IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF ALABAMA

In re:	Chapter 11
JACKSON HOSPITAL & CLINIC, INC., *et al.*,[1]	Case No. 25-30256
Debtors.	Jointly Administered

DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE DEBTORS TO AMEND THE DIP CREDIT AGREEMENT AND (II) GRANTING RELATED RELIEF

Jackson Hospital & Clinic, Inc. ("Jackson Hospital") and its debtor affiliates, as debtors and debtors-in-possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), hereby file this emergency motion (this "Motion") for entry of an order (the "Proposed Order") granting the relief requested below. In support of this Motion, the Debtors state as follows:

RELIEF REQUESTED[2]

1. The Debtors seek entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, (a) approving the Debtors' amendment to the DIP Credit Agreement, substantially in the form attached to the Proposed Order as **Exhibit 1** (the "DIP Amendment"), providing for, among other things, (i) extending the DIP Credit Agreement's Maturity Date from July 31, 2025 to August 31, 2025, (ii) extending the DIP Credit Agreement's sale approval

[1] The Debtors in the Chapter 11 Cases are Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC.

[2] Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the DIP Motion (as defined herein) or the DIP Orders (as defined herein), as applicable.

milestone from July 16, 2025 to August 12, 2025[3], (iii) requiring the pay down of DIP Loan to $21,607,500 by July 15, 2025[4], (iv) reducing the DIP Credit Agreement's Commitments from $24,500,000 to $21,607,500 as of July 15, 2025, (v) waiving existing Events of Default based upon the Prohibited Variances for the cumulative rolling four-week periods ended June 21, 2025, June 28, 2025, and July 5, 2025, (vi) an extension fee of $107,500 representing 0.5% of the DIP Loan outstanding principal balance, and (vii) certain other modifications to the DIP Credit Agreement in connection therewith; and (b) granting related relief. Except as expressly amended by the DIP Amendment and the Proposed Order, the DIP Facility shall continue to be in full force and effect.

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the Middle District of Alabama (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *General Order of Reference Bankruptcy Matters from the United States District Court for the Middle District of Alabama*, dated and filed April 25, 1985, entered by the United States District Court for the Middle District of Alabama. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The legal predicates for the relief requested in this Motion are sections 105, 361, 363, 364, 503, and 507 of title 11 of the United States Code, 11 U.S.C. § 101, *et seq*. (the

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[3] The sale approval milestone was extended previously from June 3, 2025 to July 2, 2025 and from July 2, 2025 to July 16, 2025 pursuant to two separate Court orders. *See Order Granting Debtors an Extension of Time Within Which to Comply with Certain Milestones in the Final DIP Order* [Docket No. 259] and *Order Granting Debtors an Extension of Time Within Which to Comply with Certain Milestones in the Final DIP Order* [Docket No. 579].

[4] As of the filing of this Motion, the DIP Loan outstanding principal balance was $21,500,000.

"Bankruptcy Code"), Rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), rules 4001-1 and 9013-1 of the Local Bankruptcy Rules for the Middle District of Alabama (the "Local Bankruptcy Rules").

4. The Debtors confirm their consent to the entry of a final order by the Court in connection with the Motion in the event that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

BACKGROUND

A. General Background

5. On February 3, 2025 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No party has requested the appointment of a trustee or examiner in these cases. On February 19, 2025, the Court appointed an official committee of unsecured creditors. *See Amended Order Directing the Appointment of Unsecured Creditors Committee* [Docket No. 126].

6. A detailed description of the Debtors and their businesses, their corporate and capital structure, the events leading to the filing of the Chapter 11 Cases, and the need for the DIP Facility is set forth in detail in the *Declaration of Allen Wilen in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 9] (the "Wilen Declaration"), which was filed on the Petition Date and is incorporated herein by reference.

B. The Existing DIP Facility

7. On the Petition Date, the Debtors filed *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Secured Financing Pursuant to Section 364 of the Bankruptcy Code, (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 10] (the "DIP Motion") seeking approval of the $24.5 million DIP Facility and use of Cash Collateral.

