

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

IN RE:	§	Chapter 11
	§	
EVANGELICAL RETIREMENT HOMES	§	Case No. 23-07541
OF GREATER CHICAGO,	§	
INCORPORATED d/b/a FRIENDSHIP	§	
VILLAGE OF SCHAUMBURG,	§	
	§	
FEIN: 36-2815382,	§	
	§	
Debtor.	§	Hon. Timothy A. Barnes

**NOTICE OF EMERGENCY MOTION AND EMERGENCY MOTION FOR ENTRY OF
INTERIM AND FINAL ORDERS (I) GRANTING (A) REPLACEMENT LIENS AND
SUPERPRIORITY CLAIMS AND (B) ADEQUATE PROTECTION; (II)
AUTHORIZING USE OF CASH COLLATERAL; (III) MODIFYING THE
AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING;
AND (V) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that on Tuesday, June 13, 2023, at 1:00 p.m., I will appear before the Honorable Timothy A. Barnes, or any judge sitting in that judge's place, **either** in courtroom 744 of the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, IL 60604, or electronically as described below, and present the "Emergency Motion For Entry Of Interim And Final Orders (I) Granting (A) Replacement Liens And Superpriority Claims And (B) Adequate Protection: (II) Authorizing Use Of Cash Collateral; (III) Modifying The Automatic Stay; (IV) Scheduling A Final Hearing; and (V) Granting Related Relief" filed by Evangelical Retirement Homes of Greater Chicago, Incorporated, d/b/a/ Friendship Village of Schaumburg, debtor and debtor in possession herein, a copy of which is attached.

All parties in interest, including the movant, may appear for the presentment of the motion either in person or electronically using Zoom for Government.

You may appear electronically by video or by telephone.

To appear by video, use this link: <https://www.zoomgov.com/>. Then enter the meeting ID and passcode.

To appear by 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 1604286771, and the passcode is 533262. The meeting ID and passcode can also be found on the judge's page on the court's web site.

In addition to other grounds for opposing the Motion, you may oppose the motion on the basis that emergency treatment is not appropriate.

Dated: June 9, 2023

EVANGELICAL RETIREMENT HOMES
OF GREATER CHICAGO, INCORPORATED,
d/b/a FRIENDSHIP VILLAGE OF
SCHAUMBURG

By: /s/ Bruce Dopke
Proposed counsel for the Debtor

Bruce Dopke, Member (ARDC # 3127052)
Dopkelaw LLC
1535 W. Schaumburg Road, Suite 204
Schaumburg, IL 60194
Tel: 847-524-4811
bd@dopkelaw.com

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In re:

EVANGELICAL RETIREMENT
HOMES OF GREATER CHICAGO,
INCORPORATED d/b/a FRIENDSHIP
VILLAGE OF SCHAUMBURG,

FEIN: 36-2815382

Debtor.

Chapter 11

Case No. 23-07541

CERTIFICATE OF SERVICE

I, Clarissa D. Cu, depose and say that I am employed by Stretto, the proposed claims and noticing agent for the Debtor in the above-captioned case.

On or before 5:00 p.m. (prevailing Central Time) on June 9, 2023, at my direction and under my supervision, employees of Stretto will cause to be served a complete and accurate copy of the attached Notice of Motion and the document referred to therein to be made on the parties on the service list attached hereto as **Exhibit A** via overnight mail and via electronic mail where available as set forth on **Exhibit B**.

Dated: June 9, 2023

/s/ Clarissa D. Cu

Clarissa D. Cu

STRETTO

410 Exchange, Suite 100

Irvine, CA 92602

Telephone: 949.784.0581

Email: TeamFVS@Stretto.com

Exhibit A

Exhibit A

Served via Overnight Mail



Name	Attention	Address 1	Address 2	City	State	Zip
Charles Schwab & Co., Inc.	Attn Officer/Director or Legal Dept	1945 Northwestern Drive		El Paso	TX	79912
Chuhak & Tecson as Counsel to Secured Creditor	Attn Brandon R. Freud	120 S. Riverside Plz., Suite 1700		Chicago	IL	60606-7512
Cook County Treasurer's Office	Attn Officer/Director or Legal Dept	118 North Clark Street, Room 112		Chicago	IL	60602
Illinois Department of Financial and Professional Regulation	Attn Officer/Director or Legal Dept	555 West Monroe Street, 5th Floor		Chicago	IL	60661
Illinois Department of Human Services	Attn Officer/Director or Legal Dept	401 South Clinton Street		Chicago	IL	60607
Illinois Department of Public Health	Att. Director	69 Washington Street	35th Floor	Chicago	IL	60602
Illinois Department of Public Health	Attn Officer/Director or Legal Dept	122 S. Michigan Avenue, 7th & 20th Floors		Chicago	IL	60603
Illinois Department of Revenue	Bankruptcy Unit	PO Box 19037		Springfield	IL	62794-9037
Illinois Department of Revenue	David Harris - Director	555 West Monroe Street	Suite 1100	Chicago	IL	60661
Illinois Finance Authority	Attn Officer/Director or Legal Dept	160 N. LaSalle St., Suite S-1000		Chicago	IL	60601
Internal Revenue Service	Attn. Centralized Insolvency Operation	P.O. Box 7346		Philadelphia	PA	19101
Office of the United States Trustee	Jeffrey L. Gansberg	219 S. Dearborn Street	Room 873	Chicago	IL	60604
Resident 14000-IL		Address on File				
Resident 15101-IL		Address on File				
Resident 15166-IL		Address on File				
Resident 15264-AL		Address on File				
Resident 15306-IL		Address on File				
Resident 15397-IL		Address on File				
Resident 15400-IL		Address on File				
Resident 15404-IL		Address on File				
Resident 15410-IL		Address on File				
Resident 15438-IL		Address on File				
Resident 15479-IL		Address on File				
Resident 15489-IL		Address on File				
Resident 15497-IL		Address on File				
Resident 718487-IL		Address on File				
Resident 719355-IL		Address on File				
Resident 720136-IL		Address on File				
Resident 720451-IL		Address on File				
Resident 720732-IL		Address on File				
Resident 720953-IL		Address on File				
Schaumburg Bank & Trust Company N.A.	Teresa Faidley	1180 E. Higgins Rd.		Schaumburg	IL	60173
The U.S. Department of Health & Human Services	Attn Officer/Director or Legal Dept	200 Independence Avenue, S.W.		Washington	DC	20201
U.S. Centers for Medicare & Medicaid Services	Attn Officer/Director or Legal Dept	7500 Security Blvd		Baltimore	MD	21244
UMB Bank	Brian Krippner	2 South Broadway		St. Louis	MO	63102
UMB Bank, NA, in its capacity as Bond Trustee	c/o Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.	Attn: Daniel S. Bleck	1 Financial Center	Boston	MA	02111-0000
United States Attorney's Office Northern District of Illinois, Eastern Division	Attn Officer/Director or Legal Dept.	219 S. Dearborn Street, 5th Floor		Chicago	IL	60604
Verdant Comm Cap Titling Trust	Attn: Officer/Director or Legal Dept	12301 Whitewater Drive, Ste. 80		Minnetonka	MN	55343
Wells Fargo Bank, National Association, as Master Trustee	Attn Officer/Director or Legal Dept	230 W. Monroe Steet	Suite 2900	Chicago	IL	60606
Wells Fargo Bank, National Association, as Master Trustee	Attn: Corbin B Connell	600 S. 4th Street, 6th Floor	MAC N9300-061	Minneapolis	MN	55479
Wells Fargo Bank, National Association, as Mortgagee	Attn Officer/Director or Legal Dept	230 W. Monroe Steet	Suite 2900	Chicago	IL	60606

Exhibit B



Exhibit B

Served via Electronic Mail

Name	Attention 1	Attention 2	Email
Chuhak & Tecson as Counsel to Secured Creditor	Attn Brandon R. Freud		bfreud@chuhak.com
Cook County Treasurer's Office	Attn Officer/Director or Legal Dept		LBankruptcy@cookcountytreasurer.com
Office of the United States Trustee	Jeffrey L. Gansberg		Jeffrey.L.Gansberg@usdoj.gov
UMB Bank, NA, in its capacity as Bond Trustee	c/o Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.	Attn: Daniel S. Bleck	dsbleck@mintz.com

**IN THE UNITED STATES BANKRUPTCY COURT
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IN RE:	§	Chapter 11
	§	
EVANGELICAL RETIREMENT	§	Case No. 23-_____
HOMES OF GREATER CHICAGO,	§	
INCORPORATED d/b/a FRIENDSHIP	§	
VILLAGE OF SCHAUMBURG,	§	
	§	
FEIN: 36-2815382,	§	
	§	
Debtor.	§	Hon.

**EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I)
GRANTING (A) REPLACEMENT LIENS AND SUPERPRIORITY CLAIMS AND (B)
ADEQUATE PROTECTION; (II) AUTHORIZING USE OF CASH COLLATERAL; (III)
MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING;
AND (V) GRANTING RELATED RELIEF**

Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg (“**FVS**” or the “**Debtor**”), debtor and debtor-in-possession in the above-captioned chapter 11 case, for its “Emergency Motion For Entry Of Interim And Final Orders (I) Granting (A) Replacement Liens And Superpriority Claims And (B) Adequate Protection: (II) Authorizing Use Of Cash Collateral; (III) Modifying The Automatic Stay; (IV) Scheduling A Final Hearing; and (V) Granting Related Relief” (the “**Motion**”) respectfully states as follows.

Relief Requested

1. By this Motion, the Debtor seeks the entry of an interim order (the “**Interim Order**”) substantially in the form filed as an attachment to this Motion through the Court’s ECF system, which authorizes the Debtor to (i) use cash collateral of UMB Bank, N.A., in its capacity as bond trustee (the “**Bond Trustee**”) under that certain Bond Trust Indenture (the “**Indenture**”) dated as of December 1, 2017, by and between the Illinois Finance Authority (the “**Issuer**”) and the Debtor;

(ii) approves the Debtor's adequate protection offer to the Bond Trustee for the use of the Bond Trustee's cash collateral; (iii) grants relief from the automatic stay to the Bond Trustee to enable said party to perfect and establish the replacement liens granted to it pursuant to the Debtor's adequate protection offer; (iv) schedules a final hearing (the "**Final Hearing**") on the Motion in the last week of June 2023, and after that hearing enter a final order (the "**Final Order**") which grants the relief requested in the Motion on a final basis, and (v) approves the form and method of notice of this Motion and (vi) grants to the Debtor such other and further relief as the Court deems just.

Background, Jurisdiction, Venue and Statutory Authority

2. FVS owns and operates a continuing care retirement community ("**CCRC**") located in Schaumburg, Illinois known as Friendship Village of Schaumburg (the "**Campus**"). The Campus is improved with buildings which include (i) 537 independent living apartments, (ii) 84 assisted living apartments, (iii) 25 memory care apartments, (iv) 169 nursing beds, and (v) related common areas and parking. Approximately 635 senior citizens reside at the Campus ("**Residents**").

3. The factual background regarding the Debtor and the events leading to the filing of this Case (as defined below) is set forth in the Declaration of Mike Flynn, Chief Executive Officer of the Debtor in Support of the Debtor's First Day Pleadings (the "**First Day Declaration**"), which is filed contemporaneously herewith and incorporated herein by reference.¹

¹ Unless otherwise defined herein, all capitalized terms have the meaning ascribed to such terms in the First Day Declaration.

4. On June 9, 2023, (the “**Petition Date**”), the Debtor filed this bankruptcy case (the “**Case**”) with this Court (the “**Court**”) under Chapter 11 of Title 11 of the United States Code 11 U.S.C. § 101 et seq. (the “**Bankruptcy Code**”).

5. So far in this Case, no request has been made for the appointment of a trustee or examiner.

6. So far in this Case, no committee of unsecured creditors has been appointed in this Case under section 1102 of the Bankruptcy Code.

7. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409.

8. The Debtor has operated its business and managed its property as a debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

9. The Debtor’s business is a “health care business” within the meaning of 11 U.S.C. § 101(27A) (hereinafter, e.g., Section 101(27A) of the Bankruptcy Code).

The Debtor’s Estate

10. The Bond Trustee holds a perfected first priority security interest on certain real and personal property owned by the Debtor (collectively, the “**Encumbered Assets**”), including:

- a. The Campus; and
- b. All tangible and intangible personal property owned by the Debtor which can become encumbered by grant and filing under Article 9 of the Uniform Commercial Code as adopted in the State of Illinois (810 ILCS 5/9-101), including .

11. The Bond Trustee does not have a lien on the following personal property of Debtor’s estate (collectively, the “**Unencumbered Assets**”), including:

- a. Schwab One Account ending in -832 (“**Schwab Account -832**”) which contains securities valued at \$1,411,330.02 on June 2, 2023, which account is unpledged to any lienholder;
- b. Schwab One Account ending in -290 (“**Schwab Account -290**”) which contains securities valued at \$4,112.90 on June 2, 2023, which account is unpledged to any lienholder;
- c. A checking account with Schaumburg Bank & Trust Company, N.A. (the “**Bank**”), whose address is 9801 W. Higgins, Box 32, Rosemont, IL 60018), which account’s last four digits are 1095, with a balance of \$20,000.00 on the Petition Date (the “**Operating Account**”);
- d. An account with Schaumburg Bank & Trust Company, N.A. (the “**Bank**”), whose address is 9801 W. Higgins, Box 32, Rosemont, IL 60018) (the “**Concentration Account**”), which account’s last four digits are 4931, whose purpose is to receive payments from the Centers for Medicare and Medicaid Services (“**CMS Receivables**”) and sweep the proceeds of those receivables into the Operating Account. The Concentration Account held a balance of \$0 on the Petition Date;²
- e. five (5) unencumbered titled motor vehicles with a collective value (based on Edmund’s data) of \$31,962.53.

12. The Debtor owns one (1) titled motor vehicle (an E450 Elkhart Custom Design (the “**Bus**”) with a value of \$102,025.03 (based on Edmund’s data). According to the records of the Illinois Secretary of State, the Bus is subject to a first priority lien held by Verdant Comm Cap Titling Trust which is owed \$91,520.00. The Bus is not encumbered by the security interests held by the Bond Trustee.

13. The Debtor owns a Schwab One Account ending in -078 (“**Schwab Account -078**”) which contains securities valued at \$1,860,872.24 on June 2, 2023. Schwab Account -078 has

² The Debtor receives payments from the Centers for Medicare and Medicaid Services (“CMS”) for services provided by the Debtor to Medicare and Medicaid patients which payments are not susceptible to encumbrance under 42 CFR § 424.8 while in the Concentration Account. The Debtor believes that the Bond Trustee does not have a lien on the proceeds of CMS Receivables. The Debtor does not have a perfected lien on the proceeds of the CMS Receivables that are swept into the Operating Account because it does not control the Operating Account. CMS Receivables account for approximately 25% to 30% of the Debtor’s monthly revenue.

been pledged to Schaumburg Bank & Trust Company, N.A. (the “**Bank**”) pursuant to an account pledge agreement November 18, 2016 entered between Debtor and the Bank, and a pledged asset account agreement dated November 18, 2016 entered between Schwab and the Bank, to secure advances made by the Bank relative to the Debtor’s self-funded workers compensation plans. The Bank holds a first priority security interest in the assets held in Schwab Account -078. Schwab Account -078 is not encumbered by the security interests held by the Bond Trustee. The Debtor does not, by this Motion or otherwise, propose to use any of the cash collateral in Schwab Account -078 except as may be needed by its workers compensation plans and with the Bank’s consent, or the termination and windup of that workers compensation plan pursuant to the terms of that plan and the security interests held by the Bank in Schwab Account -078.

Debt Secured by the Bond Trustee’s Liens

14. The Indenture and the liens granted thereunder secure two separate obligations, which are:

- a. Illinois Finance Authority Revenue Bonds, Series 2017 (Friendship Village of Schaumburg) in the aggregate principal amount of \$122,550,000 pursuant to the Bond Indenture (the “**2017 FVS Bonds**”) which on information and belief, on April 30, 2023 had a principal balance of \$115,180,000 and interest due of \$5,595,502, totaling One Hundred Twenty Million Seven Hundred Seventy-Five Thousand Five Hundred Two Dollars (\$120,775,502.00); and
- b. Evangelical Retirement Homes of Greater Chicago, Incorporated Direct Note Obligation, Series 2017 (UMB Bank, National Association – Friendship Senior Options, NFP Guaranty), in the original principal amount of \$13,750,000 and having, on Debtor’s information and belief, as of January 31, 2023, a current principal amount due of approximately \$10,115,000 principal and \$153,387 interest, totaling Ten Million Two Hundred Sixty-Eight Thousand Three Hundred Eighty Seven and no xx/100 Dollars (\$10,268,387.00) (the “**Series 2017 Obligation**” and together with the 2017 FVS Bonds, the “**Obligations**”).

15. The sum of the bond debt secured by the liens and security interests of the Bond Trustee is One Hundred Thirty-One Million Forty-Three Thousand Eight Hundred Eighty-Nine Dollars (\$131,043,889.00).

