exercise of remedies shall not be deemed a modification of Section 2.3 of the DIP Loan Agreement.

30. **No Lender Liability.** In determining to make any loan (whether under the DIP Loan Agreement or otherwise) or to permit the use of Cash Collateral, the DIP Lender shall not owe any fiduciary duty to the Debtors or their respective creditors, stakeholders, or estate, and the DIP Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors by virtue of making the DIP Loan or allowing use of their Cash Collateral. Furthermore, nothing in this Interim Order shall impose or allow the imposition upon the DIP Lender of any liability for any claims arising from the prepetition or postpetition activities of any of the Debtors.

31. **Limitation of Liability.** Nothing in this Interim Order, the DIP Loan Agreement, or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Lender of (i) any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts or (ii) any fiduciary duties to the Debtors, their respective creditors, stakeholders, or estates. The DIP Lender shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the DIP Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in value thereof, or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency, or other

person and all risk of loss, damage, or destruction of the DIP Collateral shall be borne by the Debtors.

32. **No Third-Party Beneficiaries.** Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any Professional Person, third party, creditor, landlord, lessor, equity holder, or any direct, indirect, or incidental beneficiary.

33. **Insurance Proceeds and Policies.** The DIP Lender shall be, and shall be deemed to be, without any further action or notice, named as an additional insured and loss payee on each insurance policy maintained by the Debtors that in any way relates to the DIP Collateral.

34. **No Waivers or Modifications of Interim Order.** The Debtors have agreed not to and shall not seek any modification or extension of this Interim Order without the prior written consent of the DIP Lender, and no such consent shall be implied by any other action, inaction, or acquiescence of the DIP Lender.

35. **Binding Effect of this Interim Order.** Immediately upon entry of this Interim Order by this Court, the terms and provisions of this Interim Order shall become valid and binding upon and inure to the benefit of the Debtors, the DIP Lender, all other stakeholders of any of the Debtors, and all other parties in interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in the Chapter 11 Cases, any Successor Case, or upon dismissal of any of the Chapter 11 Cases or any Successor Case; provided, however, that the DIP Lender shall not have any obligation to permit the use of DIP Collateral (including DIP Cash Collateral) by or extend any financing to any chapter 7 trustee, chapter 11 trustee or similar responsible person appointed for the Debtors' estates.

36. **Discharge.** Except as otherwise agreed in writing by the DIP Lender, the DIP Obligations shall not be discharged by the entry of an order confirming any plan of reorganization

or liquidation in any of the Chapter 11 Cases, notwithstanding the provisions of section 1141(d) of the Bankruptcy Code, unless the DIP Obligations have been indefeasibly paid in full in cash, on or before the effective date of such confirmed plan.

37. **Survival.** This Interim Order, the terms of the DIP Documents, and any actions taken pursuant hereto shall survive entry of any order that may be entered: (i) confirming any chapter 11 plan in any of the Chapter 11 Cases; (ii) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code; (iii) dismissing any of the Chapter 11 Cases or any Successor Case; or (iv) pursuant to which this Court abstains from hearing the Chapter 11 Cases or Successor Case. The terms and provisions of this Interim Order and the DIP Documents, including the claims, liens, security interests and other protections granted to the DIP Lender pursuant to this Interim Order and the DIP Documents, pursuant to this Interim Order,]shall continue in the Chapter 11 Cases or any Successor Case including following dismissal of any of the Chapter 11 Cases or any Successor Case in any court of competent jurisdiction, and shall maintain their priority as provided by this Interim Order until, in respect of the DIP Facility, all the DIP Obligations, pursuant to the DIP Documents and this Interim Order, have been paid in full (such payment being without prejudice to any terms or provisions contained in the DIP Facility, which survive such discharge or dismissal by their terms). In the event of dismissal or conversion of the Chapter 11 Cases or any Successor Case, the terms of this Interim Order including the indemnification of the DIP Lender shall survive and continue, and shall not be modified by Bankruptcy Code sections 348 or 349, or otherwise, until the indefeasible repayment of all DIP Obligations are satisfied in full, which remedies may be exercised in this Court or any other court of competent jurisdiction.

38. **Necessary Actions.** The Debtors are authorized and directed to take such actions

as are reasonable or appropriate to implement the terms of this Interim Order and the DIP Loan Agreement.

39. **Enforceability.** This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable immediately upon entry thereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), or 7062, any applicable Local Rules, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable, by this and any other court of competent jurisdiction, upon its entry, and there shall be no stay of execution or effectiveness of this Interim Order.

40. **Interim Order Controls.** In the event of any conflict between or among the terms or provisions of this Interim Order and the DIP Loan Agreement, the terms and provisions of this Interim Order shall govern and control.

41. **Headings.** All paragraph headings used in this Interim Order are for ease of reference only and shall not affect the construction or interpretation hereof.

42. **Retention of Jurisdiction.** This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of the DIP Loan Agreement or this Interim Order, even if the Chapter 11 Cases are converted or dismissed.

43. **Final Hearing.** The final hearing (the “Final Hearing”) on the Motion shall be held on ____ at __:00 .m. (prevailing Central Time). Any objections or responses to the entry of the proposed Final Order shall be filed with the Court and served on the following no later than _____, 2026 on: (a) counsel for the Debtors; (b) counsel for JDI; (c) the Office of the United States Trustee; (d) counsel to the official committee of unsecured creditors (if any) appointed in these Chapter 11 Cases; and (e) any party that has requested notice pursuant to Bankruptcy Rule 2002.

(collectively, the “Notice Parties”). If no objections to entry of the Final Order are filed and served, the Court may enter such Final Order without further notice or hearing.

44. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied and that the relief requested in the Motion is necessary to avoid immediate and irreparable harm.

45. All time periods set forth in this Interim Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

Prepared and presented by:

EXHIBIT 1

DIP Loan Agreement