8. On February 5, 2025, the Court entered the *Interim Order (I) Authorizing Debtors to (A) Obtain Postpetition Secured Financing Pursuant to Section 364 of the Bankruptcy Code, (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 69] (the "Interim DIP Order") approving the DIP Facility on an interim basis and authorizing the Debtors, to among other things, borrow up to $10 million (the "Interim Loans") under the DIP Facility, use Cash Collateral, and provide adequate protection to the DIP Lender and the Prepetition Secured Parties.

9. On March 6, 2025, the Court entered the *Final Order (I) Authorizing Debtors to (A) Obtain Postpetition Secured Financing Pursuant to Section 364 of the Bankruptcy Code, (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 180] (the "Final DIP Order"), authorizing,

among other things, the Debtors to borrow the remaining $14.5 million (the "Final Loans" and together with the Interim Loans, the "DIP Loans") under the DIP Facility.

10. On July 9, 2025, the Court entered the *Order on Supplemental Notice and Disclosure Regarding Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Secured Financing Pursuant to Section 364 of the Bankruptcy Code, (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Status, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 688] (the "Supplemental DIP Order" and together with the Interim DIP Order and the Final DIP Order, the "DIP Orders").

C. The Debtors' Need for Additional Time to Solicit Bids for its Assets

11. On April 18, 2025, the Debtors filed *Debtors' Motion for Entry of (A) an Order (I) Scheduling a Hearing to Consider Approval of the Sale or Sales Of Substantially all Assets of Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, (III) Establishing Procedures in Connection with the Selection of and Protections Afforded to any Stalking Horse Purchasers, and (IV) Granting Related Relief; and (B) One or More Orders (I) Approving the Sales or Other Acquisition Transactions for the Assets, (II) Authorizing the Sales Free and Clear of all Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* [Docket No. 394] (the "Initial Sale Motion"), seeking approval, among other things, of the bidding procedures governing the proposed sale of the Debtors' assets.

12. On May 23, 2025, the Debtors filed *Debtors' Amended Motion for Entry of (A) an Order (I) Scheduling a Hearing to Consider Approval of the Sale or Sales Of Substantially all Assets of Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, (III) Establishing Procedures in Connection with the Selection of and Protections Afforded to any Stalking Horse Purchasers, and (IV) Granting Related Relief; and (B) One or More Orders (I) Approving the Sales or Other Acquisition Transactions for the Assets, (II) Authorizing the Sales Free and Clear of all Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* [Docket No. 523] (the "Amended Sale Motion" and together with the Initial Sale Motion, the "Sale Motion"), which, among other things, updated the timeline for the bidding procedures governing the proposed sale of the Debtors' assets.

13. On June 2, 2025, the Court entered the *Order (I) Scheduling a Hearing to Consider Approval of the Sale or Sales of Substantially All Assets of Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice Thereof, (III) Establishing Procedures in Connection With the Selection of and Protections Afforded to Any Stalking Horse Purchasers, and (IV) Granting Related Relief* [Docket No. 554] (the "Bidding Procedures Order").

14. The Debtors, in consultation with their professional advisors and the Consultation Parties (as defined in the Bidding Procedures Order), previously determined that it was desirable,

necessary, and in the best interests of the Debtors and their estates to extend the Bid Deadline (as defined in the Bidding Procedures Order) on two separate occasions: (a) first, from June 30, 2025 at 4:00 p.m. (prevailing Central Time) to July 3, 2025 at 4:00 p.m. (prevailing Central Time); and, (b) second, from July 3, 2025 at 4:00 p.m. (prevailing Central Time) to July 22, 2025 at 4:00 p.m. (prevailing Central Time). *See Debtors' Notice of Extension of Bid Deadline* [Docket No. 652] and *Debtors' Notice of Extension of Bid Deadline* [Docket No. 672].

15. These Bid Deadline extensions were necessary to give Potential Bidders (as defined in the Bidding Procedures Order) additional time to formulate and submit bids for the Debtors' Assets (as defined in the Bidding Procedures Order) in order maximize the value to be realized from any proposed sale or sales of such Assets (as defined in the Bidding Procedures Order).

D. The DIP Amendment

16. The Debtors' latest extension of the Bid Deadline (as defined in the Bidding Procedures Order) to July 22, 2025 requires an extension of the DIP Credit Agreement's (a) sale approval milestone from July 16, 2025 to August 12, 2025 and (b) Maturity Date from July 31, 2025 to August 31, 2025. The DIP Lender has agreed to these requested extensions on the terms and conditions set forth in the DIP Amendment.