16. The value of the Encumbered Assets is materially less than the value of the Bond Trustee's secured claim. As a consequence, interest and certain fees will not accrue on the Bond Trustee's secured claim on and after the Petition Date. 11 U.S.C. § 506 (a) and (b).

Proposed Use of Cash Collateral and Adequate Protection Offer to the Bond Trustee

17. The Debtor has proposed to adequately protect the Bond Trustee's Cash Collateral rights on the terms set forth in the Interim Order, with the key terms set forth below (the "**Adequate Protection Offer**"):

- a. The Debtor will use the proceeds of the CMS Receivables and the proceeds of Encumbered Assets which now or in the future will be resident in the Operating Account (for convenience, collectively referred to as the "**Cash Collateral**") to support all things needed to be paid in order to support the operation of the Campus, the needs of the bankruptcy estate and the cost of the sale process for the Campus;
- b. Absent the consent of the Bond Trustee or the authorization by the Court after notice and a hearing, the Debtor shall use Cash Collateral only in the amounts and for the purposes identified in the budget (the "**Budget**")³ attached hereto as **Exhibit A** and further identified in this Motion and the Interim Order;
- c. The Debtor shall grant replacement liens to the Bond Trustee ("**Replacement Liens**") on all pre- and post-petition Encumbered Assets to secure any loss that the Bond Trustee may incur as a result of the Debtor's use of Cash Collateral (but for the sake of resolving all doubt, the Bond Trustee shall not be granted Replacement Liens on the Unencumbered Assets, the Bus or Schwab Account -078 or proceeds of the foregoing assets);
- d. The Debtor shall waive the rights of the estate against the Bond Trustee under 11 U.S.C. § 506(c) effective as of the closing of any sale of the Campus to a

³ The Budget suggests that the Debtor's cash will fall to low levels in August of 2023. The Debtor is considering options to receive DIP financing to cover any financing gaps in the Debtor's operating budget.

purchaser who is reasonably acceptable to the Debtor and which has agreed, pursuant to the contract governing the sale of the Campus to the purchaser, to pay all entrance fee refunds due to former Residents of the Campus (or to their heirs, assignees or representatives), and has assumed pursuant to 11 U.S.C. § 365 the Residency Agreements of all Residents of the Campus without material modification of their Residency Agreements including without limitation the terms governing the refund of entrance fees.

18. The Bond Trustee has rejected the Adequate Protection Offer.

19. The Debtor requests authorization to spend a total of \$13,717,856.00 on the expense categories set forth in the Budget during the term of the Budget.

20. At the preliminary hearing, pursuant to Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the Debtor will ask the Court for authority to use only that amount of Cash Collateral that is necessary to avoid immediate and irreparable harm to the estate pending the Final Hearing. Pending the Final Hearing on the Motion, the Debtor may spend a total of \$3,443,245.00, to use only that amount of Cash Collateral that is necessary to avoid immediate and irreparable harm to the estate pending the final hearing. These emergency cash expenditures of Cash Collateral would be used consistent with the Budget attached to this Order as Exhibit A, to pay for expenses incurred by the Debtor in the following categories:

- a. \$1,056,335.00 for payroll, benefit and tax obligations;
- b. \$208,268.00 adequate protection to utility providers;
- c. \$151,397.00 to outsourced labor;
- d. \$539,334.00 to Dietary
- e. \$1,391,129.00 to Insurance
- f. \$96,783.00 emergency repairs to the Campus.

Total: \$3,443,245.00.

21. The Debtor believes that having access to the foregoing funding from Cash Collateral will enable it to maintain the level of personal service and care which is critical to Residents, allay concerns of employees, and avoid needless interference with the effort by Debtor's professionals to promote interest of those entities who might be interested in purchasing the Campus.

Required Disclosure For Cash Collateral Use

22. The Debtor hereby sets forth the provisions of the proposed use of Cash Collateral that require special disclosure pursuant to Bankruptcy Rule 4001(b)(1)(B) and references the relevant paragraphs of Interim Order.

Special Provision	Summary	Reference to Order
4001(b)(1)(B)(i) – entities with interest in cash collateral	The Bond Trustee has an interest a portion of the Debtor's total Cash Collateral that is among the Encumbered Assets.	Par. 10 to Motion and Par. 8 to Interim Order
4001(b)(1)(B)(ii) – purpose for use of cash collateral	Cash Collateral to be used in the ordinary course of business for categories of expenses and in the amounts listed in the Budget.	Par. 17(b) and Exhibit A to Motion and Par. B(2) and Exhibit A to Interim Order.
4001(b)(1)(B)(iii) – material terms, including duration of use	The material terms of the Adequate Protection Offer	Par. 17 of Motion and Par. B of Interim Order.
4001(b)(1)(B)(iv) – liens, cash payments, or other adequate protection to be provided	The proposed Interim Order and Final Order provide for the adequate protection of the Bond Trustee with a grant of "Replacement Liens" limited to assets effectively pledged and lienied prior to the commencement of the Case and a "Superpriority Claim."	Par. 17 of Motion, and Par. 9 of Interim Order (Replacement Liens) and Par. 11 of Interim Order (Superpriority Claim).

Local Rule 4001-2 Disclosures

23. Local Rule 4001-2 requires disclosure of the following provisions of the Interim Order.

- a. The Debtor and Bond Trustee stipulate to a set of material facts concerning the liens and claims of the Bond Trustee (Motion, par. 17(f); Interim Order B 6)
- b. The Debtor conditionally offers to waive the estate's rights under 11 U.S.C. § 506(c) (Motion, par. 17(d); Interim Order par. B 4)

Basis for Relief

24. The Debtor submits that ample justification exists for entry of the Interim and Final Orders approving the Debtor's request to use Cash Collateral to fund its operations in Chapter 11. The Debtor's ability to immediately access and use Cash Collateral is critical to the success of the Case and the well-being of the Residents who depend on the Debtor for personal services and healthcare. In short, the ultimate success of the Case hinges, in large part, upon the Debtor's ability to use Cash Collateral.

Bankruptcy Code Section 363 Authorizes the Debtor's Use of Cash Collateral

25. The Debtor's use of property of its estate is governed by Section 363 of the Bankruptcy Code, which provides in pertinent part:

If the business of the debtor is authorized to be operated under section . . . 1108 . . . of this title and unless the court orders otherwise, the [debtor] may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c)(1).

26. Section 363(c)(2)(A) of the Bankruptcy Code Section 363(c)(2)(b) provides that "The trustee may not use, sell, or lease cash collateral under paragraph (1) of this subsection unless—

(A) each entity that has an interest in such cash collateral consents; or

(B) the court, after notice and a hearing, authorizes such use, sale or lease in accordance with the provisions of this section.

27. Bankruptcy Rule 4001 permits courts to approve a debtor's request for the use of cash collateral during the 14-day period following the filing of a motion requesting such relief "only . . . as is necessary to avoid immediate and irreparable harm to the estate pending a final hearing." See Fed. R. Bankr. P. 4001(b)(2).

28. The Debtor asks the Court to authorize the Debtor to use Cash Collateral based on the adequacy of the Debtor's Adequate Protection Offer.

Adequate Protection

29. Section 363(e) of the Bankruptcy Code provides that, upon request of an entity that has an interest in cash collateral sought to be used by a debtor, the court shall prohibit or condition such use of cash collateral as is necessary to provide adequate protection of such entity's interest. See 11 U.S.C. § 363(e); see also *In re Mosello*, 195 B.R. 277, 288 (Bankr. S.D.N.Y. 1996); *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986); *In re WorldCom, Inc.*, 304 B.R. 611, 618-19 (Bankr. S.D.N.Y. 2004). A determination as to the adequacy of a debtor's proposed adequate protection is decided on a case-by-case basis. See *In re George Ruggiere Chrysler-Plymouth, Inc.*, 727 F.2d 1017, 1019 (11th Cir. 1984); *In re Swedeland Dev. Group, Inc.*, 16 F.3d 552, 564 (3d Cir. 1994); *In re O'Connor*, 808 F.2d 1393, 1396 (10th Cir. 1987); *In re Martin*, 761 F.2d 472 (8th Cir. 1985); *In re Columbia Gas Sys., Inc.*, 1992 WL 79323, at *2 (Bankr. D. Del. Feb. 18, 1992); *In re Mosello*, 195 B.R. 277, 289 (Bankr. S.D.N.Y. 1996); *In re Sw. Assocs.*, 140 B.R. 360 (Bankr. S.D.N.Y. 1992). By requiring adequate protection, the Bankruptcy Code seeks to shield a secured creditor from diminution in the value of its interest in its collateral during the

period of use by the debtor in possession. *See Glasstream Boats*, 110 B.R. 611, 613 (Bankr. M.D. Ga. 1990); *George Ruggiere Chrysler-Plymouth*, 727 F.2d at 1019; *In re 495 Cent. Park Ave. Corp.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992); *Beker*, 58 B.R. at 736; *In re Hubbard Power & Light*, 202 B.R. 680 (Bankr. E.D.N.Y. 1996). Section 361 of the Bankruptcy Code identifies various types of adequate protection, including cash payments, additional liens, replacement liens, and such other relief that will result in the realization by the secured creditor of the “indubitable equivalent” of its interest in its collateral. *See* 11 U.S.C. § 361.

