

**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 MOTION AND MOTION FOR ENTRY OF AN ORDER (I) TO  
AUTHORIZE THE DEBTOR TO OBTAIN UNSECURED POSTPETITION  
FINANCING; (II) MODIFYING THE AUTOMATIC STAY; AND  
(III) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that on Friday, August 4, 2023, at 10:00 a.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 "Debtor's Motion for Entry of an Order (I) To Authorize the Debtor to Obtain Unsecured PostPetition Financing; (II) Modifying the Automatic Stay; and (III) 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 (audio only).**

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

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

**Meeting ID and passcode.** The meeting ID for this hearing is 161 329 5276, and the passcode is 433658. The meeting ID and passcode can also be found on the judge's page on the court's web site.

**If you object to this motion** and want it called on the presentment date above, you must file a Notice of Objection no later than two (2) business days before that date. If a Notice of

Objection is timely filed, the motion will be called on the presentment date. If no Notice of Objection is timely filed, the court may grant the motion in advance without calling it.

Dated: July 21, 2023

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

By: /s/ Bruce Dopke  
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:                        | ) |                   |
|                               | ) | Chapter 11        |
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| EVANGELICAL RETIREMENT        | ) | Case No. 23-07541 |
| HOMES OF GREATER CHICAGO,     | ) |                   |
| INCORPORATED d/b/a FRIENDSHIP | ) |                   |
| VILLAGE OF SCHAUMBURG,        | ) |                   |
|                               | ) |                   |
| FEIN: 36-2815382              | ) |                   |
|                               | ) |                   |
| Debtor.                       | ) |                   |
|                               | ) |                   |

**CERTIFICATE OF SERVICE**

I, Sabrina G. Tu, depose and say that I am employed by Stretto, the claims and noticing agent for the Debtor in the above-captioned case.

On or before 5:00 p.m. (prevailing Pacific Time) on July 21, 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** and the parties listed on the Resident List via first-class mail, and via electronic mail where available as set forth on **Exhibit B**.

Dated: July 21, 2023

/s/ Sabrina G. Tu  
Sabrina G. Tu  
STRETTO  
410 Exchange, Suite 100  
Irvine, CA 92602  
Telephone: 855.886.6266  
Email: TeamFVS@Stretto.com

## **Exhibit A**

**Exhibit A**

Served Via First-Class Mail

| Name                                                                                                 | Attention                                               | Address 1                                                | Address 2                  | Address 3    | City         | State | Zip        |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|----------------------------|--------------|--------------|-------|------------|
| Charles Schwab & Co., Inc.                                                                           | Attn Officer/Director or Legal Dept                     | 1945 Northwestern Drive                                  |                            |              | El Paso      | TX    | 79912      |
| Cook County Treasurer's Office                                                                       | Attn Officer/Director or Legal Dept                     | 118 North Clark Street                                   | Room 112                   |              | Chicago      | IL    | 60602      |
| Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg | c/o Polsinelli PC                                       | Attn: Trinitee G. Green                                  | 150 N Riverside Plaza      | Suite 3000   | Chicago      | IL    | 60606      |
| Friendship Senior Options, NFP, an Illinois not-for-profit corporation                               | c/o Cooley LLP                                          | Attn: Eric E. Walker                                     | 110 N. Wacker              |              | Chicago      | IL    | 60606      |
| 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 and 20th Floors        |              | Chicago      | IL    | 60603      |
| Illinois Department of Public Health                                                                 | c/o Office of the Illinois Attorney General             | Attn: John P. Reding                                     | 100 West Randolph St       | Suite 13-225 | Chicago      | IL    | 60601      |
| Illinois Department of Revenue                                                                       | David Harris - Director                                 | 555 West Monroe Street                                   | Suite 1100                 |              | Chicago      | IL    | 60661      |
| Illinois Department of Revenue                                                                       | Bankruptcy Unit                                         | PO Box 19037                                             |                            |              | Springfield  | IL    | 62794-9037 |
| Illinois Finance Authority                                                                           | Attn Officer/Director or Legal Dept                     | 160 N. LaSalle St                                        | Suite S-1000               |              | Chicago      | IL    | 60601      |
| Illinois Finance Authority                                                                           | c/o ArentFox Schiff LLP                                 | Attn: Joseph Mark Fisher                                 | 233 S Wacker Drive         | Suite 7100   | Chicago      | IL    | 60606      |
| 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      |
| Office of the United States Trustee                                                                  | Jeffrey L. Gansberg                                     | 227 W Monroe St                                          | Ste 3350                   |              | Chicago      | IL    | 60606      |
| Official Unsecured Creditors' Committee                                                              | c/o Crane, Simon, Clar & Goodman                        | Attn: Scott R. Clar, Karen R. Goodman                    | 135 S LaSalle              | #3950        | Chicago      | IL    | 60603      |
| Riehle Developments, LLC                                                                             | c/o Huck Bouma PC                                       | Attn: Eric J. Malnar                                     | 1755 South Naperville Road |              | Wheaton      | IL    | 60189      |
| Schaumburg Bank & Trust Company N.A.                                                                 | Teresa Faidley                                          | 1180 E. Higgins Rd.                                      |                            |              | Schaumburg   | IL    | 60173      |
| Schaumburg Bank & Trust Company, N.A.                                                                | c/o Chuhak & Tecson, P.C.                               | Attn: Brandon R. Freud                                   | 120 S. Riverside Plz       | Suite 1700   | Chicago      | IL    | 60606-7512 |
| 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                                                                                             | Attn: Jay Smith                                         | 2 South Broadway                                         |                            |              | St. Louis    | MO    | 63102      |
| UMB Bank, N.A., as Bond Trustee and Master Trustee                                                   | c/o Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. | Attn: Megan Preusker, Daniel S. Bleck, Timothy J. McKeon | 919 3rd Ave                |              | New York     | NY    | 10022      |
| UMB Bank, NA as Bond Trustee and Master Trustee                                                      | c/o Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. | Attn: Daniel S. Bleck, Tim McKeon                        | 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: Corbin B Connell                                  | 600 S. 4th Street, 6th Floor                             | MAC N9300-061              |              | Minneapolis  | MN    | 55479      |
| 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 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                                                          |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------|
| Cook County Treasurer's Office                                                                       | Attn Officer/Director or Legal Dept                     |                                                          | lbankruptcy@cookcountytreasurer.com                            |
| Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg | c/o Polsinelli PC                                       | Attn: Trinitee G. Green                                  | tggreen@polsinelli.com                                         |
| Friendship Senior Options, NFP, an Illinois not-for-profit corporation                               | c/o Cooley LLP                                          | Attn: Eric E. Walker                                     | ewalker@cooley.com                                             |
| Illinois Department of Public Health                                                                 | c/o Office of the Illinois Attorney General             | Attn: John P. Reding                                     | john.reding@ilag.gov                                           |
| Illinois Finance Authority                                                                           | c/o ArentFox Schiff LLP                                 | Attn: Joseph Mark Fisher                                 | mark.fisher@afslaw.com                                         |
| Office of the United States Trustee                                                                  | Jeffrey L. Gansberg                                     |                                                          | jeffrey.l.gansberg@usdoj.gov                                   |
| Official Unsecured Creditors' Committee                                                              | c/o Crane, Simon, Clar & Goodman                        | Attn: Scott R. Clar, Karen R. Goodman                    | sclar@cranesimon.com<br>kgoodman@cranesimon.com                |
| Riehle Developments, LLC                                                                             | c/o Huck Bouma PC                                       | Attn: Eric J. Malnar                                     | emalnar@huckbouma.com                                          |
| Schaumburg Bank & Trust Company, N.A.                                                                | c/o Chuhak & Tecson, P.C.                               | Attn: Brandon R. Freud                                   | bfreud@chuhak.com                                              |
| UMB Bank                                                                                             | Attn: Jay Smith                                         |                                                          | jay.smith@umb.com<br>irina.palchuk@umb.com                     |
| UMB Bank, N.A., as Bond Trustee and Master Trustee                                                   | c/o Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. | Attn: Megan Preusker, Daniel S. Bleck, Timothy J. McKeon | mpreusker@mintz.com<br>dsbleck@mintz.com<br>tjmckeon@mintz.com |

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| FEIN: 36-2815382,             | § |                        |
|                               | § |                        |
| Debtor.                       | § | Hon. Timothy A. Barnes |

**DEBTOR’S MOTION FOR ENTRY OF AN ORDER (I) TO AUTHORIZE THE  
DEBTOR TO OBTAIN UNSECURED POSTPETITION FINANCING; (II) MODIFYING  
THE AUTOMATIC STAY; AND (III) 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 (this “**Chapter 11 Case**”), hereby submits this *Debtor’s Motion for Entry of an Order (I) To Authorize the Debtor to Obtain Unsecured PostPetition Financing; (II) Modifying the Automatic Stay; and (III) Granting Related Relief* (the “**Motion**”) and, in support of the Motion, respectfully states as follows:

**BACKGROUND**

1. The factual background regarding the Debtor and the events leading to the filing of this Chapter 11 Case is set forth in the *Declaration of Mike Flynn, Chief Executive Officer of the Debtor in Support of the Debtor’s First Day Pleadings* [Docket No. 16] (the “**First Day Declaration**”), which was filed on June 9, 2023, and is incorporated herein by reference.

2. This Motion is also supported by the *Declaration of Michael Wyse in Support of the Debtor's Motion for Entry of an Order (I) Authorizing the Debtor to Obtain Unsecured PostPetition Financing; (II) Modifying the Automatic Stay; and (III) Granting Related Relief* (the "Wyse Declaration"), a true copy of which is attached hereto as Exhibit A, and by this reference, is incorporated herein.

3. 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**").

4. The Debtor filed this Chapter 11 Case to facilitate the sale of the Campus under the provisions of 11 U.S.C. §363 (the "**Sale Process**"). The Sale Process is currently underway.

5. On the Petition Date, the Debtor filed 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* [Docket No. 9] (the "**Cash Collateral Motion**"). The Cash Collateral Motion sought to use cash collateral owned or claimed to be owned by UMB Bank, N.A., in its capacity as bond trustee (the "**Bond Trustee**") and successor master trustee (the "**Master Trustee**") and together with the Bond Trustee, the "**Bond Trustee**") in connection with certain bond transactions which took place in November of 2017

(the “**Bond Transactions**”) which were secured by, among other things, a loan agreement signed by the Debtor dated as of December 1, 2017 (the “**Loan Agreement**”).

6. The Bond Trustee asserts a claim against the Debtor in excess of \$231,000,000.

7. The Debtor filed the Cash Collateral Motion to secure the Debtor’s ability to use cash collateral of the Bond Trustee along with the other cash assets which the Debtor may own to support the needs of the Campus and those of the Sale Process, while providing adequate protection to the Bond Trustee for that use of its cash collateral.

8. Pursuant to the Cash Collateral Motion and the orders entered by the Court on that motion, the Debtor has used cash collateral in accordance with an “Approved Budget,” which is attached to this Motion as Schedule A (the “**Approved Budget**”). The Approved Budget indicates that in mid-August of this year, the cash needs of the Campus are likely to exceed the available cash collateral to pay those expenses. Although the Debtor’s current projections indicate that the Debtor’s cash position may remain positive through the first week of September 2023, Debtor’s longer term projections indicate that the cash needed to support the Campus between now and the conclusion of the Sale Process could be as much as \$3,000,000.