17. Under Section 12.1 of the DIP Credit Agreement, the DIP Credit Agreement may be amended or modified in a writing signed by the DIP Lender and the Debtors. *See DIP Credit Agreement*, § 12.1.

18. Furthermore, the Final DIP Order permits modification of the DIP Documents:

> The Debtors and the DIP Lender are hereby authorized to implement, in accordance with the terms of the DIP Documents any non-material modifications of the DIP Documents without further notice, motion or application to, order of or hearing before, this Court; provided that the

> Debtors and the DIP Lender shall provide the Creditors' Committee no less than two (2) days' notice of any proposed non-material modification(s). Any material modification or amendment to the DIP Documents shall only be permitted pursuant to an order of this Court, after being submitted to this Court upon five (5) days' notice to the Bankruptcy Administrator, the Prepetition Secured Parties, and the Creditors' Committee; provided that any forbearance from, or waiver of, (a) a breach by the Debtors of a covenant representation or any other agreement or (b) a default or an Event of Default, in each case under the DIP Documents shall not require an order of this Court.

Final DIP Order, ¶ 14.

19. The Debtors and the DIP Lender have agreed to the terms of the DIP Amendment, which will (a) extend the DIP Credit Agreement's Maturity Date from July 31, 2025 to August 31, 2025, (ii) extend the DIP Credit Agreement's sale approval milestone from July 16, 2025 to August 12, 2025, (iii) require the pay down of DIP Loan to $21,607,500 by July 15, 2025, (iv) reduce the DIP Credit Agreement's Commitments from $24,500,000 to $21,607,500 as of July 15, 2025, (v) waive the existing Events of Default based upon the Prohibited Variances for the cumulative rolling four-week periods ended June 21, 2025, June 28, 2025, and July 5, 2025, (vi) an extension fee of $107,500 representing 0.5% of the DIP Loan outstanding principal balance, and (vii) make certain other modifications to the DIP Credit Agreement in connection therewith.

20. Given the proposed modifications included in DIP Amendment are material in nature, the Debtors are seeking this Court's approval of the DIP Amendment on the terms and conditions set forth in the Proposed Order.

21. The following chart summarizes certain principal terms of the DIP Amendment.

SUMMARY OF PRINCIPAL TERMS OF THE DIP AMENDMENT

22. In accordance with Bankruptcy Rule 4001(b)–(d), the chart below summarizes material terms of the DIP Facility:[5]

Provision	Summary	Location
Commitments	The DIP Amendment reduces the DIP Lender's Commitments from $24,500,000 to $21,607,500. The "Commitments" definition, as modified by the DIP Amendment, is shown below (shown marked against the "Commitments" definition in the DIP Credit Agreement attached as Exhibit 1 to the Final DIP Order): "Commitments" means the commitments of Lender to fund the Loans hereunder. The aggregate amount of Lender's Commitments is the principal amount of up to ~~twenty four million five hundred thousand Dollars ($24,500,000)~~ twenty one million six hundred and seven thousand and five hundred Dollars ($21,607,500), subject to the terms of this Agreement and the DIP Orders.	DIP Amendment, § 2(a)
Maturity Date	The DIP Amendment extends the Maturity Date of the DIP Facility to August 31, 2025. The "Maturity Date" definition, as modified by the DIP Amendment, is shown below (shown marked against the "Maturity Date" definition in the DIP Credit Agreement attached as Exhibit 1 to the Final DIP Order): The "Maturity Date" will be the earliest to occur of: (i) ~~July~~ August 31, 2025; (ii) the effective date	DIP Amendment, § 2(b)

[5] The following summary of the DIP Amendment is qualified in its entirety by reference to the applicable provisions of the DIP Amendment. To the extent there are any inconsistencies between this summary below and the provisions of the DIP Amendment, the provisions of the DIP Amendment, as applicable, shall control. Any capitalized terms used but not otherwise defined in this summary chart shall have the respective meanings ascribed to such terms in the DIP Amendment. The Debtors reserve the right to supplement the statements made pursuant to Bankruptcy Rule 4001.