30. The Debtor asks the Court to enter the Interim Order and authorize the Debtor to send a conformed copy of such Order to the parties identified in paragraph 30 of this Motion (collectively, the “**Notice Parties**”) to provide notice of the date and time of the Final Hearing on the Order and of the deadline for filing objections, if any, to the Debtor’s request for the entry of the Final Order. The Debtor further requests that the Court deem such notice of the Final Hearing on the Motion to be sufficient for all purposes under the Bankruptcy Code, the applicable Bankruptcy Rules, and Local Rules in respect to the relief requested, and that no other or further notice need be given.

Notice

31. The Debtor has properly served notice of the Motion and the interim hearing thereon pursuant to Sections 361, 362, and 363 of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001, and the Local Bankruptcy Rules of this Court which notice was sent to, among others: (i) the United States Trustee for the Northern District of Illinois; (ii) the United States Attorney for the Northern District of Illinois; (iii) counsel for the Bond Trustee; (iv) the Debtor’s secured creditors, if any; (v) the Internal Revenue Service; (vi) the Illinois Department of Revenue; (vii) the United States Department of Health and Human Services; (viii) the Illinois Department of

Human Services; (ix) the Illinois Finance Authority; (x) the Centers for Medicare and Medicaid Services; (xi) the Illinois Department of Financial and Professional Regulation; (xii) the Illinois Department of Public Health; (xiii) the holders of the twenty largest unsecured claims against the Debtor; (xiv) those who have formally appeared and requested service in these proceedings pursuant to Bankruptcy Rule 2002; (xv) the Debtor's twenty (20) largest creditors; (xvi) the Schaumburg Bank & Trust Co., N.A.; and (xvii) Verdant Comm Cap Titling Trust.

32. The Debtor requests that the Court, as permitted by Bankruptcy Rule 9006(c)(1), should determine that the notice of the hearing on the Motion given to parties in interest was reasonable and sufficient under the circumstances.

No Prior Request

33. No prior request for the relief sought in the Motion has been made to this or any other Court.

Reservation of Rights

34. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtor, a waiver of the Debtor's right to dispute any claim, or an approval or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtor expressly reserves the right to contest any claim related to the relief sought herein. Likewise, if the Court grants the relief sought herein, any payment made pursuant to an order of the Court is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtor's right to subsequently dispute such claim.

WHEREFORE, the Debtor respectfully requests that this Court enter an order, substantially in the form filed with the Clerk concurrently with this Motion, which: (a) grants the relief requested in this Motion; (b) to the extent necessary or required, shortens and restricts the notice of the initial

hearing on this Motion to the date and time (and to the parties) who received such notice of the initial hearing, as reflected in the certificate of service to the notice of motion which is appended hereto; and (c) grants such other relief as the Court deems appropriate under the circumstances.

Dated: June 9, 2023

EVANGELICAL RETIREMENT HOMES OF
GREATER CHICAGO, INCORPORATED, d/b/a
Friendship Village of Schaumburg, Debtor and
Debtor-in-Possession

By: /s/ Bruce Dopke

Proposed Counsel for the Debtor

Bruce Dopke, Member (ARDC # 3127052)
Dopkelaw LLC
1535 W. Schaumburg Road, Suite 204
Schaumburg, IL 60194
Tel: 847-524-4811
bd@dopkelaw.com

Friendship Village Schaumburg
Monthly Cash Flow

Week Ended	1 Forecast 30-Jun	2 Forecast 31-Jul	3 Forecast 31-Aug	TOTAL
Opening Cash Balance	\$ 346,359	\$ 366,586	\$ 467,253	\$ 346,359
Funding	500,000	104,435	1,305,432	1,909,867
Receipts				
Independent Living Receipts	1,557,971	1,560,114	1,562,257	4,680,341
Assisted Living Receipts	673,395	677,178	680,961	2,031,533
Outpatient Receipts	65,153	65,153	65,153	195,460
Healthcare Receipts	1,859,001	1,859,001	1,859,001	5,577,004
Non-Operating Receipts	9,728	9,728	12,161	31,617
Total Receipts	4,165,248	4,171,174	4,179,533	12,515,955
Operating Disbursements				
Salary & Benefits	1,665,263	1,805,335	1,926,451	5,397,049
Supplies	90,156	90,156	90,156	270,469
Marketing	57,500	57,500	57,500	172,500
Pharmacy	-	80,016	80,016	160,033
Outsourced Labor	223,430	369,897	252,669	845,996
Dietary	704,334	704,334	704,334	2,113,002
Repairs & Maintenance	104,683	91,534	91,746	287,963
Utilities	208,268	204,643	224,743	637,653
Insurance	1,391,129	-	-	1,391,129
Ordinary Course Professionals	35,000	35,000	35,000	105,000
Taxes	-	1,200	380,762	381,962
Office	13,863	13,863	13,863	41,590
Management Fee	-	356,161	356,161	712,322
Bed Tax	57,005	57,005	57,005	171,015
Other	36,507	158,298	169,904	364,709
Total Operating Disbursements	4,587,139	4,024,943	4,440,311	13,052,392
Total Operating Cash Flow	(421,890)	146,232	(260,779)	(536,437)
Non-Operating Disbursements				
Capital Expenditures	-	150,000	142,581	292,581
Entrance Fee Refunds	-	-	-	-
Restructuring	57,883	-	315,000	372,883
Total Non-Operating Disbursements	57,883	150,000	457,581	665,464
Total Cash Flow	(479,773)	(3,768)	(718,359)	(1,201,901)
Beginning Cash Balance	\$ 346,359	\$ 366,586	\$ 467,253	\$ 346,359
Cash Flow	(479,773)	(3,768)	(718,359)	(1,201,901)
Schwab Account Draw	500,000	104,435	1,305,432	1,909,867
Ending Cash Balance	\$ 366,586	\$ 467,253	\$ 1,054,325	\$ 1,054,325

EXHIBIT A

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

IN RE:	§	Chapter 11
	§	
EVANGELICAL RETIREMENT	§	Case No. 23-*****
HOMES OF GREATER CHICAGO,	§	
INCORPORATED d/b/a FRIENDSHIP	§	
VILLAGE OF SCHAUMBURG,	§	
	§	
FEIN: 36-2815382,	§	
	§	
Debtor.	§	Hon.

**INTERIM ORDER GRANTING EMERGENCY MOTION FOR ENTRY OF INTERIM
AND FINAL ORDERS (I) GRANTING (A) REPLACEMENT LIENS AND
SUPERPRIORITY CLAIMS AND (B) ADEQUATE PROTECTION; (II)
AUTHORIZING USE OF CASH COLLATERAL; (III) MODIFYING THE
AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING;
AND (V) GRANTING RELATED RELIEF**

This matter came on for hearing on the “Emergency Motion For Entry Of Interim And Final Orders (I) Granting (A) Replacement Liens And Superpriority Claims And (B) Adequate Protection: (II) Authorizing Use Of Cash Collateral; (III) Modifying The Automatic Stay; (IV) Scheduling A Final Hearing; and (V) Granting Related Relief” filed by Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg (“**FVS**” or the “**Debtor**”), debtor and debtor-in-possession in the above-captioned chapter 11 case, (the “**Motion**”), and the Court, having considered the record and the pleadings on file and the statements of counsel in support of their positions, and having afforded the parties in interest an opportunity for hearing as was appropriate under the circumstances,

THE COURT FINDS:

A. The Debtor represents that the following facts are true and correct:

(1) FVS owns and operates a continuing care retirement community (“**CCRC**”) located in Schaumburg, Illinois known as Friendship Village of Schaumburg (the “**Campus**”). The Campus is improved with buildings which include (i) 537 independent living apartments, (ii) 84 assisted living apartments, (iii) 25 memory care apartments, (iv) 169 nursing beds, and (v) related common areas and parking. Approximately 635 senior citizens reside at the Campus (“**Residents**”).

