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f/k/a Greystone Funding Corporation

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
COLD SPRING ACQUISITION, LLC,	Case No. 25-22002 (SHL)
	Docket Entry Nos: 675
Debtor.	Hearing Date: April 14, 2026 Hearing Time 10:00 a.m. (EST)

GREYSTONE FUNDING COMPANY LLC'S STATEMENT AND RESERVATION OF RIGHTS CONCERNING THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' APPLICATION FOR AN ORDER CONVERTING THE DEBTOR'S CHAPTER 11 CASE TO A CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, AND GRANTING RELATED RELIEF

Greystone Funding Company LLC, f/k/a Greystone Funding Corporation ("Greystone") a secured creditor of Cold Spring Acquisition, LLC (the "Debtor") and of its nondebtor affiliate Cold Spring Realty Acquisition, LLC ("Propco") that owns the real property where the Debtor operates, by and through undersigned counsel, files this statement and reservation of rights (collectively, the "Response") to the *Official Committee of Unsecured Creditors' Application for an Order Converting the Debtor's Chapter 11 Case to a Case Under Chapter 7 of the Bankruptcy Code, and Granting Related Relief* (the "Motion to Convert") and states as follows:

BACKGROUND

1. The Debtor operates a skilled nursing facility in Woodbury, New York, with approximately 588 beds and 100 adult day health care program slots (the "Facility"). Propco owns the real property and improvements of the Facility.

2. In November 2018, Greystone provided the financing for the Facility (including the real property and improvements) which is secured by the Facility and assets of Propco and assets of the Debtor, including certain bank accounts. The financing is defined herein as the "Loan."

3. The Chapter 11 Bankruptcy case was filed on January 2, 2025 (the "Petition Date").

4. As of the Petition Date, the Debtor (and Propco) owed Greystone in excess of $75 million on the Loan, which has increased over the course of the case.

5. On January 13, 2025, the Debtor filed two related motions: (i) the *Motion for Order Authorizing Debtor to Enter into and Perform Agreement Providing for Appointment of Temporary Receiver* [Docket No. 39] (the "Receivership Motion"), and (ii) the *Debtor's Motion for an Order (I) Approving Asset Purchase Agreement and Authorizing the Private Sale of Substantially All of the Assets of the Debtor Outside of the Ordinary Course of Business, (II) Authorizing Sale of Assets Free and Clear of All Liens and Interests, (III) Granting Related Relief* [Docket No. 40] (the "Sale Motion" and referred to collectively with the Receivership Motion as the "Property Transaction Motions").

6. Under the Receivership Motion, the Debtor sought approval of an agreement with 378Sywood LLC ("Sywood") and the New York State Department of Health ("DOH") by which Sywood would serve as a temporary receiver under New York law pursuant to a written agreement attached thereto (the "Receivership Agreement"). In its capacity as receiver, Sywood would operate the Facility, provide capital improvements and make other payments pending its purchase of the Facility. More specifically, "Sywood will be required to fund all operating and capital

expenses and the Debtor will be immediately relieved of any obligation to fund any expenses" and the Debtor will "pay Assumed Liabilities and obligations of the Facility arising on or after the Receivership Date in the ordinary course of business, from Facility income and/or Advances" while the Receiver would "be responsible for any payables, costs, expenses, liabilities or obligations of any kind incurred or related to any period on or after the Effective Date." Receivership Motion, ¶ 17 (citing various provisions of the Receivership Agreement).

7. As the Debtor described the relief sought by the Property Transaction Motions, "the [Receivership] Agreement is not an end in itself but rather serves to bridge the gap until the DOH approves an actual sale and ultimate transfer of ownership of Sywood." Receivership Motion, ¶ 19. The Debtor reported that the sale process had been going on since 2019 and that "[i]n September 2024, the Debtor and Sywood reached agreement" under which Sywood would function as a "temporary receiver pending the approval of a complete sale[]," which approval "typically takes more than 12 months and can often take substantially longer." Receivership Motion, ¶¶ 8, 11.

8. "Further confirming Sywood's commitment, Cold Spring Realty Acquisition, LLC [Propco], an affiliate of Debtor, and Woodbury Heights Rehabilitation Center Realty LLC ('Woodbury'), an affiliate of Sywood, entered into a separate purchase and sale agreement pursuant to which Woodbury will purchase the real estate and buildings upon which the Facility is operated. Woodbury has agreed to assume the existing $78,533,500.00 United States Department of Housing and Urban Development mortgage . . ." held by Greystone. Receivership Motion, ¶ 20. "In light of the sizeable mortgage obligation Woodbury is assuming, the contract does not provide for any additional payment by Woodbury for the property, other than a nominal $10 fee." Receivership Motion, ¶ 20.