	of any chapter 11 plan with respect to the Borrowers (a "Plan"); (iii) the consummation of any sale or other disposition of assets of the Borrowers pursuant to section 363 of the Bankruptcy Code; (iv) the date of acceleration or termination following the occurrence of an Event of Default; (v) dismissal or conversion of the Chapter 11 Cases; and (vi) 45 days after the Petition Date, unless the Final Order has been entered by the Bankruptcy Court on or before such date.	
Affirmative Covenants	The DIP Amendment adds the following affirmative covenants to be set forth in a new Section 5.16 to the DIP Credit Agreement: 5.16. **Additional Affirmative Covenants**. From and after July 10, 2025, each Borrower hereby covenants and agrees that, until termination of the Commitments and indefeasible payment in full in cash of the Obligations (other than continuing Obligations with respect to indemnification), it shall comply with each of the following, as applicable: (a) At the times set forth below, the Borrowers shall deliver to Lender a written report, certified by an Authorized Person and in form and substance reasonably satisfactory to Lender, setting forth a detailed summary of (x) aggregate net (i.e., collectible) accounts receivable and (y) all post-petition liabilities (including accounts payable and professional fee estimates, and whether billed, incurred, accrued, promised or estimated), of each Borrower as of the dates set forth in clauses (i) and (ii) of this Section 15.16(a) (each such report, an "AR/AP Report"). (i) Borrowers shall deliver on or prior to July 10, 2025, (A) an AR/AP Report setting forth the required information as of May 31, 2025, and (B) an AR/AP Report setting forth the required information as of June 30, 2025; and (ii) beginning on July 16, 2025 (a Wednesday), Borrowers shall deliver on each Wednesday, an AR/AP Report setting forth the	DIP Amendment, § 2(c)

	required information as of the immediately preceding Friday. (b) On or prior to July 10, 2025, Borrowers shall deliver projections, certified by an Authorized Person as being prepared by the Borrowers in good faith using reasonable assumptions, and in form and substance reasonably satisfactory to Lender, of the information required to be set forth in an AR/AP Report as of August 31, 2025. (c) On or prior to July 18, 2025, JHC agrees to create and deliver to Lender a "wind-down budget" in form and substance reasonably satisfactory to Lender. Such budget shall be delivered to Lender on a confidential basis and shall not be disclosed to any Person other than Lender and its counsel. (d) JHC shall research the sale of all of its equipment and inventory (as such terms are defined in the UCC) and other assets located within its buildings that would reasonably be expected to be able to be sold and shall deliver to Lender, on or prior to August 1, 2025, a report summarizing such research in form and substance reasonably satisfactory to Lender, including a range of expected proceeds and potential buyers. (e) On or prior to July 15, 2025, Borrowers shall make a payment on the Loans in an amount sufficient, when applied in accordance with Section 2.3(b) of the Loan Agreement to Lender Expenses, Fees, interest and principal, to reduce the aggregate outstanding principal amount of the Loans to $21,607,500.	
Event of Default - Milestones	The DIP Amendment amends the sale approval milestone set forth in Section 7.1(b) of the DIP Credit Agreement (Event of Default). The sale approval milestone, as modified by the DIP Amendment, is shown below (shown marked against the sale approval milestone included in the DIP Credit Agreement attached as Exhibit 1 to the Final DIP Order):	DIP Amendment, § 2(d)