(2) On June 9, 2023, (the “**Petition Date**”), the Debtor filed this bankruptcy case (the “**Case**”) with this Court (the “**Court**”) under Chapter 11 of Title 11 of the United States Code 11 U.S.C. § 101 et seq. (the “**Bankruptcy Code**”).

(3) So far in this Case, no request has been made for the appointment of a trustee or examiner.

(4) So far in this Case, no committee of unsecured creditors has been appointed in this Case under section 1102 of the Bankruptcy Code.

(5) The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409.

(6) The Debtor has operated its business and managed its property as a debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

(7) The Debtor’s business is a “health care business” within the meaning of 11 U.S.C. § 101(27A) (hereinafter, e.g., Section 101(27A) of the Bankruptcy Code).

The Debtor’s Estate

(8) UMB Bank, N.A., in its capacity as bond trustee (the “**Bond Trustee**”) under that certain Bond Trust Indenture (the “**Indenture**”) dated as of December 1, 2017, by and between

the Illinois Finance Authority (the “**Issuer**”) and the Debtor, holds a perfected first priority security interest on certain real and personal property owned by the Debtor (collectively, the “**Encumbered Assets**”), including:

- a. The Campus; and
- b. All tangible and intangible personal property owned by the Debtor which can become encumbered by grant and filing under Article 9 of the Uniform Commercial Code as adopted in the State of Illinois (810 ILCS 5/9-101).

(9) The Bond Trustee does not have a lien on the following personal property of Debtor’s estate (collectively, the “**Unencumbered Assets**”), including:

- a. Schwab One Account ending in -832 (“**Schwab Account -832**”) which contains securities valued at \$1,411,330.02 on June 2, 2023, which account is unpledged to any lienholder;
- b. Schwab One Account ending in -290 (“**Schwab Account -290**”) which contains securities valued at \$4,112.90 on June 2, 2023, which account is unpledged to any lienholder;
- c. A checking account with Schaumburg Bank & Trust Company, N.A. (the “**Bank**”), whose address is 9801 W. Higgins, Box 32, Rosemont, IL 60018), which account’s last four digits are 1095, with a balance of \$20,000.00 on the Petition Date (the “**Operating Account**”);
- d. An account with Schaumburg Bank & Trust Company, N.A. (the “**Bank**”), whose address is 9801 W. Higgins, Box 32, Rosemont, IL 60018) (the “**Concentration Account**”), which account’s last four digits are 4931, whose purpose is to receive payments from the Centers for Medicare and Medicaid Services (“**CMS Receivables**”) and sweep the proceeds of those receivables into the Operating Account. The Concentration Account held a balance of \$0 on the Petition Date;¹

¹ The Debtor receives payments from the Centers for Medicare and Medicaid Services (“CMS”) for services provided by the Debtor to Medicare and Medicaid patients which payments are not susceptible to encumbrance under 42 CFR § 424.8 while in the Concentration Account. The Debtor believes that the Bond Trustee does not have a lien on the proceeds of CMS Receivables. The Debtor does not have a perfected lien on the proceeds of the CMS Receivables that are swept into the Operating Account because it does not control the Operating Account. CMS Receivables account for approximately 25% to 30% of the Debtor’s monthly revenue.

- e. five (5) unencumbered titled motor vehicles with a collective value (based on Edmund's data) of \$31,962.53.

(10) The Debtor owns one (1) titled motor vehicle (an E450 Elkhart Custom Design (the "**Bus**") with a value of \$102,025.03 (based on Edmund's data). According to the records of the Illinois Secretary of State, the Bus is subject to a first priority lien held by Verdant Comm Cap Titling Trust of \$91,520.00. The Bus is not encumbered by the security interests held by the Bond Trustee.

(11) The Debtor owns a Schwab One Account ending in -078 ("**Schwab Account -078**") which contains securities valued at \$1,860,872.24 on June 2, 2023. Schwab Account -078 has been pledged to Schaumburg Bank & Trust Company, N.A. (the "**Bank**") to secure the Debtor's self-funded workers compensation plan. The Bank holds a written pledge of the investment property in Schwab Account -078, among other documents, to protect its rights and secured interests. Schwab Account -078 is not encumbered by the security interests held by the Bond Trustee. The Debtor does not, by this Motion or otherwise, propose to use any of the cash collateral in Schwab Account -078 except as may be needed by its workers compensation plan with the Bank's consent, or the termination and windup of that workers compensation plan pursuant to the terms of that plan and the security interests held by the Bank in Schwab Account -078.

Debt Secured by the Bond Trustee's Liens

(12) The Indenture and the liens granted thereunder secure two separate obligations, which are:

- a. Illinois Finance Authority Revenue Bonds, Series 2017 (Friendship Village of Schaumburg) in the aggregate principal amount of \$122,550,000 pursuant to the Bond Indenture (the "**2017 FVS Bonds**") which on information and belief, on April 30, 2023 had a principal balance of \$115,180,000 and interest due of \$5,595,502,

totaling One Hundred Twenty Million Seven Hundred Seventy-Five Thousand Five Hundred Two Dollars (\$120,775,502.00); and

- b. Evangelical Retirement Homes of Greater Chicago, Incorporated Direct Note Obligation, Series 2017 (UMB Bank, National Association – Friendship Senior Options, NFP Guaranty), in the original principal amount of \$13,750,000 and having, on Debtor’s information and belief, as of January 31, 2023, a current principal amount due of approximately \$10,115,000 principal and \$153,387 interest, totaling Ten Million Two Hundred Sixty-Eight Thousand Three Hundred Eighty Seven and no xx/100 Dollars (\$10,268,387.00)(the “**Series 2017 Obligation**” and together with the 2017 FVS Bonds, the “**Obligations**”).

(13) The sum of the bond debt secured by the liens and security interests of the Bond Trustee is One Hundred Thirty-One Million Forty-Three Thousand Eight Hundred Eighty-Nine Dollars (\$131,043,889.00).

(14) The value of the Encumbered Assets is materially less than the value of the Bond Trustee’s secured claim. As a consequence, interest and certain fees will not accrue on the Bond Trustee’s secured claim on and after the Petition Date. 11 U.S.C. §506 (a) and (b).

Proposed Use of Cash Collateral and Adequate Protection Offer to the Bond Trustee

B. The Debtor has proposed to adequately protect the Bond Trustee’s Cash Collateral rights on the terms set forth in the Interim Order, with the key terms set forth below (the “**Adequate Protection Offer**”):

- a. The Debtor will use the proceeds of the CMS Receivables and the proceeds of Encumbered Assets which now or in the future will be resident in the Operating Account (for convenience, collectively referred to as the “**Cash Collateral**”) to support all things needed to be paid in order to support the operation of the Campus, the needs of the bankruptcy estate and the cost of the sale process for the Campus;
- b. Absent the consent of the Bond Trustee or the authorization by the Court after notice and a hearing, the Debtor shall use Cash Collateral only in the amounts

and for the purposes identified in the budget (the “**Budget**”)² attached hereto as **Exhibit A** and further identified in this Motion and the Interim Order;

- c. The Debtor shall grant replacement liens to the Bond Trustee (“**Replacement Liens**”) on all pre- and post-petition Encumbered Assets to secure any loss that the Bond Trustee may incur as a result of the Debtor’s use of Cash Collateral (but for the sake of resolving all doubt, the Bond Trustee shall not be granted Replacement Liens on the Unencumbered Assets, the Bus or Schwab Account -078 or proceeds of the foregoing assets);
- d. The Debtor shall waive the rights of the estate against the Bond Trustee under 11 U.S.C. § 506(c) effective as of the closing of any sale of the Campus to a purchaser who is reasonably acceptable to the Debtor and which has agreed, pursuant to the contract governing the sale of the Campus to the purchaser, to pay all entrance fee refunds due to former Residents of the Campus (or to their heirs, assignees or representatives), and has assumed pursuant to 11 U.S.C. § 365 the Residency Agreements of all Residents of the Campus without material modification of their Residency Agreements including without limitation the terms governing the refund of entrance fees.

C. The Bond Trustee has rejected the Offer.

D. The Debtor requests authorization to spend a total of \$13,717,856.00 on the expense categories set forth in the Budget during the term of the Budget.

E. At the preliminary hearing, pursuant to Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the Debtor asked the Court for authority to use only that amount of Cash Collateral that is necessary to avoid immediate and irreparable harm to the estate pending the Final Hearing. Pending the Final Hearing on the Motion, the Debtor asked the Court’s leave to spend a total of \$3,443.245.00, as that sum is deemed necessary to avoid immediate and irreparable harm to the estate pending the final hearing. These emergency cash

² The Budget suggests that the Debtor’s cash will fall to low levels in August of 2023. The Debtor is considering options to receive DIP financing to cover any financing gaps in the Debtor’s operating budget.

expenditures of Cash Collateral would be used consistent with the Budget attached to this Order as Exhibit A, to pay for expenses incurred by the Debtor in the following categories:

- a. \$1,056,335.00 for payroll, benefit and tax obligations;
- b. \$208,268.00 adequate protection to utility providers;
- c. \$151,397.00 to outsourced labor;
- d. \$539,334.00 to Dietary
- e. \$1,391,129.00 to Insurance
- f. \$96,783.00 emergency repairs to the Campus.