9. The purpose of this Motion is to establish a framework through which much-needed debt capital, supplied by FSO, can be injected into FVS to cover any potential shortfall arising from the cash needs of the Campus and the costs associated with this Chapter 11 Case including the Sale Process, while keeping intact the measures for the adequate protection of the Bond Trustee’s interests, which are being addressed through the Cash Collateral Motion, the orders entered by the Court with respect thereto, and the Approved Budget.

10. As noted in the Wyse Declaration (Exhibit A, par. 10), Mr. Wyse spoke to his experience and acquaintance with financial institutions which lend to distressed businesses including entities in Chapter 11. Based on that experience and his review of the terms of the DIP Facility, Mr. Wyse recommended to the Debtor that it would be well within its sound business judgment to accept the offer of financing from FSO.

11. After carefully exploring all possibilities, the Debtor has determined, with the advice of its professional advisors, that it is necessary to obtain the proposed DIP Financing to administer this Chapter 11 Case and make payment of necessary operation and maintenance costs associated with FVS. The necessary payments include payments to allow the Debtor to continue to provide, among other services, high-quality nursing care and enriched housing services to Residents during this Chapter 11 Case, as well as payments for the benefit of the Debtor's employees, vendors, and other stakeholders. The DIP Financing will ensure the Debtor's ability to make the numerous and time-sensitive payments necessary to operate in the ordinary course of business. The DIP Financing is also necessary to provide a positive message to the market that this Chapter 11 Case is sufficiently funded, which is critical to address any concerns raised by Residents, employees, and vendors. Thus, the DIP Financing is necessary to avoid immediate and irreparable harm to the Debtor and the Residents and is crucial to the Debtor's efforts to maximize and preserve value for its stakeholders.

12. In this Chapter 11 Case, the Debtor has commenced a postpetition marketing and overbid process to find potentially higher and better offers for the sale of its business under section 363 of the Bankruptcy Code, thus maximizing the return to creditors and other parties in interest. To preserve the value of FVS during this process, FSO has agreed to provide postpetition financing

(in such capacity, the “**DIP Lender**”) to the Debtor of up to three million dollars (\$3,000,000) in accordance with the DIP Term Sheet (as defined below). The Debtor requires postpetition financing to administer this Chapter 11 Case and pay necessary operation and maintenance costs associated with FVS. Accordingly, the Debtor requests authority to obtain postpetition financing on the terms set out in the Order, as discussed below.

13. Without the relief requested herein, the Debtor would be forced to cease operations, which would result in significant harm to the Residents who depend on the Debtor for their living accommodations, continuum of care and necessary services. The DIP Financing, on the terms set forth in the Order, is necessary to avoid immediate and irreparable harm to the estate and is in the best interests of the Debtor, its estate, and its stakeholders.

#### **RELIEF REQUESTED**

14. By this Motion, pursuant to sections 105(a), 362, 363, and 364 of title 11 of the United States Code, rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure, and rule 4001-2 of the Local Bankruptcy Rules for the Northern District of Illinois, the Debtor seeks the entry of an order (the “**Order**”) substantially in the form filed as an attachment to this Motion through the Court’s ECF system, granting, among other things, the following relief:

- a. authorizing the Debtor to obtain postpetition financing (the “**DIP Financing**”) on an unsecured basis, consisting of a new money term loan facility (the “**DIP Facility**”) in an aggregate principal amount of up to \$3,000,000 pursuant to the terms and conditions set forth in the Order and that certain term sheet annexed thereto as **Exhibit 1** (as may be amended, restated, supplemented, waived, or otherwise modified from time to time in accordance with the terms hereof and thereof, the “**DIP Term Sheet**”), executed by the Debtor and FSO (collectively, the “**DIP Loan Parties**”);
- b. approving the terms of and authorizing the Debtor to execute and deliver the DIP Term Sheet and any other agreements, instruments and documents related

thereto (the “**DIP Loan Documents**”) and to perform such other acts as may be necessary or desirable in connection with the DIP Loan Documents;

- c. authorizing the Debtor to enter into the DIP Facility and to incur all obligations owing thereunder and under the DIP Loan Documents to FSO (collectively, the “**DIP Obligations**”);
- d. authorizing the DIP Loan Parties to perform such other and further acts as may be necessary or desirable in connection with the Order, the DIP Loan Documents, including the DIP Term Sheet, and the transactions contemplated hereby and thereby;
- e. authorizing and directing the Debtor to use the proceeds of the DIP Facility to fund the operational, employee, and other costs of the Debtor, including, without limitation, payments authorized to be made under “first day” or “second day” orders, and payments related to the working capital and other general corporate purposes of the Debtor, including the payment of professional fees and expenses, and in each case, consistent with, subject to, and within the categories and limitations contained in the Approved Budget (as defined in the DIP Term Sheet);
- f. authorizing FSO to (1) terminate the funding obligations under the DIP Loan Documents in accordance with their terms and (2) declare the DIP Obligations to be immediately due and payable in full, to the extent permitted by the terms thereof.

### **SUMMARY OF PRINCIPAL TERMS<sup>1</sup>**

15. The following is a concise statement of the relief requested as required by Bankruptcy Rule 4001(c) and Local Rule 4001-2.

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<sup>1</sup> Capitalized terms used in this summary but not otherwise defined herein shall have the meanings ascribed to such terms in the DIP Term Sheet or the Order, as applicable. This statement is qualified in its entirety by reference to the applicable provisions of the DIP Term Sheet or Order. To the extent of any inconsistency between this concise statement and the provisions of the DIP Term Sheet or the Order, the provisions of the DIP Term Sheet or the Order, as applicable, shall control.

16. The material terms of the DIP Facility, as set forth in the DIP Term Sheet, are as follows:

| Required Disclosure                                                                                   | Summary of Material Terms of Postpetition Financing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Location            |
|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Borrower</b><br><i>Bankruptcy Rule 4001(c)(1)(B)</i>                                               | Evangelical Retirement Homes for Greater Chicago, Inc. d/b/a Friendship Village of Schaumburg, an Illinois not-for-profit corporation (the “ <b>Debtor</b> ”) that operates as a continuing care retirement community (the “ <b>CCRC Facility</b> ”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | DIP Term Sheet, p.1 |
| <b>Lender</b><br><i>Bankruptcy Rule 4001(c)(1)(B)</i>                                                 | Friendship Senior Options, NFP, an Illinois not-for-profit corporation (the “ <b>DIP Lender</b> ”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | DIP Term Sheet, p.1 |
| <b>Borrowing Limit</b><br><i>Bankruptcy Rule 4001(c)(1)(B)</i><br><i>Local Rule 4001-2(A)(3)</i>      | Up to \$3.0 million in debtor-in-possession financing (the “ <b>DIP Financing</b> ”) in the form of multiple advances under an unsecured term loan facility (collectively, the “ <b>DIP Facility</b> ”), to be funded as set forth below under the headings “Borrowing Conditions” and “Draw Procedures.”<br><br>All of the Debtor’s obligations to the DIP Lender arising under or related to the DIP Term Loan shall be referred to herein as the “ <b>DIP Obligations.</b> ”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | DIP Term Sheet, p.1 |
| <b>Borrowing Conditions</b><br><i>Bankruptcy Rule 4001(c)(1)(B)</i><br><i>Local Rule 4001-2(A)(3)</i> | Any advances under the DIP Term Loan shall be conditioned upon entry of a final order of the Court (as defined below) approving the DIP Financing in form and substance acceptable to DIP Lender in its sole discretion (the “ <b>DIP Order</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | DIP Term Sheet, p.1 |
| <b>Draw Procedure</b>                                                                                 | The DIP Financing shall be made available for purposes set forth below under the heading “Use of DIP Proceeds” and funded as follows: (i) in the principal amount of \$500,000 on the first business day following entry of the DIP Order (the “ <b>Initial Draw</b> ”), and (ii) subsequent draws up to an additional aggregate principal amount of \$2.5 million pursuant the DIP Order (each such draw after the Initial Draw, a “ <b>Subsequent Draw</b> ” and together with the Initial Draw, collectively the “ <b>Draws</b> ”).<br><br>Requests for Draws by the Debtor shall be honored by the DIP Lender in accordance with the following procedures:<br><br>a. <i>Written Request.</i> Other than with respect to the Initial Draw, the Debtor shall have delivered to the DIP Lender a written request for a Draw at least two (2) business days prior to the date that the Draw will be transferred to the Debtor. The request shall (i) specify the amount of the Draw, (ii) state the date that the Draw is requested, (iii) provide wiring or ACH | DIP Term Sheet, p.1 |

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                           |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|                                                                                                                 | <p>instructions for the Draw; (iv) certify the Draw is consistent with the categories, amounts and timing of the Approved Budget, and (v) certify that all conditions set forth above with respect to the Draw is and will be satisfied as of the date of the request and the date of Draw.</p> <p>b. <i>Credit.</i> Alternatively, Debtor may make a written request for a credit payment in lieu of a cash payment for all or a portion of any intercompany expenses authorized to be paid under a budget which is now, or may in the future be, in effect pursuant to an order entered by the United States Bankruptcy Court for the Northern District of Illinois (“<i>Court</i>”).</p> <p>c. <i>Amount.</i> All Draws shall be either in the amount of \$100,000 or in multiples of \$100,000 unless the remaining availability under the DIP Term Loan is less than such amounts, in which case the Draw may equal the amount of the remaining availability under the DIP Term Loan.</p>        |                                           |
| <p><b>Use of DIP Proceeds</b></p> <p><i>Bankruptcy Rule (c)(1)(B)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p> | <p>Proceeds of the DIP Financing shall be used exclusively, consistent with an Approved Budget (as defined below) to: (i) pay Allowed Professional Fees (as defined below), (ii) fund ordinary course operational expenses of the Debtor, (iii) fund the Carve-Out (as defined below), and (iv) pay costs, fees and expenses of DIP Lender as set forth herein.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>DIP Term Sheet, p. 2; Order, ¶ 1.2</p> |
| <p><b>Approved Budget</b></p>                                                                                   | <p>An “<b>Approved Budget</b>” shall mean: the initial budget attached to the <i>Second Interim Order on 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 Second Interim Hearing; and (V) Granting Related Relief</i> [Docket No. 152] or any subsequent version thereof that is proposed by the Debtor and agreed to in writing by DIP Lender.</p> <p>The Approved Budget shall be updated prior to the DIP Hearing and shall show projected expenditures by the Debtor on a line-item basis (“<b>Projected Expenditures</b>”) for a period of not less than 13 weeks and shall be further updated from time to time not less than every four weeks. The Approved Budget shall also show projected receipts by the Debtor on a line-item basis (“<b>Projected Receipts</b>”) for the same periods.</p> | <p>DIP Term Sheet, p. 2; Order, ¶ 3.3</p> |