	(b) ~~the Borrowers fail to comply with any of the following milestones: (i) the Borrowers shall have filed a motion seeking an order in form and substance reasonably acceptable to Lender governing the solicitation of bids for the purchase (and an auction) of substantially all of the assets of the Borrowers on or before March 20, 2025, (ii) the Bankruptcy Court shall have entered an order specified in the foregoing clause (i) on or before April 19, 2025; and (iii) no later than June 3~~ the Bankruptcy Court shall have not entered a final order approving the sale of substantially all of the Borrowers' assets by August 12, 2025;	
Event of Default – Addition of Affirmative Covenant	The DIP Amendment adds Section 5.16 to the list of enumerated obligations in Section 7.1(d) of the DIP Credit Agreement (Event of Default). This section, as modified by the DIP Amendment, is shown below (shown marked against the sale approval milestone included in the DIP Credit Agreement attached as Exhibit 1 to the Final DIP Order): (d) any Borrower shall fail to comply with its obligations under (i) Sections 5.1, 5.2, 5.3, 5.4, 5.8, 5.11, 5.16, 6, or 8;	DIP Amendment, § 2(e)
Waiver of Existing Events of Default	The Borrowers and Lender hereby acknowledge and confirm that (i) the reports delivered by the Borrowers pursuant Section 5.2(c) of the Loan Agreement with respect to the cumulative rolling four-week periods ended June 21, 2025, June 28, 2025, and July 5, 2025 (the "Relevant Measurement Periods") each disclosed a Prohibited Variance, and (ii) that each such Prohibited Variance constitutes an Event of Default under both Sections 5.2(c) and 7.1(d) of the Loan Agreement (such Events of Default, the "Specified Defaults"). Upon the effectiveness of this Amendment in accordance with Section 5, Lender hereby waives, on a one-time basis, the occurrence of the Specified Defaults solely as they relate to the Relevant Measurement Periods (the "Waiver"). The Waiver applies only to the Specified Default and shall be effective only to the	DIP Amendment, § 3

	extent specifically set forth herein and this Waiver shall not (a) be construed as a waiver of any breach, default or Event of Default other than the Specified Default, (b) affect the rights of Lender to demand compliance by the Borrowers with all terms and conditions of the Loan Agreement and other Loan Documents except as specifically set forth in this paragraph, (c) be deemed a waiver of any transaction or future action on the part of the Borrowers requiring Lender's consent or approval under the Loan Agreement or any other Loan Document, or (d) except as to the Specified Default waived hereby, be deemed or construed to be a waiver or release of, or a limitation upon, Lender's exercise of any rights or remedies under the Loan Agreement or any other Loan Document or at law or in equity, whether arising as a consequence of any Default or Event of Default which may now exist or otherwise, and all such rights and remedies are hereby expressly reserved.	
Extension Fee	Borrowers hereby agree to pay to Lender on the date hereof, an extension fee in the amount of $107,500 in consideration of the accommodations provided to Borrowers by Lender pursuant to this Amendment. Such extension fee shall be fully earned on the date of this Amendment and nonrefundable, and shall be paid by an increase to the aggregate outstanding principal amount of the Loans in the amount of such extension fee. Lender is hereby authorized by Borrowers, without further notice to Borrowers, to so increase the aggregate outstanding principal amount of the Loans by such amount on the date hereof.	DIP Amendment, § 6

23. The DIP Amendment will provide the Debtors with the additional time necessary to conduct a fulsome bid solicitation process for the Debtors' Assets (as defined in the Bidding Procedures Order). The DIP Amendment is necessary to provide the Debtors with additional time to operate their businesses and avoid irreparable harm to the Debtors' estates and restructuring efforts while maximizing the value of the Debtors' estates for all creditors and parties-in-interest. The DIP Amendment was the subject of arms-length negotiations among the

Debtors and the DIP Lender. Except as expressly amended by the DIP Amendment and the Proposed Order, the DIP Facility shall continue to be in full force and effect.

BASIS FOR RELIEF

A. Entry into the DIP Amendment is a Reasonable Exercise of the Debtors' Sound Business Judgment and is in the Debtors' Best Interests

24. The DIP Amendment is an exercise of the Debtors' sound business judgment. Courts grant a debtor-in-possession considerable deference in acting in accordance with its business judgment in obtaining postpetition secured credit, so long as the agreement to obtain such credit does not run afoul of the provisions of, and the policies underlying, the Bankruptcy Code. *See, e.g., In re N. Bay Gen. Hosp., Inc.,* No. 08-20368 (Bankr. S.D. Tex. July 11, 2008) (order approving postpetition financing on an interim basis as exercise of debtors' business judgment).