Total: \$3,443,245.00.

The Debtor believes that having access to the Cash Collateral will enable it to maintain the level of personal service and care which is critical to Residents, allay concerns of employees, and avoid needless interference with the effort by Debtor's professionals to promote interest of those entities who might be interested in purchasing Campus.

The Court Concludes and Further Finds:

1. Jurisdiction. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334, and this matter constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409. The Debtor has operated its business and managed its property as a "debtor in possession" pursuant to 11 U.S.C. §§ 1107 and 1108. No request has been made for the appointment of a trustee or examiner in the Case and no committee of unsecured creditors has been appointed in this Case under section 1102 of the Bankruptcy Code as of the date hereof.

2. Notice. The Debtor has properly served notice of the Motion and the interim hearing thereon pursuant to Sections 102, 361, 362, and 363 of the Bankruptcy Code, Bankruptcy

Rules 2002 and 4001, and the Local Bankruptcy Rules of this Court (the “Local Rules”), which notice was sent to, among others: (i) the United States Trustee for the Northern District of Illinois; (ii) the United States Attorney for the Northern District of Illinois; (iii) counsel for the trustee(s) of the trusts maintained for the holders of Bonds; (iv) the Debtor’s secured creditors, if any; (v) the Internal Revenue Service; (vi) the Illinois Department of Revenue; (vii) the United States Department of Health and Human Services; (viii) the Illinois Department of Human Services; (ix) the Illinois Finance Authority; (x) the Centers for Medicare and Medicaid Services; (xi) the Illinois Department of Financial and Professional Regulation; (xii) the Illinois Department of Public Health; (xiii) the holders of the twenty largest unsecured claims against the Debtor; (xiv) those who have formally appeared and requested service in this proceeding pursuant to Bankruptcy Rule 2002; (xv) the Debtor’s twenty (20) largest creditors; (xvi) the Schaumburg Bank & Trust Co., N.A.; and (xvii) Verdant Comm Cap Titling Trust (the “Notice Parties”). This notice is appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules and Local Rules in respect to the relief requested.

3. Good Cause. Good cause has been shown for entry of this Order on an interim basis.

4. Disposition. The Motion is GRANTED on an interim basis on the terms set forth in this Interim Order. The requirements of Bankruptcy Rule 4001(b)(2) and Local Rule 4001-2 are satisfied with respect to the use of Cash Collateral on an interim and preliminary basis pending a final hearing on the Motion. Any objections to the relief sought in the Motion that have not been previously resolved or withdrawn, and all reservations of rights contained therein, are overruled on the merits, without prejudice, however, to any such objection or reservation of rights being reasserted in connection with the hearing on entry of the Final Order.

5. Authorization to Use Cash Collateral. The Debtor is authorized to use, as cash collateral (as defined in Section 363 of the Bankruptcy Code), any cash collateral derived by the Debtor in the ordinary course of its business, all accounts receivable held by the Debtor, and all amounts currently held in the Debtor's deposit account (the "**Cash Collateral**") until the earlier of (i) the Debtor's ability to use Cash Collateral terminates as the result of the occurrence of a Termination Event (as set forth below) or (ii) the last day included in the Budget, but only on the terms of this Interim Order. Subject to the preceding sentence, such use of Cash Collateral shall be limited solely to the categories of expenses listed in the Budget which is attached to the Motion and to this Interim Order as **Exhibit A** and to any other purpose which the Court may authorize by further Order. Further, in addition to any authorization to use Cash Collateral ordered by the Court, the Debtor's use of Cash Collateral shall be limited solely to pay expenses in the amounts and at the times listed in the Budget; provided, however, that the Debtor shall have authority to use Cash Collateral in excess of, and at times different from, the amounts set forth in the Budget to the extent such a variance does not constitute a Termination Event described in paragraph 14(a) of this Interim Order. Following the entry of a final order which grants the Motion, the Debtor may use Cash Collateral to pay all of the expenses permitted to be paid by the Budget; provided that prior to the entry of such a final order on the Motion, the Debtor may only use \$3,443,245.00 of Cash Collateral to pay those expenses which need to be paid in order to avoid immediate and irreparable harm to the Debtor's business, unless the Court specifically authorizes the Debtor to use additional funds pending the final hearing on the Motion. The emergency cash expenditures of Cash Collateral shall for the purposes and in the amounts stated by the Debtor, as set forth in paragraph E of this Order.

6. Use of Cash Collateral Derived From Certain Assets. Notwithstanding anything to the contrary in this Interim Order, nothing in this Interim Order shall prohibit the Debtor from using Unencumbered Assets or proceeds of Unencumbered Assets for any purpose authorized in the Budget or by Court order, or by the Bankruptcy Code. In addition, nothing in this Order will confer a lien (including a Replacement Lien) to the Bond Trustee in the Bus or in Schwab Account -078.

7. Amendment or Extension of Use of Cash Collateral. The Debtor may, at any time, propose to the Bond Trustee in writing (including by email) an amended Budget, either for the period covered by the Budget or for any period thereafter, and the Bond Trustee may approve or not approve any such amendment in its sole and absolute discretion; provided, however, that the Bond Trustee shall provide written affirmation of such approval or disapproval within a reasonable time after the Debtor provides any amended Budget. Upon the written consent of the Bond Trustee, the amended Budget shall become the Budget for the purposes of this Interim Order. At such time as the amended Budget becomes the Budget, the Debtor shall file a copy thereof with this Court and shall provide a copy thereof to any party in interest upon request to the Debtor's general bankruptcy counsel, Dopkelaw LLC c/o Bruce Dopke. In the event the Bond Trustee does not approve a requested amendment to a Budget, the Debtor reserves the right to seek an order authorizing the use of the Cash Collateral by filing a motion with the Bankruptcy Court, and the Bond Trustee reserves all rights to object to any such motion.

8. Replacement Lien. As adequate protection for any diminution in the value of Cash Collateral and other Encumbered Assets resulting from the Debtor's use thereof after the Petition Date ("**Diminution**"), and solely to the extent of any Diminution, the Bond Trustee shall have a valid, perfected, and enforceable replacement lien and security interest (the "**Replacement Lien**")

in (i) all Encumbered Assets of the Debtor existing on or after the Petition Date of the same type as the Encumbered Assets, together with the proceeds, rents, products, and profits thereof, whether acquired or arising before or after the Petition Date, to the same extent, validity, perfection, enforceability, and priority of the liens and security interests of the Bond Trustee as of the Petition Date (the “**Postpetition Bond Collateral**”); and (ii) the Debtor’s rights, if any, to receive funds deposited into the Escrow Account administered for the Debtor and certain Residents (as defined in the “Emergency Motion For Entry Of Order Authorizing Debtor To (I) Continue To Utilize An Addendum To Certain Of Its Contracts Which Allows The Debtor And Depositors To Place Certain Deposits Into Escrow; And (II) Authorizes The Debtor, Its Depositors, The Escrow Agent which administers the Escrow And The Financial Institution Which Holds The Escrowed Funds To continue To Manage And Perform Their Respective Duties In A Manner Consistent With The Terms Of The Addendum and The Escrow Agreement” filed in this Case) (Doc. ____) unless, and solely to the extent that, the Debtor has an interest in the funds in the Escrow Account (the “**Supplemental Collateral**” and, collectively with the Postpetition Bond Collateral, the “**Collateral**”). The Replacement Lien shall be subject and subordinate to the Carve Out (as defined below) and any valid and perfected liens existing on the Petition Date (“**Prior Liens**”).

9. No Further Action Required. The approval of this Interim Order by the Court shall be sufficient and conclusive evidence of the validity, extent, enforceability, and perfection of the Replacement Lien granted to the Bond Trustee, whether or not the Bond Trustee elects to file or record financing statements or any other documents that may otherwise be required under federal or state law in any jurisdiction, or to take such other steps as may otherwise be required to obtain, evidence, or perfect such liens under applicable law; provided, however, that upon the request of the Bond Trustee, the Debtor shall execute such other documents as may be reasonably requested

to evidence and perfect such liens; that the Bond Trustee may, in its sole discretion, but shall not be required to, file a certified copy of this Interim Order in any filing or recording office in any jurisdiction in which the Debtor has real or personal property; that the Debtor is authorized and directed to execute, or cause to be executed, all such financing statements or other documents upon the Bond Trustee's reasonable request; and that such filing or recording shall be accepted and shall constitute further evidence of perfection of the Bond Trustee's liens and security interests. No obligation, payment, transfer, or grant of security under this Interim Order shall be stayed (other than by court order in an appeal from this Interim Order), restrained, voidable, avoidable, or recoverable under the Bankruptcy Code or under any otherwise applicable state law, or subject to any defense, reduction, setoff, recoupment, or counterclaim.