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| <p><b>Milestones</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)(vi)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p>    | <p>The Debtor shall comply with following deadlines (“<b>Milestones</b>”), unless otherwise waived by DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> <li>(a) An order of the Bankruptcy Court approving the Debtor’s designation of the successful bidder after the conclusion of the auction for the sale of the Debtor’s assets shall be entered by no later than November 3, 2023;</li> <li>(b) the Debtor shall file a Chapter 11 Plan, in form and substance acceptable to DIP Lender in its sole discretion (an “<b>Acceptable Plan</b>”), no later than September 6, 2023;</li> <li>(c) the Court shall have entered an order confirming an Acceptable Plan no later than December 6, 2023; and</li> <li>(d) the effective date of an Acceptable Plan shall have occurred by no later than January 31, 2024.</li> </ul> | <p>DIP Term Sheet, p.3; Order, ¶ 3.4</p>  |
| <p><b>Forgiveness Conditions</b></p>                                                                              | <p>Upon the closing of a Sale (as defined below), the DIP Obligations shall be forgiven by DIP Lender provided that no Event of Default has occurred.</p> <p>A “<b>Sale</b>” shall mean the closing of a transaction providing for the sale of substantially all of the assets of the CCRC Facility (as defined below) that assumes all residency agreements as is and without modification and all related resident liabilities, including entrance fee refunds owed to current and former residents, pursuant to section 363 of the Bankruptcy Code in form and substance acceptable to DIP Lender in its sole discretion or pursuant to an Acceptable Plan.</p>                                                                                                                                                                                        | <p>DIP Term Sheet, p. 3; Order, ¶ 3.6</p> |
| <p><b>Interest Rate</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p>     | <p>5% per annum, plus an additional 2.5% per annum during any period following an Event of Default (as defined below). Such amounts shall accrue during the term of DIP Term Loan but shall not be payable until the maturity of the DIP Term Loan. For the avoidance of doubt, DIP Lender shall be under no further obligation to make advances under the DIP Term Loan following an Event of Default.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>DIP Term Sheet, p. 3; Order, ¶ 3.2</p> |
| <p><b>Maturity Date</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p>     | <p>The earlier of (i) March 31, 2024, (ii) the occurrence of an Event of Default (as defined below), or (iii) the closing of a Sale.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>DIP Term Sheet, p. 3; Order, ¶ 3.5</p> |
| <p><b>Events of Default</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p> | <p>As used herein, an “<b>Event of Default</b>” shall mean the occurrence of any of the following events without cure after the expiration of five (5) business days and after the DIP Lender having sent written notice by e-mail to Debtor’s bankruptcy counsel, counsel to the Bond Trustee, the United States Trustee, and counsel for any appointed Committee, unless waived in writing by DIP Lender in its sole and absolute discretion:</p>                                                                                                                                                                                                                                                                                                                                                                                                       | <p>DIP Term Sheet p. 3; Order, ¶ 2.1</p>  |

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|  | <p>(i) the Debtor's continuing care retirement community currently known as Friendship Village of Schaumburg (the "<b>CCRC Facility</b>") shall cease operations as a continuing care retirement community;</p> <p>(ii) the Debtor shall fail to comply with any of the Milestones;</p> <p>(iii) the Debtor shall use any proceeds of the DIP Financing for items not reflected in the Approved Budget;</p> <p>(iv) the Debtor's Chapter 11 Case shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or the Debtor shall file a motion or other pleading seeking the dismissal of its Chapter 11 Case under section 1112 of the Bankruptcy Code or otherwise, or seeking the conversion of its Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, without payment in full of all DIP Obligations and immediate termination of any further obligations of the DIP Lender to made advances under the DIP Financing;</p> <p>(v) a trustee, interim receiver, receiver or manager shall be appointed in the Debtor's Chapter 11 Case, or a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1104(b) of the Bankruptcy Code shall be appointed in the Debtor's Chapter 11 Case;</p> <p>(vi) any order of the Court shall be entered reversing, amending, supplementing, staying, vacating or otherwise amending, supplementing or modifying the DIP Order or the Debtor shall apply for the authority to do so, in each case in a manner that is adverse in any respect to the DIP Lender, without the prior written consent of the DIP Lender;</p> <p>(vii) the DIP Order shall cease to be in full force and effect;</p> <p>(viii) the Debtor shall fail to comply with the DIP Order in any material respect;</p> <p>(ix) an order of the Court shall be entered avoiding or permitting recovery of any portion of the payments made on account of the DIP Obligations;</p> <p>(x) the entry of an order in the Debtor's Chapter 11 Case with respect to the Debtor seeking to obtain financing pursuant to section 364 of the Bankruptcy Code (other than the DIP Financing);</p> <p>(xi) the Debtor makes any payments of principal or interest or otherwise on account of any pre-petition claims other than</p> |  |
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|                                                                                                                          | <p>payments authorized by the Approved Budget and/or the Court in respect of “first day orders” or other orders entered upon pleadings in form and substance reasonably satisfactory to DIP Lender;</p> <p>(xii) the Court shall enter an order or orders granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code to any creditor or party in interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of the Debtor that has an aggregate value in excess of \$250,000;</p> <p>(xiii) the Debtor is denied the ability to use cash which is property of its bankruptcy estate or cash collateral;</p> <p>(xiv) an order shall be entered by the Court terminating any of the Debtor’s exclusive periods for proposing a Chapter 11 plan;</p> <p>(xv) an order shall be entered by the Court confirming a Chapter 11 plan other than an Acceptable Plan; or</p> <p>(xvi) the Debtor shall file or support any pleading seeking relief the grant of which would give rise to an Event of Default.</p> |                                            |
| <p><b>Costs, Fees and Expenses</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p> | <p>The Debtor shall satisfy in cash all reasonable and documented out-of-pocket costs, fees and expenses incurred by DIP Lender in connection with the DIP Financing (including without limitation professional fees and expenses). Such costs, fees and expenses shall be paid from the proceeds of the DIP Financing without the need for approval of the Court.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>DIP Term Sheet, p. 5; Order, ¶ 3.12</p> |
| <p><b>Administrative Claims</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)</i></p>                                          | <p>Subject to the Carve-Out (as defined below), each of the DIP Obligations shall constitute allowed administrative expense claims against the Debtor (without the need to file any proof of claim).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>DIP Term Sheet, p. 5</p>                |
| <p><b>Carve-Out</b></p> <p><i>Bankruptcy Rule 4001(c)(1)(B)</i></p> <p><i>Local Rule 4001-2(A)(3)</i></p>                | <p>The “<b>Carve-Out</b>” means the sum of:</p> <p>(i) all reasonable fees and expenses up to \$10,000 incurred by a trustee under section 726(b) of the Bankruptcy Code;</p> <p>(ii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses to attorneys and advisors, including financial advisors, incurred by persons or firms retained by the Debtor pursuant to section 327, 328, or 363 of the Bankruptcy Code (the “<b>Debtor Professionals</b>” and such fees the “<b>Allowed Debtor Professional Fees</b>”) at any time before or on the first business day following delivery by the DIP Lender of a</p>                                                                                                                                                                                                                                                                                                                                                                                                      | <p>DIP Term Sheet, p. 6; Order, ¶ 1.4</p>  |

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|  | <p>Carve-Out Trigger Notice (as defined herein) whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice;</p> <p>(iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses to attorneys and advisors, including financial advisors, incurred by persons or firms retained by the official committee of unsecured creditors duly appointed in the Debtor's case ("<b>Committee</b>") pursuant to section 328 or 1103 of the Bankruptcy Code ("<b>Committee Professionals</b>" and such fees the "<b>Allowed Committee Professional Fees</b>" and together with the Allowed Debtor Professional Fees, "<b>Allowed Professional Fees</b>") at any time before or on the first business day following delivery by the DIP Lender of a Carve-Out Trigger Notice (as defined herein) whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice;</p> <p>(iv) Allowed Debtor Professional Fees incurred after the first business day following delivery by the DIP Lender of the Carve-Out Trigger Notice, to the extent allowed at any time under any Approved Budget, whether by interim order, procedural order, or otherwise in an aggregate amount of \$240,000, with no individual request for payment of any Allowed Debtor Professional Fees to exceed the following amounts for each Debtor Professional, absent the agreement of each Debtor Professional: Polsinelli (\$100,000); DOPKELAW (\$60,000); Wyse Advisors (\$55,000); and Stretto (\$25,000).</p> <p>(v) Allowed Committee Professional Fees incurred after the first business day following delivery by DIP Lender of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise in an aggregate amount of \$75,000 (the amounts set forth in clauses (v and vi) being the "<b>Post Carve-Out Trigger Notice Cap</b>").</p> <p>The DIP Order shall provide that the Debtor is authorized to establish customary escrow(s) for the Carve-Out.</p> <p>For purposes of the foregoing, "<b>Carve-Out Trigger Notice</b>" shall mean a written notice delivered by email (or other electronic means) by the DIP Lender to the Debtor (with the Debtor to promptly provide a copy of such notice to counsel to the Committee, the United States Trustee, the Bond Trustee, and counsel to any holder of Prior Senior Liens) (collectively, the "<b>Notice Parties</b>"), which notice may be delivered following the occurrence of an Event of Default, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.</p> |  |
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|                                                                                                             | Debtor Professionals and Committee Professionals must provide to DIP Lender documentation in support of any amounts due to each such professional in the same form required pursuant to any order entered by the Court authorizing procedures for interim fee and expense reimbursement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                    |
| <b>Waivers /<br/>Modification of<br/>Automatic Stay</b><br><br><i>Bankruptcy Rule<br/>4001(c)(1)(B)(iv)</i> | <p>The automatic stay provisions of Bankruptcy Code section 362 or otherwise are vacated and modified to the extent necessary to permit the DIP Lender to exercise:</p> <ul style="list-style-type: none"> <li>(i) immediately upon the Maturity Date, all rights and remedies under the DIP Order; and</li> <li>(ii) upon the occurrence and during the continuance of an Event of Default and the giving of five (5) business days' prior written notice to the Debtor (with the Debtor to promptly provide a copy to the other Notice Parties) ("<b>Remedies Notice Period</b>"), all rights and remedies against the DIP Collateral provided for in the DIP Order, provided that, upon the receipt of any such notice, the Debtor may only make disbursements to (i) fund payment of the Carve-Out as provided in the DIP Order; (ii) to pay costs, fees and expenses of the DIP Lender as set forth herein; and (iii) to pay any other amounts necessary to avoid immediate and irreparable harm (and solely to the extent provided in the Approved Budget), and may not disburse any other amounts. During the Remedies Notice Period, the Debtor, the Committee and/or any other party in interest shall be entitled to seek an emergency hearing with the Court with respect to any remedies sought to be exercised by the DIP Lender.</li> </ul> <p>In no event shall the DIP Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral. The delay or failure to exercise rights and remedies under the DIP Order by the DIP Lender shall not constitute a waiver of the DIP Lender's rights hereunder, thereunder or otherwise, unless any such waiver is pursuant to a written instrument executed in accordance with the terms of the DIP Order.</p> <p>To the extent not otherwise provided, the automatic stay imposed under section 362(a)(2) of the Bankruptcy Code shall be modified pursuant to the DIP Order as necessary for the relevant parties to effectuate all of the terms and provisions of the Final DIP Order.</p> | DIP Term Sheet, p. 7; Order, ¶ 2.4 |

**JURISDICTION, VENUE, AND STATUTORY AUTHORITY**

17. On June 9, 2023, (the “**Petition Date**”), the Debtor filed this bankruptcy case (the “**Chapter 11 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**”).

18. So far in this Chapter 11 Case, no request has been made for the appointment of a trustee or examiner.

19. A committee of unsecured creditors has been appointed in this Chapter 11 Case under section 1102 of the Bankruptcy Code.

20. 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.

21. The Debtor continues to operate its business and manage its property as a debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

22. 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).

**BASIS FOR RELIEF**

23. The Debtor has ample justification for seeking the relief sought in this Motion. The Debtor’s ability to obtain postpetition financing is critical to the success of this Chapter 11 Case and to the well-being of the Residents who depend on the Debtor for personal services and healthcare. The Debtor’s ability to address the likely shortfalls in the availability of sufficient cash to accomplish these urgent needs and goals are the key to the Debtor’s ability to successfully reorganize.