9. On January 23, 2025, and pending approval of the Property Transaction Motions, the Office of the United States Trustee filed a *Notice of Appointment of Creditors Committee* [Docket No. 73] announcing the appointment of a three member official committee of unsecured creditors (the "Committee"). On January 27, 2025, counsel for the Committee filed a Notice of Appearance and Demand for Service of Papers [Docket No. 95].

10. On March 20, 2025, the Court conducted a hearing on the Property Transfer Motions and entered a *Combined Order (A) Approving Appointment of 378Sywood LLC as receiver and (B) (I) Approving Asset Purchase Agreement and Authorizing the Private Sale of Substantially All of the Assets of the Debtor Outside of the Ordinary Course of Business to 378Sywood LLC, as Buyer, (II) Authorizing Sale of Assets Free and Clear of All Liens and Interests, and (III) Granting Related Relief* [Docket No. 233] (the "Combined Order"). The Combined Order approved the Receivership Agreement. The Combined Order also recognized that the proposed transaction includes the sale of the underlying real property owned by nondebtor Propco to Woodbury, as well as the assumption of Greystone's secured loan. Among other things, the Sale and Combined Order notes in note 3 at page 7:

> As set forth in the Buyer Declaration, other agreements related the Receiver Agreement and Purchase Agreement, including but are not limited to the (x) "Purchase and Sale Agreement," dated December 18, 2024 (the "**Real Estate PSA**") between non-debtor Cold Spring Realty Acquisition, LLC, (the "**RE Seller**") and non-debtor Woodbury Heights Rehabilitation Center Realty LLC, (the "**RE Purchaser**"), pursuant to which a non-debtor affiliate of the RE Seller has agreed to sell, transfer, and assign to the RE Purchaser certain real property (the "**Real Estate**"), which contains Cold Spring Hills Center for Nursing and Rehabilitation (the "**Nursing Home**"), a 588 bed skilled nursing facility and adult day care program, and (y) simultaneously with the execution and delivery of the Real Estate PSA, the RE Seller, as landlord, Debtor, as assignor, and Buyer, as assignee, have entered into an Assignment, Assumption and Amendment of Lease (the "**Lease Assignment**") to, among other things, assign the tenant interest in the Lease Agreement for the Nursing Home from the Debtor, as assignor, to Buyer, as assignee. The Lease Assignment does not take effect until the commencement of the receivership period under the Receivership Agreement.

Combined Order, page 7, n. 3:

11. The conditions for closing of the sale include "(ii) the Receiver has been appointed . . . and (iv) the transactions contemplated in the Real Estate PSA have been consummated." Combined Order, ¶ 6 (Closing Conditions). The Combined Order also provides that the order is binding on any trustee that may be appointed upon the conversion of the case to chapter 7. Combined Order, ¶ 8 ("This Order will be binding in all respects upon the Debtor, its bankruptcy estate, all creditors . . . and any trustees, examiners, or other fiduciary under any section of the Bankruptcy Code, if any, subsequently appointed in the Debtor's Chapter 11 Cases or upon a conversion to chapter 7 under the Bankruptcy Code of the Debtor's case. The terms and provisions of the Purchase Agreement and this Order will inure to the benefit of the Debtor, its bankruptcy estate, its creditors, the Buyer and all agents, representatives, and affiliates of the Buyer, and any other affected third parties, including all persons asserting any Liens, Interests and/or Claims in the Purchased Assets to be sold to the Buyer pursuant to the Purchase Agreement, notwithstanding any subsequent appointment of any trustee(s), party, entity, or other fiduciary under any section of any chapter of the Bankruptcy Code, as to which trustee(s), party, entity, or other fiduciary such terms and provisions likewise will be binding.")

12. On September 9, 2025, the Debtor filed its Chapter 11 plan [Docket No. 394] and disclosure statement [Docket No. 414] and thereafter filed amended versions of the plan [Docket Nos. 413, 617, 627] and disclosure statement [Docket Nos. 414, 618, 628]. Under each iteration of these agreements, the Debtor proposed treatment of Greystone's claim appears under Class 1 as the following: "Greystone shall not receive any distribution under the Plan, as the Purchaser has agreed to assume all obligations due to Greystone."

13. By letter dated February 23, 2026, the DOH announced preliminary approval of the sale and purchase transaction. A true and correct copy of the preliminary approval is attached hereto as **Exhibit A**.

14. On March 31, 2026, the Committee filed the Motion to Convert.

STATEMENT AND RESERVATION OF RIGHTS

15. Greystone requests that in considering the Motion, the Court proceed with appropriate caution in light of the pending sale and related transactions. Greystone opposes the requested relief to the extent that it would hinder, delay or otherwise adversely impact the pending sale transaction of the Facility or the assumption and cure of Loan obligations owing under the mortgage held by Greystone.