10. Superpriority Claim. As additional adequate protection for any Diminution, and solely to the extent of any Diminution, the Bond Trustee shall have a superpriority administrative expense claim pursuant to Section 507(b) of the Bankruptcy Code with recourse to and payable from any and all assets of the Debtor's estate, including but not limited to rights of the Debtor, choses in action, or claims of any kind whatsoever, choate or inchoate, present or residual that for any reason cannot be made the subject of the Replacement Lien (the "**Secured Party Superpriority Claim**"). The Secured Party Superpriority Claim shall be subject only to Prior Liens and the Carve Out (as defined below) and shall have priority, pursuant to Section 507(b) of the Bankruptcy Code, over any and all administrative expenses, diminution claims, and all other claims against the Debtor, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all other administrative expenses of the kind specified in Section 503(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under Sections 105, 326, 328, 330, 331, 503(b), 506(c) (following entry of the Final Order), 507(a), 507(b), 546, 726, 1113, or

1114 of the Bankruptcy Code, and shall at all times be senior to the rights of the Debtor, any successor trustee, or any creditor in this Case or any subsequent proceedings under the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment. Notwithstanding the foregoing sentence, the Secured Party Superpriority Claim shall be subject to the requirements of Section 507(b) of the Bankruptcy Code.

11. Financial Information. As additional adequate protection of the Bond Trustee's security interests in the Cash Collateral, the Debtor shall allow the Bond Trustee and its professionals and designees reasonable access, during normal business hours and on not less than 24 hours' notice, to the premises of the Debtor in order to conduct appraisals, analyses, and/or audits of the Prepetition Bond Collateral and the Collateral, and shall otherwise reasonably cooperate in providing any other financial information reasonably requested by the Bond Trustee for this purpose. In addition:

a. On the 26th day of each month during the pendency of the Chapter 11 Case, the Debtor will provide reports to the Bond Trustee which detail actual to Budget revenue and expenditures for the prior Weekly period and which detail any variances of more than 10% and at least \$10,000 from the expenditures and receipts in the Budget; and

b. On the 26th day of each month during the pendency of the Chapter 11 Case, representatives of the Debtor and its manager will host a conference call with the Bond Trustee to discuss the financial and sales/marketing results of the Debtor, assess the results of the marketing incentives in place at the Campus and such other matters as reasonably requested by the Bond Trustee. The Bond Trustee may agree to forgo the occurrence of any conference call scheduled under this Section at any time.

c. The Debtor and its professionals shall be available once each week (subject to reasonable scheduling conflicts) for a telephonic conference call with the Bond Trustee to discuss the status of the Chapter 11 Case, the results of operations, and other matters pertaining to Campus and the Chapter 11 Case.

12. Termination of Use of Cash Collateral With Notice. A Termination Event shall be deemed to have occurred five (5) business days after written notice sent by the Bond Trustee to the Debtor, its counsel general bankruptcy counsel, and the United States Trustee of the occurrence of any of the following (a “Event of Default”):

- a. As measured for a Weekly Period, the payment by the Borrower of any expenditure which, on a line item basis, exceeds the amount in the Budget for such expenditure for such Weekly Period by ten percent (10%) or more, or the total expenditures for such Weekly Period exceed the budgeted aggregate expenditures for such Weekly Period, together with all other expenditures, by more than five percent (5%), provided that any amounts not expended in accordance with the Budget in any Weekly Period may be rolled into future Weekly Periods;
- b. the failure of the Debtor to pay, within ten (10) days of the applicable due date, all undisputed administrative expenses in full in accordance with their terms as provided for in the Budget except for any expenses under sections 503(b)(9) or 546(c) of the Bankruptcy Code;
- c. the failure of the Debtor to timely pay all fees due under 28 U.S.C. § 1930; and
- d. the failure of the Debtor to comply with, keep, observe, or perform any of its agreements, covenants, or obligations under this Interim Order.

Unless the Debtor has cured the Event(s) of Default specified in the Bond Trustee’s notice prior to the expiration of the five (5) business day period (the “Default Notice Period”) described in this paragraph 15 or obtained an order of this Court, on notice to and with the opportunity to be heard by the Bond Trustee, that no such Event of Default has occurred, the Debtor’s authority to use Cash Collateral hereunder shall terminate immediately at the expiration of the Default Notice

Period, without prejudice to the Debtor seeking an order of this Court to use Cash Collateral on a non-consensual basis. During the Default Notice Period, the Debtor shall (x) have the right to use Cash Collateral to contest the alleged occurrence or continuation of an Event of Default, and (y) be entitled to an emergency hearing before the Court, with proper notice to the Bond Trustee, to contest the alleged occurrence or continuation of an Event of Default. The Bond Trustee shall have the power to waive any Event of Default set forth in this paragraph 15 in its sole discretion without further order of the Court.

13. Termination of Use of Cash Collateral Without Prior Notice. The Debtor's authority to use Cash Collateral hereunder shall terminate without any further action by this Court, and a termination event shall occur without prior notice, upon the occurrence of any of the following (also a "Termination Event"):

- (i) the Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code;
- (ii) the earlier of (y) the date of the entry of an order of this Court appointing a Chapter 11 trustee or an examiner with enlarged powers (beyond those set forth in Sections 1104(c) and 1106(a)(3) and (4) of the Bankruptcy Code) for the Debtor; or (z) the date the Debtor files a motion, application, or other pleading consenting to or acquiescing in any such appointment;
- (iii) this Court suspends the Case under Section 305 of the Bankruptcy Code;
- (iv) this Interim Order becomes stayed, reversed, vacated, amended, or otherwise modified in any respect without the prior written consent of the Bond Trustee; or
- (v) an adversary proceeding or contested matter is commenced or joined by the Debtor challenging the amount, validity, enforceability, priority, or extent of the Bond Trustee's liens, security interests, or claims.

Upon the occurrence of a Termination Event described in this paragraph 13, the Debtor's authority to use Cash Collateral hereunder shall immediately and automatically terminate,

without prejudice to the Debtor seeking an order of this Court to use Cash Collateral on a non-consensual basis. The Bond Trustee shall have the power to waive any Termination Event set forth in this paragraph 13 in its sole discretion without further order of the Court.

14. Failure of Adequate Protection. Nothing herein shall constitute a waiver, release or modification of the rights of the Bond Trustee to assert a claim under Sections 364(c) and 507(b) of the Bankruptcy Code.

15. Deemed Request for Stay Relief. This Interim Order shall be deemed to constitute a request by the Bond Trustee for relief from the automatic stay as of the date of the Motion with respect to the Prepetition Bond Collateral for purposes of any request for adequate protection granted hereunder.

16. Carve Out. In partial consideration of the Debtor's acknowledgement of the debt due and owing and the Debtor's conditional waiver of any claims under Section 506(c) of the Bankruptcy Code (upon the conditions set forth in the Adequate Protection Offer), the Bond Trustee consents to certain expenses and professional fees incurred during the pendency of this Case that shall be superior in all instances to the liens and claims of the Bond Trustee and all other parties (the "Carve Out"). For purposes hereof, the "Carve Out" means (a) the fees and expenses of professionals retained by the Debtor in an aggregate amount not to exceed the sum of: (i) the dollar amount of such fees and expenses to the extent (A) incurred or accrued prior to a Termination Event and remaining unpaid, (B) provided for under the Budget, and (C) previously or subsequently allowed by Court order; and (ii) the dollar amount of such fees and expenses to the extent (A) incurred or accrued subsequent to a Termination Event and remaining unpaid, (B) provided for under the Budget, and (C) previously or subsequently allowed by Court order, plus (b) the statutory fees of the United States Trustee pursuant to 28 U.S.C. § 1930 and the fees

of the Clerk of this Court or any Service Agents retained by the Debtor under 28 U.S.C. §156(c). Nothing herein shall constitute a waiver of any right of the Bond Trustee to object to fees and expenses of any professionals or to challenge any assertion that any amount of the fees and expenses remain unpaid.