24. Section 364 of the Bankruptcy Code generally permits debtors to obtain credit or incur debt by either: (a) obtaining unsecured credit in the ordinary course of business, (b) obtaining unsecured credit outside the ordinary course of business, or (c) obtaining credit with specialized priority or on a secured basis. See 11 U.S.C. § 364(a)-(c). This is not a case where the Debtor needs to explain why it was necessary for the debtor to grant senior or junior liens or superpriority status to a postpetition lender to secure needed cash to support its operations. The Debtor submits that FSO's offer is certain to be the best terms that the Debtor could ever expect to receive from conventional sources, given the Debtor's present circumstances which include the magnitude and priority of the Debtor's existing debt and the fact that the Debtor is locked in liquidation mode and is unlikely to be in a position to repay loans from outside sources on better terms than those sought by FSO.

**1. Business Judgment**

25. A debtor's decision to enter into a postpetition lending facility under section 364 of the Bankruptcy Code is governed by the business judgment standard. See *In re Ames*, 115 B.R. at 40 (“[C]ases consistently reflect that the court’s discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit parties in interest.”); see also *In re Farmland Indus., Inc.*, 294 B.R. 855, 881 (Bankr. W.D. Mo. 2003) (noting that approval of postpetition financing requires, inter alia, an exercise of “sound and reasonable business judgment”); *In re Barbara K. Enters., Inc.*, No. 08-11474 (MG), 2008 WL 2439649, at \*14 (Bankr. S.D.N.Y. June 16, 2008) (stating that a bankruptcy court’s “normal function in reviewing requests for postpetition

financing is to defer to a debtor's own business judgment so long as a request for financing does not 'leverage the bankruptcy process' and unfairly cede control of the reorganization to one party in interest.") (citation omitted); *In re Trans World Airlines, Inc.*, 163 B.R. 964, 974 (Bankr. D. Del. 1994) (noting that the interim loan, receivable facility, and asset-based facility were approved because they "reflect[ed] sound and prudent business judgment . . . [were] reasonable under the circumstances and in the best interest of [the debtor] and its creditors").

26. Bankruptcy courts will not challenge a debtor's decisions concerning the operation of its business when those decisions reflect a "good faith business judgment, [are] made on a reasonable basis, and [are] 'within the scope of [the trustee's] authority under the Code.'" *In re Taub*, 441 B.R. 211, 216 (Bankr. E.D.N.Y. 2010) (quotation marks and citation omitted); *See In re YL W. 87th Holdings I LLC*, 423 B.R. 421, 441 (Bankr. S.D.N.Y. 2010) ("Courts have generally deferred to a debtor's business judgment in granting section 364 financing.") (citations omitted). Further, as one court has noted, "[m]ore exacting scrutiny [of the debtor's business decisions] would slow the administration of the debtor's estate and increase its cost, interfere with the Bankruptcy Code's provision for private control of administration of the estate, and threaten the court's ability to control a case impartially." *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1311 (5th Cir. 1985).

27. Here, the Debtor's determination to obtain the DIP Facility represents an appropriate exercise of its sound business judgment and should be approved. The DIP Facility is essential to enable the Debtor to continue to operate during the course of this Chapter 11 Case and is in the best interest of the Debtor's estate, creditors and the Residents. Indeed, failure to obtain approval of the DIP Facility would lead to a wind-up of the Debtor's business operations which,

in turn, threatens imminent and irreparable harm to the Residents and will adversely affect the value ultimately received by stakeholders. Accordingly, pursuant to subsections 364(b) of the Bankruptcy Code, the Debtor respectfully submits that it should be granted authority to obtain financing from the FSO on the terms set forth in the DIP Term Sheet.

28. In considering whether the terms of postpetition financing are fair and reasonable, courts consider the terms in light of the relative circumstances of both the debtor and the potential lender. *See In re Farmland Indus., Inc.*, 294 B.R. 855, 886 (Bankr. W.D. Mo. 2003); *see also Unsecured Creditors' Comm. Mobil Oil Corp. v. First Nat'l Bank & Trust Co. (In re Ellingsen MacLean Oil Co.)*, 65 B.R. 358, 365 (W.D. Mich. 1986) (holding that a debtor may have to enter into hard bargains to acquire funds). The appropriateness of a proposed financing facility should also be considered in light of current market conditions. *See* Transcript of Record at 740:4–6, *In re Lyondell Chem. Co.*, No. 09-10023 (REG) (Bankr. S.D.N.Y. Feb. 27, 2009) (“[B]y reason of present market conditions, as disappointing as the [DIP] pricing terms are, I find the provisions reasonable here and now.”).

## **2. Good Faith**

29. Section 364(e) of the Bankruptcy Code provides, in relevant part:

The reversal or modification on appeal of an authorization under this section to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

11 U.S.C. § 364(e).

30. The terms and conditions of the DIP Facility were negotiated in good faith and at arm's-length among the Debtor and Debtor's counsel, on one hand, and FSO, through its counsel, on the other, culminating in the DIP Term Sheet that is designed to provide the Debtor with essential working capital. Indeed, when viewed in its totality, the DIP Facility reflects the Debtor's exercise of prudent business judgment consistent with its fiduciary duties and is supported by fair consideration. Accordingly, the Court should find that FSO is a "good faith" lender within the meaning of Bankruptcy Code section 364(e), and is entitled to all of the protections afforded by that section.

**3. Modifying the Automatic Stay**

31. The Debtor requests that the DIP Order (i) shall be deemed a request by FSO for relief from the automatic stay of section 362 of the Bankruptcy Code as needed in order to allow FSO to implement and perform its duties and obligations as set forth in the DIP Order; and (ii) authorizes the Debtor to accept and receive disbursements and/or payments from FSO and apply such disbursements and/or payments pursuant to the Approved Budget, and (iii) to allow FSO and Debtor to take any action specifically authorized or contemplated by the DIP Order and exercise possession, control, use and/or distribution of any funds now or hereafter held by them as permitted under the DIP Order.

**WAIVER OF BANKRUPTCY RULE 6004(A) AND (H)**

32. As additional relief requested by this Motion, the Debtor requests a waiver of any notice requirements under Bankruptcy Rule 6004(a) and any stay of the effectiveness of the order(s) approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days

after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As set forth above, the Debtor requires immediate relief to receive funding from FSO in order to continue ordinary business operations for the benefit of all parties in interest. The waiver of the notice and effectiveness under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h) are certainly justified to the extent such notice requirements and stay apply.

### **NOTICE**

33. The Debtor has properly served notice of the Motion and the hearing thereon pursuant to Sections 361, 362, and 363 of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001(c)(2), 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) counsel to the creditors committee; (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.

34. 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**

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

**RESERVATION OF RIGHTS**

36. 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.

**CONCLUSION**

**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

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

Dated: July 21, 2023

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

By: /s/ Bruce Dopke  
Counsel for the Debtor

Bruce Dopke, Member (ARDC # 3127052)  
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bd@dopkelaw.com

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

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

**DECLARATION OF MICHAEL WYSE IN SUPPORT OF THE DEBTOR’S MOTION  
FOR ENTRY OF AN ORDER (I) TO AUTHORIZE THE DEBTOR TO OBTAIN  
UNSECURED POSTPETITION FINANCING; (II) MODIFYING THE AUTOMATIC  
STAY; AND (III) GRANTING RELATED RELIEF**

I, Michael Wyse, declare as follows:

1. I am familiar with the matters set forth herein and, if called as a witness, I could and would testify thereto. Unless otherwise defined, all capitalized terms used herein have the meanings ascribed to them in the Motion (as defined below).

2. I am a Managing Director with Wyse Advisors LLC, a restructuring advisory services firm with numerous offices throughout the country. I submit this declaration (the “**Declaration**”) in support of the *Debtor’s Motion for Entry of an Order (I) To Authorize the Debtor to Obtain Unsecured Postpetition Financing; (II) Modifying the Automatic Stay; and (III) Granting Related Relief* (the “**Motion**”), which the Debtor filed with the Court on July 21, 2023.

3. The Debtor filed this Case to facilitate the sale of the Campus under the provisions of 11 U.S.C. §363 (the “**Sale Process**”). The Sale Process is now underway.

4. On June 9, 2023, the Debtor filed 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 [Docket No. 9] (the “**Cash Collateral Motion**”).*

5. The Debtor, through the Cash Collateral Motion sought to use cash collateral owned or claimed to be owned by UMB Bank, N.A., in its capacity as bond trustee (the “**Bond Trustee**”) in connection with certain bond transactions which took place in November 2017 (the “**Bond Transactions**”) and which were secured by, among other things, a loan agreement signed by the Debtor and dated as of December 1, 2017 (the “**Loan Agreement**”).

6. The Bond Trustee asserts a claim against the Debtor in excess of Two Hundred Thirty-One Million Dollars (\$231,000,000.00).

7. The Debtor filed the Cash Collateral Motion to secure the Debtor’s ability to use cash collateral of the Bond Trustee along with the other cash assets which the Debtor may own to support the needs of the Campus and those of the Sale Process, while providing adequate protection to the Bond Trustee for that use of its cash collateral.

8. Pursuant to the Cash Collateral Motion and the orders entered by the Court on that motion, the Debtor has used cash collateral in accordance with an “Approved Budget,” which is attached to the Motion as Schedule A (the “**Approved Budget**”). Although the Debtor’s current projections indicate that the Debtor’s cash position may remain positive through the first week of September 2023, the Debtor’s longer-term projections indicate that the cash needed to support the Campus between now and the conclusion of the Sale Process could be as much as \$3,000,000.

9. Accordingly, the Debtor determined, in its business judgment, that it would be necessary to obtain postpetition financing. After extensive negotiations, the Debtor reached an agreement with FSO to provide such postpetition financing to the Debtor through an unsecured

term loan in the aggregate principal amount of up to \$3,000,000 (the “**DIP Facility**”), on the terms described in the DIP Term Sheet and as discussed more fully in the Motion. The Debtor will use funds from the DIP Facility to fund the continued operations of the Campus and the costs associated with this Case including the Sale Process, while maintaining adequate protection of the Bond Trustee’s interests, addressed through the prior order entered by the Court with respect to the Debtor’s use of cash collateral pursuant to the Approved Budget.

10. Through my financial advisor practice of many years, I have maintained relationships with many institutions which provide DIP financing to debtors in Chapter 11 cases. I am very familiar with the lending practices of DIP lenders. In my opinion, not one of my acquaintances that are in the business of offering financing to clients with distressed finances would be able to provide DIP financing to the Debtor on the terms offered by FSO to FVS given the circumstances of Debtor’s bankruptcy case. There are many reasons why this is so, which should be self-evident to any experienced insolvency professional. I have advised the Debtor that it would be well within the range of its sound business judgment to accept the offer of financing from FSO. My understanding is that the Debtor has accepted my recommendation.

11. I reserve the right to amend this Declaration to provide additional information in support of the Motion.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 21st day of July, 2023.