16. While the existing language of the Combined Order provides some level of comfort by holding that its terms are binding on any trustee, Greystone requests that any order granting conversion expressly provide that any trustee shall not interfere with Sywood's activities as receiver, the sale and acquisition by Sywood and Woodbury, or the assumption and cure of the Loan to Greystone. Any order of appointment also should require that to the extent that any estate approvals are required, the trustee shall provide them without cost to the purchasers or Greystone. Greystone is willing to work the parties and Court in crafting appropriate language, should the Motion be granted.

17. Greystone also reserves its rights to raise additional arguments at or before any hearing on the Motion.

WHEREFORE, Greystone seeks the relief requested herein and all further relief as warranted by law and equity.

Dated: April 7, 2026
New York, New York

DENTONS US LLP

/s/ Jill L. Nicholson

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[1] The Motion for Admission to Practice, *Pro Hac Vice* was filed on January 30, 2025 [Docket No. 112]. Mr. Alberts has been permitted to appear in this case since its filing although the docket does not indicate the entry of the proposed order. To the extent the Court could clarify the record on this it would be appreciated.

CERTIFICATE OF SERVICE

I hereby certify that on April 7, 2026, a true and correct copy of the foregoing filing was caused to be served via the Court's CM/ECF system on all parties authorized to receive electronic notice in this case.

/s/ Jill L. Nicholson
Jill L. Nicholson

EXHIBIT A

NEW YORK STATE | Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

February 23, 2026

Patricia Smyth
Cicero Consulting Associates
925 Westchester Avenue, Suite 201
White Plains, New York 10604

Re: 242307 E
378SYWOOD LLC d/b/a
Woodbury Heights Nursing and
Rehabilitation Center
(Nassau County)
Establish 378SYWOOD LLC as the new operator of Cold Spring Hills Ctr for Nursing & Rehab, a 588-bed RHCF currently operated by Cold Spring Acquisition, LLC at 378 Syosset - Woodbury Rd, Woodbury

Dear Ms. Smyth:

I am pleased to inform you that, based on action taken at its meeting on February 19, 2026, the Public Health and Health Planning Council proposes to approve the above application providing the contingencies set forth in the enclosed resolution are first satisfied. Pursuant to 10 NYCRR section 600.4, documentation to satisfy the contingencies imposed by the Council shall be submitted to the Center for Health Care Facility Planning, Licensure, and Finance as follows:

- Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the Contingencies Tab in NYSE-CON.

  Failure to meet the due date(s) could result in the project being abandoned as set forth in 10 NYCRR Section 710.10 (c) (1)

- Receive written approval from the Public Health and Health Planning Council Executive Secretary indicating satisfaction of the contingencies.

In addition to the contingencies, the proposed approval included the enclosed conditions. You are expected to comply with the conditions throughout the operation of this project, including any and all conditions pertaining to specified timeframes.

Before beginning any aspect of this project, you receive written approval from the Public Health and Health Planning Council indicating the satisfaction of all contingencies.

This letter should not be construed as approval to file, with the Secretary of State, a certificate of incorporation, a certificate of amendment to a certificate of incorporation, a restated certificate of incorporation, an application for authority, articles of organization or any amendments thereto, or any other legal documents. A separate Public Health and Health Planning Council approval letter will be issued, as necessary, for the filing of documents with the Secretary of State after all contingencies are satisfied.

Also, this letter should not be construed as approval of property or lease costs submitted in support of this application, nor is this letter an assurance or recommendation that property costs or lease amounts as specified in the application will be reimbursable.

If you have any questions concerning this letter, please contact the Bureau of Project Management at (518) 402-0911.

Sincerely,



Shelly Glock
Director
Center for Health Care Facility Planning,
Licensure and Finance

Enclosures

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 19th day of February 2026, having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish 378SYWOOD LLC as the new operator of Cold Spring Hills Ctr for Nursing & Rehab, a 588-bed RHCF currently operated by Cold Spring Acquisition, LLC at 378 Syosset - Woodbury Rd, Woodbury, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:	FACILITY/APPLICANT:
242307 E	378SYWOOD LLC d/b/a Woodbury Heights Nursing and Rehabilitation Center

APPROVAL CONTINGENT UPON:

1. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
2. Submission of an executed working capital loan document acceptable to the Department of Health. [BFA]

APPROVAL CONDITIONAL UPON:

1. This project must be completed by one year from the date of the approval letter, including all pre-opening processes, if applicable. Failure to complete the project by this date may constitute an abandonment of the project by the applicant and the expiration of the approval. It is the responsibility of the applicant to request prior approval for any extensions to the project approval expiration date. [PMU]
2. Submission of a Certificate of Need application(s) post approval for the proposed work to reopen the remaining floors of the Seacrest building, the Brookville building, and the Sagamore building. [LTC]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a complete response to each individual contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the Contingencies Tab in NYSE-CON.