17. Modification of Stay. The automatic stay imposed by Section 362 of the Bankruptcy Code is hereby vacated and modified insofar as necessary to permit the Bond Trustee to: (i) receive payments to be made by the Debtor to the Bond Trustee for and on behalf of the Bondholders, (ii) apply, allocate, or make payments from any of the funds or accounts maintained by the Bond Trustee (including, without limitation, the Bond Trustee Funds) in accordance with the terms of the Bond Documents, and (iii) take any action expressly authorized or contemplated by this Interim Order. Except as otherwise provided herein, any of the aforementioned actions may be taken without further order of this Court, provided, however, that the Bond Trustee shall provide three (3) business days' notice to the Debtor, their counsel, and the United States Trustee prior to exercising any of its rights or remedies under the Bond Documents following a Termination Event.

18. Preservation of Rights. If any or all of the provisions of this Interim Order are, at any time, modified, vacated or stayed, such stay, modification, or vacation shall not affect the validity, extent, priority, and enforceability of any lien, priority, or other benefit conferred under this Interim Order prior to such stay, modification, or vacation.

19. Binding Effect. This Interim Order shall be binding on all creditors and parties in interest in this Chapter 11 Case, including, but not limited to, the Debtor and any successors thereto, any Chapter 11 or Chapter 7 trustee that is appointed or elected in this Case.

20. No Competing Liens. Except as set forth herein, the Debtor shall not grant liens on, or security interests in, the Encumbered Assets to any other party, pursuant to Section 364 of the Bankruptcy Code or otherwise, without the consent of the Bond Trustee, provided, however, that nothing in this Order will confer a lien (replacement or otherwise) to the Bond Trustee on the Unencumbered Assets or proceeds thereof, including CMS Receivables received by the Debtor before or after the Petition Date or the proceeds thereof.

21. Reservation of Rights. Except as provided in this Interim Order, neither the Debtor nor the Bond Trustee waives any rights under the Bankruptcy Code, any applicable law, or the Bond Documents, including, without limitation, the right of the Debtor or the Bond Trustee at any time to seek any relief (or to oppose any such relief) under the Bankruptcy Code, or the right of the Debtor or the Bond Trustee to exercise any of its rights and remedies under the Bankruptcy Code at any time.

22. Further Relief. Nothing herein shall (i) preclude the Bond Trustee from seeking any other relief that it may deem appropriate, including relief from the automatic stay; or (ii) prevent the Bond Trustee from asserting at some later time that its liens and security interests in the Prepetition Bond Collateral are not being adequately protected.

23. No Control. Nothing in this Interim Order shall cause the Bond Trustee to be deemed to be in control of the operations of the Debtor or to be acting as a “responsible person,” “managing agent,” or “owner or operator” (as such terms or any similar terms are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar Federal or state statute) with respect to the operation or management of the Debtor, notwithstanding its consent to this Interim Order or its extension of financial accommodations of any type, kind, or nature under this Interim Order.

24. No Third Party Beneficiaries. Except as expressly provided herein, no rights are created hereunder for the benefit of any third party, any creditor, or any direct, indirect or incidental beneficiary except for the Bondholders, as set forth herein.

25. Effectiveness. The rights and obligations of the parties under this Interim Order shall be effective and enforceable as of the Petition Date. This Interim Order shall be deemed effective immediately and, for the avoidance of doubt, Bankruptcy Rule 6004(h) shall not apply hereto. If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur, or stay shall not affect (i) the validity, extent, priority, or enforceability of any obligations incurred prior to the actual receipt of written notice by the Bond Trustee of the effective date of such reversal, modification, vacatur, or stay, or (ii) the validity, extent, or enforceability of the liens and claims granted hereunder.

26. Notices. All notices, requests, demands, waivers, and other communications required or permitted to be given under this Interim Order shall be in writing and shall be deemed to have been duly given if (a) delivered personally, or (b) sent by email with a next-day or overnight mail or delivery to a physical address to the following notice parties:

(a) If to the Debtor to:

Friendship Village of Schaumburg
350 W. Schaumburg Road
Schaumburg, Illinois 60194
Attn: Michael Flynn, CEO
Tel: 847-884-5000
Email: Mike.Flynn@myFSO.org

with a copy sent contemporaneously by email to:

Bruce Dopke, Member (ARDC # 3127052)
Dopkelaw LLC
1535 W. Schaumburg Road, Suite 204
Schaumburg, IL 60194
Tel: 847-524-4811
Email: bd@dopkelaw.com

(b) If to the Bond Trustee to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Attn: Daniel S. Bleck, Esq.
Tim McKeon, Esq.
One Financial Center
Boston, MA 02111
e-mail: dsbleck@mintz.com
TJMcKeon@mintz.com

27. Notice of Final Hearing. The Debtor shall, within two (2) business days after entry of this Interim Order, serve a copy of this Interim Order and a notice of the Final Hearing (as defined below) by regular mail upon the Notice Parties. Such notice shall state that objections to the entry of a Final Order shall be in writing and shall be filed with the Court not later than _____, 2023 at 4:00 p.m. Central Time. Any objections by creditors or other parties in interest to any of the provisions of a Final Order incorporating the terms of this Interim Order, or including any other or different provisions, may be deemed waived unless filed and served in accordance with this paragraph on the Notice Parties.

28. The Court finds, as permitted by Rule 9006(b)(1), that the notice of the hearing on the Motion given to parties in interest was reasonable and sufficient under the circumstances.

[Intentionally Blank]

29. Final Hearing; Objections. A final hearing to consider the Motion will be held on June __, 2023 at __: __ .m. (the “Final Hearing”). Any party desiring to object to the relief sought in the Motion on a final basis shall file a written objection with the Court on or before June __, 2023 at 4:00 p.m. Central Time and shall contemporaneously serve that objection on the Notice Parties so as to be received by such parties on or before such date.

Dated:

ENTER:

United States Bankruptcy Judge

Order prepared by:

Bruce Dopke, Member (ARDC # 3127052)
Dopkelaw LLC
1535 W. Schaumburg Road, Suite 204
Schaumburg, IL 60194
Tel: 847-524-4811
bd@dopkelaw.com

Friendship Village Schaumburg
Monthly Cash Flow

Week Ended	1 Forecast 30-Jun	2 Forecast 31-Jul	3 Forecast 31-Aug	TOTAL
Opening Cash Balance	\$ 346,359	\$ 366,586	\$ 467,253	\$ 346,359
Funding	500,000	104,435	1,305,432	1,909,867
Receipts				
Independent Living Receipts	1,557,971	1,560,114	1,562,257	4,680,341
Assisted Living Receipts	673,395	677,178	680,961	2,031,533
Outpatient Receipts	65,153	65,153	65,153	195,460
Healthcare Receipts	1,859,001	1,859,001	1,859,001	5,577,004
Non-Operating Receipts	9,728	9,728	12,161	31,617
Total Receipts	4,165,248	4,171,174	4,179,533	12,515,955
Operating Disbursements				
Salary & Benefits	1,665,263	1,805,335	1,926,451	5,397,049
Supplies	90,156	90,156	90,156	270,469
Marketing	57,500	57,500	57,500	172,500
Pharmacy	-	80,016	80,016	160,033
Outsourced Labor	223,430	369,897	252,669	845,996
Dietary	704,334	704,334	704,334	2,113,002
Repairs & Maintenance	104,683	91,534	91,746	287,963
Utilities	208,268	204,643	224,743	637,653
Insurance	1,391,129	-	-	1,391,129
Ordinary Course Professionals	35,000	35,000	35,000	105,000
Taxes	-	1,200	380,762	381,962
Office	13,863	13,863	13,863	41,590
Management Fee	-	356,161	356,161	712,322
Bed Tax	57,005	57,005	57,005	171,015
Other	36,507	158,298	169,904	364,709
Total Operating Disbursements	4,587,139	4,024,943	4,440,311	13,052,392
Total Operating Cash Flow	(421,890)	146,232	(260,779)	(536,437)
Non-Operating Disbursements				
Capital Expenditures	-	150,000	142,581	292,581
Entrance Fee Refunds	-	-	-	-
Restructuring	57,883	-	315,000	372,883
Total Non-Operating Disbursements	57,883	150,000	457,581	665,464
Total Cash Flow	(479,773)	(3,768)	(718,359)	(1,201,901)
Beginning Cash Balance	\$ 346,359	\$ 366,586	\$ 467,253	\$ 346,359
Cash Flow	(479,773)	(3,768)	(718,359)	(1,201,901)
Schwab Account Draw	500,000	104,435	1,305,432	1,909,867
Ending Cash Balance	\$ 366,586	\$ 467,253	\$ 1,054,325	\$ 1,054,325

EXHIBIT A