/s/ Michael Wyse  
\_\_\_\_\_  
Michael Wyse  
Wyse Advisors LLC

**REQUIRED STATEMENT  
TO ACCOMPANY MOTIONS FOR RELIEF FROM STAY**

All Cases: Debtor(s) Evangelical Retirement Homes of Greater Chica Case No. 23-07540 Chapter 11

All Cases: Moving Creditor \_\_\_\_\_ Debtor \_\_\_\_\_ Date Case Filed 6/9/23

Nature of Relief Sought: ☒ Lift Stay ☐ Annul Stay ☐ Other (describe) \_\_\_\_\_

Chapter 13: Date of Confirmation Hearing \_\_\_\_\_ or Date Plan Confirmed \_\_\_\_\_

Chapter 7: ☐ No-Asset Report Filed on \_\_\_\_\_  
☐ No-Asset Report not Filed, Date of Creditors Meeting \_\_\_\_\_

1. Collateral  
a. ☐ Home  
b. ☐ Car Year, Make, and Model \_\_\_\_\_  
c. ☒ Other (describe) none

2. Balance Owed as of Petition Date \$ 0  
Total of all other Liens against Collateral \$ 0

3. In chapter 13 cases, if a post-petition default is asserted in the motion, attach a payment history listing the amounts and dates of all payments received from the debtor(s) post-petition.

4. Estimated Value of Collateral (must be supplied in *all* cases) \$ 0

5. Default  
a. ☐ Pre-Petition Default  
Number of months \_\_\_\_\_ Amount \$ n/a  
b. ☐ Post-Petition Default  
i. ☐ On direct payments to the moving creditor  
Number of months \_\_\_\_\_ Amount \$ n/a  
ii. ☐ On payments to the Standing Chapter 13 Trustee  
Number of months \_\_\_\_\_ Amount \$ \_\_\_\_\_

6. Other Allegations  
a. ☐ Lack of Adequate Protection § 362(d)(1)  
i. ☐ No insurance  
ii. ☐ Taxes unpaid Amount \$ \_\_\_\_\_  
iii. ☐ Rapidly depreciating asset  
iv. ☒ Other (describe) Granting leave to perform duties/responsibilities under loan terms.  
b. ☐ No Equity and not Necessary for an Effective Reorganization § 362(d)(2)  
c. ☐ Other "Cause" § 362(d)(1)  
i. ☐ Bad Faith (describe) \_\_\_\_\_  
ii. ☐ Multiple Filings  
iii. ☒ Other (describe) Required lending term.  
d. Debtor's Statement of Intention regarding the Collateral  
i. ☐ Reaffirm ii. ☐ Redeem iii. ☐ Surrender iv. ☐ No Statement of Intention Filed

Date: 7/24/2023 \_\_\_\_\_  
\_\_\_\_\_  
/s/ Bruce Dopke  
Counsel for Movant

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

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

ORDER GRANTING DEBTOR’S MOTION FOR ENTRY OF AN ORDER (I) TO  
AUTHORIZE THE DEBTOR TO OBTAIN UNSECURED POSTPETITION FINANCING; (II)  
MODIFYING THE AUTOMATIC STAY; AND (III) GRANTING RELATED RELIEF

Upon the motion (the “Motion”) of the above-captioned debtor and debtor in possession (the “Debtor”) in the above-captioned chapter 11 case (the “Chapter 11 Case”), seeking entry of an order (this “Order”) pursuant to sections 105(a), 362, 363, 364 of title 11 of the United States Code (the “Bankruptcy Code”) rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 4001-2 of the Local Bankruptcy Rules for the Northern District of Illinois (the “Local Rules”), that, among other things:

(i) authorizes the Debtor to obtain postpetition financing (the “DIP Financing”) on an unsecured basis, consisting of a new money term loan facility (the “DIP Facility”) and the loans issued thereunder, the “DIP Loans”) in an aggregate principal amount of up to \$3,000,000 pursuant to the terms and conditions set forth in this Order and that certain term sheet annexed hereto as Exhibit 1 (as may be amended, restated, supplemented, waived, or otherwise modified from time

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to time in accordance with the terms hereof and thereof, the “DIP Term Sheet”), entered into by the Debtor and the DIP Lender (collectively, the “DIP Loan Parties”);

(ii) approves the terms of and authorizing the Debtor to enter into and deliver the DIP Term Sheet and any other agreements, instruments, and documents related thereto (collectively, the “DIP Loan Documents”) and to perform such other acts as may be necessary or desirable in connection with the DIP Loan Documents;

(iii) authorizes the Debtor to enter into the DIP Facility and to incur all obligations owing thereunder and under the DIP Loan Documents to the DIP Lender (collectively, the “DIP Obligations”);

(iv) authorizes the DIP Loan Parties to perform such other and further acts as may be necessary or desirable in connection with this Order, the DIP Loan Documents, including the DIP Term Sheet, and the transactions contemplated hereby and thereby;

(v) authorizes and directs the Debtor to use the proceeds of the DIP Facility to fund the operational, employee, and other costs of the Debtor, including, without limitation, payments authorized to be made under “first day” or “second day” orders, and payments related to the working capital and other general corporate purposes of the Debtor, including the payment of professional fees and expenses, and in each case, consistent with, subject to, and within the categories and limitations contained in the Approved Budget (as defined in the DIP Term Sheet); and

(vi) authorizes the DIP Lender to (1) terminate the funding obligations under the DIP Loan Documents in accordance with their terms and (2) declare the DIP Obligations to be immediately due and payable in full, to the extent permitted by the terms thereof.

The Court, having considered the Motion, the DIP Term Sheet, the proposed Order, the *Declaration of Mike Flynn, Chief Executive Officer of the Debtor in Support of the Debtor's First Day Pleadings* [Docket No. 16] (the "First Day Declaration"), the declaration of Michael Wyse in support of the *Debtor's Motion for Entry of an Order (I) To Authorize the Debtor to Obtain Unsecured Postpetition Financing; (II) Modifying the Automatic Stay; and (III) Granting Related Relief* (the "Wyse Declaration"), the pleadings filed with the Court, the evidence submitted and arguments proffered or adduced at the hearing held before the Court on August 4, 2023 (the "*Hearing*"), and upon the record of this Chapter 11 Case; and adequate notice of the Hearing having been given in accordance with Bankruptcy Rules 2002, 4001 and 9014 and all applicable Local Rules; and it appearing that no other or further notice need be provided; and all objections, responses and reservations of rights with respect to the entry of the Order, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled by the Court; and it appearing to the Court that granting the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor and its estate, and otherwise is fair and reasonable and in the best interests of the Debtor, its estate, and its creditors, represents a sound exercise of the Debtor's business judgment, and is necessary for the continued operation of the Debtor's businesses; and after due deliberation and consideration, and for good and sufficient cause appearing therefor,

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THE COURT HEREBY FINDS AND CONCLUDES THAT:

A. Petition Date. On June 9, 2023 (the “Petition Date”), the Debtor filed a voluntary petition (the “Petition”) under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois (the “Court”).

B. Debtor-in-Possession. The Debtor continues to operate its business and manage its properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

C. Disposition. The Motion is hereby granted in accordance with the terms of this Order.

D. Jurisdiction and Venue. The Court has jurisdiction of this proceeding and the parties and property affected hereby 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). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

E. Notice. Upon the record presented to the Court at the Hearing, notice of the Motion and the relief requested thereby and this Order has been provided to: (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

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Health; (xiii) counsel to the creditors committee; (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 and (xvii) all other parties required to receive notice under Local Rule 2002-2. Under the circumstances, and as immediate and irreparable loss would be caused to the estate if immediate financing were not obtained, the parties to which notice was given and the manner of notice was the best available under the circumstances and constitutes due and sufficient notice.

F. Findings Regarding Postpetition Financing.

(i) Request for Postpetition Financing. The Debtor seeks authority to (a) enter into the DIP Term Sheet on the terms described herein and in the DIP Loan Documents.

(ii) Immediate Need for Postpetition Financing. The Debtor has an immediate and critical need to obtain financing pursuant to the DIP Financing in order to permit the orderly continuation of the operation of its business. The Debtor seeks to maximize the value of the assets of its estate for the benefit of its creditors. The incurrence of new debt under the DIP Loan Documents is necessary and vital to the preservation and maintenance of the going concern value of the Debtor. Immediate and irreparable harm will be caused to the Debtor and its estate if immediate financing is not obtained. The extensions of credit under the DIP Financing are fair and reasonable, and the Debtor's incurrence of the DIP Financing reflects the Debtor's exercise of prudent business judgment. The adequate protection provided in this Order and other benefits and privileges contained herein are consistent with and authorized by the Bankruptcy Code.

(iii) No Credit Available on More Favorable Terms. The DIP Financing is the best source of debtor-in-possession financing available to the Debtor. The Debtor is unable to procure financing from sources other than the DIP Lender on terms more favorable than the DIP Financing.

(iv) Budget. As a condition to the Debtor's entry into the DIP Loan Documents and the extension of credit thereunder, the Debtor has agreed that the proceeds of the DIP Financing shall be used solely in accordance with the terms and conditions of this Order, the DIP Loan Documents, and the Approved Budget (as defined below). The Debtor represents that the Approved Budget has been thoroughly reviewed by the Debtor and its management and sets forth, among other things, the projected cash receipts and disbursements of the Debtor for the periods covered thereby. The Debtor represents that the Approved Budget is achievable in accordance with the terms of this Order and will allow the Debtor to operate at all times during the Chapter 11 Case. The DIP Lender is relying upon the Debtor's compliance with the Approved Budget in determining to enter into the postpetition financing arrangements provided for in the DIP Loan Documents.

G. Business Judgment and Good Faith Pursuant to 364(e). The terms of this Order and the other DIP Loan Documents are fair, just and reasonable under the circumstances, are ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtor's exercise of its prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The terms and conditions of the DIP Loan Documents have been negotiated in good faith and at arms' length by and among the Debtor and the DIP Lender, with all parties being represented by counsel. Any credit extended pursuant to the Order

shall be deemed to have been extended in good faith by the DIP Lender, as that term is used in § 364(e) of the Bankruptcy Code.

H. Good Cause. The relief requested in the Motion is necessary, essential and appropriate, and is in the best interest of and will benefit the Debtor, its creditors and its estate, as its implementation will, among other things, provide the Debtor with the necessary liquidity to (1) minimize disruption to the Debtor's business and on-going operations, (2) preserve and maximize the value of the Debtor's estate for the benefit of all the Debtor's creditors, and (3) avoid immediate and irreparable harm to the Debtor, its creditors, its business, its employees, and its assets. The extensions of credit under the DIP Financing, as set forth in this Order, are fair and reasonable under the circumstances, and reflect the Debtor's exercise of prudent business judgment.

I. Immediate Entry. Sufficient cause exists for immediate entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) and the applicable Local Rules.

NOW, THEREFORE, based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rules 4001(c)(2) to the extent provided in this Order. Entry into the DIP Term Sheet and other DIP Loan Documents is expressly and immediately authorized and approved, subject to the terms and conditions set forth in this Order and in the DIP Loan Documents. All objections to this Order to the extent not withdrawn, waived, settled or resolved, and all reservations of rights included

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therein, are hereby denied and overruled on the merits. This Order shall become effective immediately upon its entry.

1.2 Authorization to Borrow and Use Loan Proceeds. To prevent immediate and irreparable harm to the Debtor's estates, and to enable the Debtor to continue to operate its business and preserve and maximize the value of its estate, subject to the terms and conditions set forth in the DIP Loan Documents and this Order, the Debtor is hereby authorized to borrow under the DIP Facility in a principal amount of up to \$500,000 on or after the first business day following entry of the this Order (the "Initial Advance"). Subject to the terms and conditions contained in the DIP Loan Documents, the Debtor shall use the proceeds of the Initial Advance solely for payment of expenses set forth in the Approved Budget and amounts owing to the DIP Lender in accordance with the terms and conditions of the DIP Loan Documents.

1.3 DIP Obligations. The DIP Loan Documents and this Order shall constitute and evidence the validity and binding effect of the Debtor's DIP Obligations, pursuant to the terms and conditions of the DIP Loan Documents, up to a maximum principal amount of \$3,000,000. All DIP Obligations shall be enforceable against the Debtor, its estates, and any successors thereto, including without limitation, any trustee appointed in the Chapter 11 Case, or in any case under Chapter 7 of the Bankruptcy Code upon the conversion of any of the Chapter 11 Case, or in any other proceedings superseding or related to any of the foregoing (each, a "Successor Case"). In the event of any inconsistencies between this Order and the other DIP Loan Documents, this Order shall control.

1.4 Carve-Out. As used in this Order, "Carve-Out" shall have the meaning set forth in the DIP Term Sheet. For the avoidance of doubt, nothing in the DIP Loan Documents

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shall be construed to impair the ability of any party to object to the fees, expenses, reimbursement or compensation described in the definition of Carve-Out.

1.5 Payment of Carve-Out. Payment from the Carve-Out, whether by or on behalf of the DIP Lender, shall not be deemed to reduce the DIP Obligations. The DIP Lender shall not, under any circumstance, be responsible for the direct payment or reimbursement of any Allowed Professional Fees, and nothing in this Order shall be construed to obligate the DIP Lender in any way, to directly pay compensation to or to reimburse any Allowed Professional Fees, or to ensure that the Debtor has sufficient funds to pay such Allowed Professional Fees other than as required to fund the Carve-Out in accordance with the DIP Term Sheet. However, notwithstanding any other term or provision of this Order, the Debtor is authorized to establish customary escrow(s) for the Carve-Out.

## Section 2. Default; Rights and Remedies; Relief from Stay.

2.1 Events of Default. The occurrence of any of the events identified in the DIP Term Sheet as an Event of Default shall constitute an “Event of Default”.

2.2 Rights and Remedies upon Event of Default. Upon the occurrence of and during the continuance of an Event of Default the Debtor shall be bound by all restrictions, prohibitions and other terms as provided in the DIP Term Sheet and this Order and the DIP Lender shall be entitled to take any act or exercise any right or remedy (subject to Section 2.4 below) as provided in the DIP Term Sheet and this Order, including, without limitation, ceasing to provide the DIP Loans, accelerating the DIP Obligations and declaring all DIP Obligations immediately due and payable. The DIP Lender shall have no obligation to lend or advance any additional funds to or on behalf of the Debtor, or provide any other financial accommodations to the Debtor,

immediately upon or after the occurrence of an Event of Default or upon the occurrence of any act, event, or condition that, with the giving of notice or the passage of time, or both, would constitute an Event of Default, except as is necessary to fund the Carve-Out.

2.3 Expiration of Commitment. Upon the expiration of the Debtor's authority to borrow and obtain other credit accommodations from the DIP Lender pursuant to the terms of this Order, unless an Event of Default occurs sooner and the automatic stay has been lifted or modified pursuant to Section 2.4 of this Order, all of the DIP Obligations shall immediately become due and payable and the DIP Lender shall have no obligation whatsoever to make or extend any loans, advances, provide any financial or credit accommodations to the Debtor, subject to the Carve-Out.

2.4 Modification of Automatic Stay. The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application or order of the Court to the extent necessary to permit the DIP Lender to perform any act authorized or permitted under or by virtue of this Order, including, without limitation, (a) to implement the postpetition financing arrangements authorized by this Order, (b) to assess, charge, collect, advance, deduct and receive payments with respect to the DIP Obligations, and apply such payments to the DIP Obligations pursuant to this Order, and (c) to take any action and exercise all rights and remedies provided to it by this Order or applicable law. Upon the receipt of an Event of Default, the Debtor may only make disbursements to (i) fund payment of the Carve-Out; (ii) to pay costs, fees and expenses of the DIP Lender as set forth herein; and (iii) to pay any other amounts necessary to avoid immediate and irreparable harm (and solely to the extent provided in the Approved Budget), and may not

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disburse any other amounts. During the Remedies Notice Period, the Debtor, the Committee and/or any other party in interest shall be entitled to seek an emergency hearing with the Court with respect to any remedies sought to be exercised by the DIP Lender. In any hearing regarding any exercise of rights or remedies (which hearing must take place within the Remedies Notice Period), the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing, and the Debtor shall not be entitled to seek relief to the extent such relief would in any way impair or restrict the rights and remedies of the DIP Lender set forth in the Order.

Section 3. Advances; Forgiveness Conditions.

3.1 DIP Loan Mechanism. DIP Loans shall be made available to the Debtor in the manner described in the DIP Term Sheet. For the avoidance of doubt, the DIP Lender shall be under no further obligation to make DIP Loans following an Event of Default.

3.2 Interest Rate. The DIP Obligations shall bear interest at the rate set forth in the DIP Loan Documents.

3.3 Approved Budget. The Debtor has prepared and delivered to the DIP Lender, and the DIP Lender has approved, an initial budget, a copy of which is annexed to this Order as Exhibit 2. The budget for a given period that has been approved by the DIP Lender shall be referred to herein as the “Approved Budget”. The Debtor’s expenditures and receipts shall be deemed in compliance with the Approved Budget.

3.4 Milestones. The Debtor shall comply with Milestones as set forth in the DIP Term Sheet.

3.5 Maturity Date. The DIP Obligations will become due and payable on the earlier of (i) March 31, 2023, (ii) the occurrence of an Event of Default, or (iii) the closing of a Sale (the “*Maturity Date*”).

3.6 Forgiveness. Upon the closing of a Sale (as defined below), the DIP Obligations (other than the Debtor’s indemnification obligations as described herein) shall be forgiven by the DIP Lender provided that no Event of Default has occurred. A “*Sale*” shall mean the closing of a transaction providing for the sale of substantially all of the assets of the CCRC Facility that assumes all residency agreements and related liabilities, including entrance fee refunds owed to current and former residents as is and without modification, pursuant to section 363 of the Bankruptcy Code in form and substance acceptable to DIP Lender in its sole discretion or pursuant to an Acceptable Plan.

3.7 No Modification or Stay of This Order. Notwithstanding any stay, modification, amendment, supplement, vacating, revocation or reversal of this Order, or any term hereunder, or the dismissal or conversion of the Chapter 11 Case (each, a “*Subject Event*”), (x) the acts taken by the DIP Lender in accordance with this Order, and (y) the DIP Obligations incurred or arising prior to the DIP Lender’s actual receipt of written notice from the Debtor expressly describing the occurrence of such Subject Event shall, in each instance, be entitled to the protections set forth in section 364(e) of the Bankruptcy Code.

3.8 Power to Waive Rights; Duties to Third Parties. The DIP Lender shall have the right to waive any of the terms, rights and remedies provided or acknowledged in this Order that are in favor of the DIP Lender (the “DIP Lender Rights”) and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or enforce, any

DIP Lender Rights. Any waiver by the DIP Lender of any DIP Lender Rights shall not be or constitute a continuing waiver. Any delay in or failure to exercise or enforce any DIP Lender Right shall neither constitute a waiver of such DIP Lender Right, subject the DIP Lender to any liability to any other party, nor cause or enable any party other than the Debtor to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtor to the DIP Lender.

3.9 Reservation of Rights. The terms, conditions and provisions of this Order are in addition to and without prejudice to the rights of the DIP Lender to pursue any and all rights and remedies under the Bankruptcy Code, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of professionals or other parties seeking compensation or reimbursement from the estate.

3.10 Binding Effect.

(a) The provisions of this Order, the DIP Obligations, and any and all rights, remedies, privileges and benefits in favor of each of the DIP Lender provided or acknowledged in this Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Order notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h) and 7062, shall continue in full force and effect.

(b) This Order shall be binding upon the Debtor, all parties served with the Motion and their respective successors and assigns, including any trustee or other fiduciary appointed in the Chapter 11 Case or any Successor Case. This Order shall also inure to the benefit of the Debtor, the DIP Lender and each of their respective successors and assigns.

3.11 Restrictions on Additional Financing, Plan Treatment. The rights of the DIP Lender pursuant to this Order with respect to the DIP Obligations are cumulative and shall not be altered, modified, extended, impaired, or affected by any plan of reorganization or liquidation of the Debtor and, if the DIP Lender shall expressly consent in writing that the DIP Obligations shall not be repaid in full upon confirmation thereof, shall continue after confirmation and consummation of any such plan (unless forgiven pursuant to Section 3.6 of this Order).

3.12 Payment and Review of DIP Lender Fees and Expenses. The Debtor shall pay all fees, that may be reasonably required or necessary for the DIP Lender's performance of its obligations under this Order, including, without limitation, the non-refundable payment to the DIP Lender of the reasonable fees and expenses (including without limitation professional fees and legal fees and expenses) of the DIP Lender's counsel or other professionals, whether incurred before or after the Petition Date; provided, that the Debtor shall pay all such reasonable fees and expenses within five (5) business days of delivery of a statement or invoice for such fees and expenses (it being understood that such statements or invoices shall not be required to be maintained in accordance with the U.S. Trustee Guidelines, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek the Court's approval of any such payments) to the Debtor, the U.S. Trustee and the Committee, unless, within such five (5) business day period, the Debtor, the U.S. Trustee or the Committee serve a written objection upon the requesting party, in which case, the Debtor shall pay only such amounts that are not the subject of any objection and the withheld amount subsequently agreed by the parties or ordered by the Court to be paid.

3.13 Term; Termination. Notwithstanding any provision of this Order to the contrary, the term of the financing arrangements among the Debtor and the DIP Lender authorized by this Order may be terminated pursuant to the terms set forth herein.

3.14 Retention of Jurisdiction. The Court retains jurisdiction and power with respect to all matters arising from or related to the DIP Financing and/or this Order.

#### Section 4. Other Relief

4.1 FSO and the Debtor are authorized to implement and perform their respective duties and obligations set forth in this DIP Order without any further requirement or permission by the Court.

4.2 As additional relief requested by this Motion, any further and applicable notice requirements under Bankruptcy Rule 6004(a) and any stay of the effectiveness of the order(s) approving this Motion pursuant to Bankruptcy Rule 6004(h) are waived for cause, including the Debtor's immediate need for funding under the DIP Facility.

Date: August \_\_, 2023

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United States Bankruptcy Court

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

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DIP TERM SHEET

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| Borrower             | Evangelical Retirement Homes for Greater Chicago, Inc. d/b/a Friendship Village of Schaumburg, an Illinois not-for-profit corporation (the “ <i>Debtor</i> ”) that operates as a continuing care retirement community (the “ <i>CCRC Facility</i> ”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Lender               | Friendship Senior Options, NFP, an Illinois not-for-profit corporation (the “ <i>DIP Lender</i> ”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Borrowing Limit      | <p>Up to \$3.0 million in debtor-in-possession financing (the “<i>DIP Financing</i>”) in the form of multiple advances under an unsecured term loan facility (collectively, the “<i>DIP Facility</i>”), to be funded as set forth below under the headings “Borrowing Conditions” and “Draw Procedures.”</p> <p>All of the Debtor’s obligations to the DIP Lender arising under or related to the DIP Term Loan shall be referred to herein as the “<i>DIP Obligations</i>.”</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Borrowing Conditions | Any advances under the DIP Term Loan shall be conditioned upon entry of a final order of the Court (as defined below) approving the DIP Financing in form and substance acceptable to DIP Lender in its sole discretion (the “ <i>DIP Order</i> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Draw Procedure       | <p>The DIP Financing shall be made available for purposes set forth below under the heading “Use of DIP Proceeds” and funded as follows: (i) in the principal amount of \$500,000 on the first business day following entry of the DIP Order (the “<i>Initial Draw</i>”), and (ii) subsequent draws up to an additional aggregate principal amount of \$2.5 million pursuant the DIP Order (each such draw after the Initial Draw, a “<i>Subsequent Draw</i>” and together with the Initial Draw, collectively the “<i>Draws</i>”).</p> <p>Requests for Draws by the Debtor shall be honored by the DIP Lender in accordance with the following procedures:</p> <p class="list-item-l1">a. <i>Written Request.</i> Other than with respect to the Initial Draw, the Debtor shall have delivered to the DIP Lender a written request for a Draw at least two (2) business days prior to the date that the Draw will be transferred to the Debtor. The request shall (i) specify the amount of the Draw, (ii) state the date that the Draw is requested, (iii) provide wiring or ACH instructions for the Draw; (iv) certify the Draw is consistent with the categories, amounts and timing of the Approved Budget, and (v) certify that all conditions set forth above</p> |

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|                     | <p>with respect to the Draw is and will be satisfied as of the date of the request and the date of Draw.</p> <p>b. <i>Credit.</i> Alternatively, Debtor may make a written request for a credit payment in lieu of a cash payment for all or a portion of any intercompany expenses authorized to be paid under a budget which is now, or may in the future be, in effect pursuant to an order entered by the United States Bankruptcy Court for the Northern District of Illinois (“Court”).</p> <p>c. <i>Amount.</i> All Draws shall be either in the amount of \$100,000 or in multiples of \$100,000 unless the remaining availability under the DIP Term Loan is less than such amounts, in which case the Draw may equal the amount of the remaining availability under the DIP Term Loan.</p>                                                                                                                                                                                                  |
| Use of DIP Proceeds | <p>Proceeds of the DIP Financing shall be used exclusively, consistent with an Approved Budget (as defined below) to: (i) pay Allowed Professional Fees (as defined below), (ii) fund ordinary course operational expenses of the Debtor, (iii) fund the Carve-Out (as defined below), and (iv) pay costs, fees and expenses of DIP Lender as set forth herein.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Approved Budget     | <p>An “<i>Approved Budget</i>” shall mean: the initial budget attached to the <i>Second Interim Order on 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 Second Interim Hearing; and (V) Granting Related Relief</i> [Docket No. 152] or any subsequent version thereof that is proposed by the Debtor and agreed to in writing by DIP Lender.</p> <p>The Approved Budget shall be updated prior to the DIP Hearing and shall show projected expenditures by the Debtor on a line-item basis (“<i>Projected Expenditures</i>”) for a period of not less than 13 weeks and shall be further updated from time to time not less than every four weeks. The Approved Budget shall also show projected receipts by the Debtor on a line-item basis (“<i>Projected Receipts</i>”) for the same periods.</p> |

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| Milestones             | <p>The Debtor shall comply with following deadlines (“<i>Milestones</i>”), unless otherwise waived by DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> <li>(a) any auction of the Debtor’s assets and determination of the proposed successful bidder for such assets shall be completed by no later than November 1, 2023;</li> <li>(b) the Debtor shall file a Chapter 11 Plan, in form and substance acceptable to DIP Lender in its sole discretion (an “<i>Acceptable Plan</i>”), no later than September 6, 2023;</li> <li>(c) the Court shall have entered an order confirming such Acceptable Plan no later than December 6, 2023; and</li> <li>(d) the effective date of an Acceptable Plan shall have occurred by no later than January 31, 2024.</li> </ul> |
| Forgiveness Conditions | <p>Upon the closing of a Sale (as defined below), the DIP Obligations shall be forgiven by DIP Lender provided that no Event of Default has occurred.</p> <p>A “<i>Sale</i>” shall mean the closing of a transaction providing for the sale of substantially all of the assets of the CCRC Facility (as defined below) that assumes all residency agreements and related liabilities, including entrance fee refunds owed to current and former residents as is and without modification, pursuant to section 363 of the Bankruptcy Code in form and substance acceptable to DIP Lender in its sole discretion or pursuant to an Acceptable Plan.</p>                                                                                                                                           |
| Interest Rate          | <p>5% per annum, plus an additional 2.5% per annum during any period following an Event of Default (as defined below). Such amounts shall accrue during the term of DIP Term Loan but shall not be payable until the maturity of the DIP Term Loan. For the avoidance of doubt, DIP Lender shall be under no further obligation to make advances under the DIP Term Loan following an Event of Default.</p>                                                                                                                                                                                                                                                                                                                                                                                     |
| Maturity Date          | <p>The earlier of (i) March 31, 2024, (ii) the occurrence of an Event of Default (as defined below), or (iii) the closing of a Sale.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Events of Default      | <p>As used herein, an “<i>Event of Default</i>” shall mean the occurrence of any of the following events without cure after the expiration of five (5) business days and after the DIP Lender having sent written notice by e-mail to Debtor’s bankruptcy counsel, counsel to the Bond Trustee, the United States Trustee, and counsel for any appointed Committee, unless waived in writing by DIP Lender in its sole and absolute discretion:</p>                                                                                                                                                                                                                                                                                                                                             |

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|  | <ul style="list-style-type: none"><li>(i) the CCRC Facility shall cease operations as a continuing care retirement community;</li><li>(ii) the Debtor shall use any proceeds of the DIP Financing for items not reflected in the Approved Budget;</li><li>(iii) the Debtor's Chapter 11 Case shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or the Debtor shall file a motion or other pleading seeking the dismissal of its Chapter 11 Case under section 1112 of the Bankruptcy Code or otherwise, or seeking the conversion of its Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, without payment in full of all DIP Obligations and immediate termination of any further obligations of the DIP Lender to made advances under the DIP Financing;</li><li>(iv) a trustee, interim receiver, receiver or manager shall be appointed in the Debtor's Chapter 11 Case, or a responsible officer or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code) under section 1104(b) of the Bankruptcy Code shall be appointed in the Debtor's Chapter 11 Case;</li><li>(v) any order of the Court shall be entered reversing, amending, supplementing, staying, vacating or otherwise amending, supplementing or modifying the DIP Order or the Debtor shall apply for the authority to do so, in each case in a manner that is adverse in any respect to the DIP Lender, without the prior written consent of the DIP Lender;</li><li>(vi) the DIP Order shall cease to be in full force and effect;</li><li>(vii) the Debtor shall fail to comply with the DIP Order in any material respect;</li><li>(viii) an order of the Court shall be entered avoiding or permitting recovery of any portion of the payments made on account of the DIP Obligations;</li><li>(ix) the entry of an order in the Debtor's Chapter 11 Case with respect to the Debtor seeking to obtain financing pursuant to section 364 of the Bankruptcy Code (other than the DIP Financing);</li><li>(x) the Debtor makes any payments of principal or interest or otherwise on account of any pre-petition claims other than</li></ul> |
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|                          | <p>payments authorized by the Approved Budget and/or the Court in respect of “first day orders” or other orders entered upon pleadings in form and substance reasonably satisfactory to DIP Lender;</p> <p>(xi) the Court shall enter an order or orders granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code to any creditor or party in interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of the Debtor that has an aggregate value in excess of \$250,000;</p> <p>(xii) the Debtor is denied the ability to use cash which is property of its bankruptcy estate or cash collateral;</p> <p>(xiii) an order shall be entered by the Court terminating any of the Debtor’s exclusive periods for proposing a Chapter 11 plan;</p> <p>(xiv) an order shall be entered by the Court confirming a Chapter 11 plan other than an Acceptable Plan; or</p> <p>(xv) the Debtor shall file or support any pleading seeking relief the grant of which would give rise to an Event of Default.</p> |
| Costs, Fees and Expenses | The Debtor shall satisfy in cash all reasonable and documented out-of-pocket costs, fees and expenses incurred by DIP Lender in connection with the DIP Financing (including without limitation professional fees and expenses). Such costs, fees and expenses shall be paid from the proceeds of the DIP Financing without the need for approval of the Court.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Administrative Claims    | Subject to the Carve-Out (as defined below), each of the DIP Obligations shall constitute allowed administrative expense claims against the Debtor (without the need to file any proof of claim).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Carve-out                | <p>The “<i>Carve-Out</i>” means the sum of:</p> <p>(i) all reasonable fees and expenses up to \$10,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below);</p> <p>(ii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses to attorneys and advisors, including financial advisors, incurred by persons or firms retained by the Debtor pursuant to section 327, 328, or 363 of the Bankruptcy Code (the “<i>Debtor Professionals</i>” and such fees the “<i>Allowed Debtor Professional Fees</i>”) at any time</p>                                                                                                                                                                                                                                                                                                                                                                                                                           |

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|  | <p>before or on the first business day following delivery by the DIP Lender of a Carve-Out Trigger Notice (as defined herein) whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice;</p> <p>(iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses of attorneys, financial advisors, or administrative advisors incurred by persons or firms retained by any official committee of unsecured creditors duly appointed in the Debtor's case ("<i>Committee</i>") pursuant to section 328 or 1103 of the Bankruptcy Code ("<i>Committee Professionals</i>" and such fees the "<i>Allowed Committee Professional Fees</i>" and together with the Allowed Debtor Professional Fees, "<i>Allowed Professional Fees</i>") at any time before or on the first business day following delivery by the DIP Lender of a Carve-Out Trigger Notice (as defined herein) whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice;</p> <p>(iv) Allowed Debtor Professional Fees incurred after the first business day following delivery by the DIP Lender of the Carve-Out Trigger Notice, to the extent allowed at any time under any Approved Budget, whether by interim order, procedural order, or otherwise in an aggregate amount of \$240,000, with no individual request for payment of any Allowed Debtor Professional Fees to exceed the following amounts for each Debtor Professional, absent the agreement of each Debtor Professional: Polsinelli (\$100,000); DOPKELAW (\$60,000); Wyse Advisors (\$55,000); and Stretto (\$25,000).</p> <p>(v) Allowed Committee Professional Fees incurred after the first business day following delivery by DIP Lender of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise in an aggregate amount of \$75,000 (the amounts set forth in clauses (v and vi) being the "<i>Post Carve-Out Trigger Notice Cap</i>").</p> <p>The DIP Order shall provide that the Debtor is authorized to establish customary escrow(s) for the Carve-Out.</p> <p>For purposes of the foregoing, "<i>Carve-Out Trigger Notice</i>" shall mean a written notice delivered by email (or other electronic means) by the DIP Lender to the Debtor (with the Debtor to promptly</p> |
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|                                          | <p>provide a copy of such notice to counsel to the Committee, the United States Trustee, the Bond Trustee, and counsel to any holder of Prior Senior Liens) (collectively, the “<i>Notice Parties</i>”), which notice may be delivered following the occurrence of an Event of Default, stating that the Post-Carve-Out Trigger Notice Cap has been invoked.</p> <p>Debtor Professionals and Committee Professionals must provide to DIP Lender documentation in support of any amounts due to each such professional in the same form required pursuant to any order entered by the Court authorizing procedures for interim fee and expense reimbursement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Waivers / Modification of Automatic Stay | <p>The automatic stay provisions of Bankruptcy Code section 362 or otherwise are vacated and modified to the extent necessary to permit the DIP Lender to exercise:</p> <ul style="list-style-type: none"> <li>(i) immediately upon the Maturity Date, all rights and remedies under the DIP Order; and</li> <li>(ii) upon the occurrence and during the continuance of an Event of Default and the giving of five (5) business days’ prior written notice to the Debtor (with the Debtor to promptly provide a copy to the other Notice Parties) (“<i>Remedies Notice Period</i>”), all rights and remedies against the DIP Collateral provided for in the DIP Order, provided that, upon the receipt of any such notice, the Debtor may only make disbursements to (i) fund payment of the Carve-Out as provided in the DIP Order; (ii) to pay costs, fees and expenses of the DIP Lender as set forth herein; and (iii) to pay any other amounts necessary to avoid immediate and irreparable harm (and solely to the extent provided in the Approved Budget), and may not disburse any other amounts. During the Remedies Notice Period, the Debtor, the Committee and/or any other party in interest shall be entitled to seek an emergency hearing with the Court with respect to any remedies sought to be exercised by the DIP Lender.</li> </ul> <p>In no event shall the DIP Lender be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the DIP Collateral. The delay or failure to exercise rights and remedies under the DIP Order by the DIP Lender shall not constitute a waiver of the DIP Lender’s rights hereunder, thereunder or otherwise, unless any such waiver is pursuant to a written instrument executed in accordance with the terms of the DIP Order.</p> |

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|  | To the extent not otherwise provided, the automatic stay imposed under section 362(a)(2) of the Bankruptcy Code shall be modified pursuant to the DIP Order as necessary for the relevant parties to effectuate all of the terms and provisions of the Final DIP Order. |
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Friendship Village Schaumburg  
13-Week Cash Flow

| Week Ended                        | 1<br>Forecast<br>30-Jun | 2<br>Forecast<br>7-Jul | 3<br>Forecast<br>14-Jul | 4<br>Forecast<br>21-Jul | 5<br>Forecast<br>28-Jul | 6<br>Forecast<br>4-Aug | 7<br>Forecast<br>11-Aug | 8<br>Forecast<br>18-Aug | 9<br>Forecast<br>25-Aug | 10<br>Forecast<br>1-Sep | 11<br>Forecast<br>8-Sep | 12<br>Forecast<br>15-Sep | 13<br>Forecast<br>22-Sep | 13-Week<br>TOTAL |
|-----------------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|------------------|
| Opening Cash Balance              | \$ 2,099,037            | \$ 565,127             | \$ 412,746              | \$ 250,000              | \$ 722,090              | \$ 423,735             | \$ 250,000              | \$ (44,774)             | \$ (46,374)             | \$ (94,894)             | \$ 442,479              | \$ (348,788)             | \$ (206,584)             | \$ 2,099,037     |
| Funding                           | -                       | -                      | 620,750                 | -                       | -                       | 203,718                | 585,399                 | -                       | -                       | -                       | -                       | -                        | -                        | 1,409,867        |
| Receipts                          |                         |                        |                         |                         |                         |                        |                         |                         |                         |                         |                         |                          |                          |                  |
| Independent Living Receipts       | 55,173                  | 186,956                | 218,115                 | 1,074,998               | 77,898                  | 93,606                 | 93,606                  | 218,415                 | 1,076,474               | 78,005                  | 187,727                 | 219,014                  | 1,079,428                | 4,659,417        |
| Assisted Living Receipts          | 116,989                 | 20,941                 | 111,685                 | 516,541                 | 48,862                  | 10,529                 | 10,529                  | 112,308                 | 519,427                 | 49,135                  | 21,175                  | 112,932                  | 522,312                  | 2,173,364        |
| Outpatient Receipts               | 40,496                  | 5,864                  | 5,212                   | 40,395                  | 13,682                  | 2,932                  | 2,932                   | 5,212                   | 40,395                  | 13,682                  | 5,864                   | 5,212                    | 40,395                   | 222,273          |
| Healthcare Receipts               | 1,237,342               | 129,884                | 81,177                  | 194,826                 | 1,217,661               | 64,942                 | 64,942                  | 81,177                  | 194,826                 | 1,217,661               | 129,884                 | 81,177                   | 194,826                  | 4,890,325        |
| Non-Operating Receipts            | 1,383                   | 1,383                  | 1,383                   | 1,383                   | 1,383                   | 1,383                  | 1,383                   | 1,383                   | 1,383                   | 1,383                   | 1,383                   | 1,383                    | 1,383                    | 17,974           |
| Total Receipts                    | 1,451,383               | 345,027                | 417,572                 | 1,828,142               | 1,359,486               | 173,392                | 173,392                 | 418,496                 | 1,832,504               | 1,359,866               | 346,032                 | 419,719                  | 1,838,343                | 11,963,353       |
| Operating Disbursements           |                         |                        |                         |                         |                         |                        |                         |                         |                         |                         |                         |                          |                          |                  |
| Salary & Benefits                 | 805,852                 | 121,117                | 777,714                 | 121,117                 | 752,714                 | 121,117                | 777,714                 | 121,117                 | 752,714                 | 121,117                 | 777,714                 | 121,117                  | 752,714                  | 6,123,836        |
| Supplies                          | 42,149                  | 48,007                 | -                       | 54,900                  | 35,256                  | -                      | -                       | -                       | 54,900                  | 35,256                  | -                       | -                        | 54,900                   | 325,369          |
| Marketing                         | 22,966                  | 34,534                 | -                       | -                       | 57,500                  | -                      | -                       | -                       | 57,500                  | -                       | -                       | -                        | 57,500                   | 230,000          |
| Pharmacy                          | -                       | -                      | -                       | 80,016                  | -                       | -                      | -                       | 80,016                  | -                       | -                       | -                       | 80,016                   | -                        | 240,049          |
| Outsourced Labor                  | 45,000                  | 106,397                | -                       | -                       | 263,500                 | -                      | -                       | -                       | -                       | 146,272                 | -                       | -                        | -                        | 561,169          |
| Dietary                           | 541,758                 | -                      | -                       | 704,334                 | -                       | -                      | -                       | -                       | 704,334                 | -                       | -                       | -                        | 704,334                  | 2,654,760        |
| Repairs & Maintenance             | 16,945                  | 68,924                 | -                       | 90,771                  | -                       | -                      | -                       | -                       | 90,988                  | -                       | -                       | -                        | 91,278                   | 358,906          |
| Utilities                         | 38,531                  | 60,822                 | 63,868                  | 90,298                  | 40,043                  | 27,559                 | -                       | 63,868                  | 117,298                 | 40,602                  | -                       | 63,868                   | 90,298                   | 697,056          |
| Insurance                         | 1,391,129               | -                      | -                       | -                       | -                       | -                      | -                       | -                       | -                       | -                       | -                       | -                        | -                        | 1,391,129        |
| Ordinary Course Professionals     | -                       | 35,000                 | -                       | -                       | 35,000                  | -                      | -                       | -                       | 35,000                  | -                       | -                       | -                        | -                        | 105,000          |
| Taxes                             | -                       | -                      | -                       | -                       | 1,477                   | 379,562                | -                       | -                       | 1,477                   | -                       | -                       | -                        | 1,477                    | 383,993          |
| Office                            | 3,861                   | 10,002                 | -                       | -                       | 3,861                   | 10,002                 | -                       | -                       | 3,861                   | 10,002                  | -                       | -                        | 3,861                    | 45,451           |
| Management Fee                    | -                       | -                      | 348,636                 | -                       | 346,161                 | -                      | -                       | -                       | -                       | 346,161                 | -                       | -                        | -                        | 1,040,958        |
| Bed Tax                           | 52,101                  | -                      | -                       | 52,101                  | -                       | -                      | -                       | -                       | 52,101                  | -                       | -                       | -                        | 52,101                   | 208,404          |
| Other                             | 25,000                  | 12,606                 | 10,850                  | 12,514                  | 122,328                 | 12,606                 | 10,850                  | 12,514                  | 10,850                  | 123,084                 | 11,850                  | 12,514                   | 10,850                   | 388,417          |
| Total Operating Disbursements     | 2,985,292               | 497,408                | 1,201,069               | 1,206,052               | 1,657,841               | 550,845                | 788,564                 | 277,515                 | 1,881,024               | 822,493                 | 789,564                 | 277,515                  | 1,819,314                | 14,754,497       |
| Total Operating Cash Flow         | (1,533,910)             | (152,381)              | (783,497)               | 622,090                 | (298,355)               | (377,453)              | (615,172)               | 140,980                 | (48,520)                | 537,373                 | (443,533)               | 142,204                  | 19,029                   | (2,791,144)      |
| Non-Operating Disbursements       |                         |                        |                         |                         |                         |                        |                         |                         |                         |                         |                         |                          |                          |                  |
| Capital Expenditures              | -                       | -                      | -                       | 150,000                 | -                       | -                      | -                       | 142,581                 | -                       | -                       | -                       | -                        | 142,581                  | 435,161          |
| Debtor Advisors                   | -                       | -                      | -                       | -                       | -                       | -                      | 240,000                 | -                       | -                       | -                       | 240,000                 | -                        | -                        | 480,000          |
| UCC Advisors                      | -                       | -                      | -                       | -                       | -                       | -                      | 25,000                  | -                       | -                       | -                       | 75,000                  | -                        | -                        | 100,000          |
| United States Trustee             | -                       | -                      | -                       | -                       | -                       | -                      | -                       | -                       | -                       | -                       | 32,734                  | -                        | -                        | 32,734           |
| Total Non-Operating Disbursements | -                       | -                      | -                       | 150,000                 | -                       | -                      | 265,000                 | 142,581                 | -                       | -                       | 347,734                 | -                        | 142,581                  | 1,047,896        |
| Total Cash Flow                   | (1,533,910)             | (152,381)              | (783,497)               | 472,090                 | (298,355)               | (377,453)              | (880,172)               | (1,600)                 | (48,520)                | 537,373                 | (791,267)               | 142,204                  | (123,551)                | (3,839,039)      |
| Beginning Cash Balance            | \$ 2,099,037            | \$ 565,127             | \$ 412,746              | \$ 250,000              | \$ 722,090              | \$ 423,735             | \$ 250,000              | \$ (44,774)             | \$ (46,374)             | \$ (94,894)             | \$ 442,479              | \$ (348,788)             | \$ (206,584)             | \$ 2,099,037     |
| Cash Flow                         | (1,533,910)             | (152,381)              | (783,497)               | 472,090                 | (298,355)               | (377,453)              | (880,172)               | (1,600)                 | (48,520)                | 537,373                 | (791,267)               | 142,204                  | (123,551)                | (3,839,039)      |
| Schwab Account Draw               | -                       | -                      | 620,750                 | -                       | -                       | 203,718                | 585,399                 | -                       | -                       | -                       | -                       | -                        | -                        | 1,409,867        |
| Ending Cash Balance               | \$ 565,127              | \$ 412,746             | \$ 250,000              | \$ 722,090              | \$ 423,735              | \$ 250,000             | \$ (44,774)             | \$ (46,374)             | \$ (94,894)             | \$ 442,479              | \$ (348,788)            | \$ (206,584)             | \$ (330,136)             | \$ (330,136)     |