25. The business judgment standard as a flexible one, which will be satisfied if a debtor articulates a business justification and the decision furthers the interests of the Debtors and other parties in interest. *See ASARCO, Inc. v. Elliott Mgmt. (In re ASARCO, L.L.C.),* 650 F.3d 593, 601 (5th Cir. 2011) (in the context of section 363 of the Bankruptcy Code). To determine whether the business judgment test is met, "the court is required to examine whether a reasonable business person would make a similar decision under similar circumstances." *In re Dura Auto. Sys. Inc.,* No. 06-11202 (KJC), 2007 WL 7728109, at *97 (Bankr. D. Del. Aug. 15, 2007) (citation omitted). In considering whether the terms of postpetition financings are fair and reasonable, courts consider the terms in light of the relative circumstances of both the debtor and the potential lender. *In re Farmland Indus., Inc.,* 294 B.R. 855, 880 (Bankr. W.D. Mo. 2003).

26. Courts grant debtors considerable deference in acting in accordance with their sound business judgment in obtaining such credit. *See In re Estrada*, 16- 80003-G3-11, 2016 WL 745536, at *3 (Bankr. S.D. Tex. Feb. 24, 2016) ("In determining whether to approve a motion to obtain credit, courts generally permit debtors in possession to exercise their basic business judgment consistent with their fiduciary duties."); *In re Barbara K. Enters., Inc.*, Case No. 08-11474, 2008 WL 2439649, at *14 (Bankr. S.D.N.Y. June 16, 2008) (explaining that courts defer to a debtor's 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."); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("Cases consistently reflect that the court's discretion under section 364 [of the Bankruptcy Code] is to be utilized on grounds that permit [a debtor's] 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 a party-in-interest.").

27. The Debtors' decision to execute the DIP Amendment, which effectuates, among other things, an extension of the DIP Credit Agreement's Maturity Date, an extension of the current sale approval milestone, and waives certain existing Events of Default based on Prohibited Variances is an exercise of the Debtors' sound business judgment. The DIP Amendment was the product of good faith negotiations with the DIP Lender and follows careful evaluation of necessity for the Debtors to operate their businesses and to avoid irreparable harm to the Debtors' estates and restructuring efforts. The DIP Amendment's extension of the sale approval milestone reflects the Debtors' current case timeline, and mitigates the risk that the DIP Lender calls a default with respect thereto.

28. The DIP Amendment also comes with additional covenants and restrictions, including without limitation, the pay down of the DIP Credit Agreement's outstanding balance to $21,607,500 and a reduction of the Commitments to $21,607,500. The current DIP Loan principal outstanding balance is $21,500,000. The Debtors negotiated these provisions with the DIP Lender (and were able to obtain various concessions with respect thereto), understand that these provisions are necessary to induce the DIP Lender to enter into the DIP Amendment, and believe that entering into the DIP Amendment is justified and a reasonable exercise of their business judgment.

29. The DIP Lender is charging an extension fee of $107,500, which will be added to the balance of the DIP Facility and payable upon the Maturity Date. The Debtors ultimately decided that moving forward with the DIP Amendment ensures the Debtors have adequate funds to continue to operate in the ordinary course of business postpetition and continue to fund the administration of the Chapter 11 Cases to preserve and maximize the value of their assets for the benefit of all parties in interest. Accordingly, the DIP Amendment is an exercise of the Debtors' sound business judgment.

REQUEST FOR BANKRUPTCY RULE 6004 WAIVERS

30. The Debtors request a waiver of any applicable notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the relief requested herein pursuant to Bankruptcy Rule 6004(h). As explained above, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors' ongoing operations and value-maximizing process. Accordingly, ample cause exists to justify the waiver of the notice requirements under

Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

NOTICE

31. The Debtors have provided notice of the filing of the Motion to the Master Service List. The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice of this Motion is required.

WHEREFORE, the Debtors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: July 11, 2025

BURR & FORMAN LLP

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Exhibit A

[Proposed Order]

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF ALABAMA

In re:	Chapter 11
JACKSON HOSPITAL & CLINIC, INC., *et al.*,[1]	Case No. 25-30256
Debtors.	Jointly Administered

ORDER AUTHORIZING THE DEBTORS
TO AMEND THE DIP CREDIT AGREEMENT

Upon the motion (the "Motion")[2] of Jackson Hospital & Clinic, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), seeking entry of an order (this "Order"), authorizing the Debtors to amend the DIP Credit Agreement; and the Court having considered the Motion and

[1] The Debtors in the Chapter 11 Cases are Jackson Hospital & Clinic, Inc. and JHC Pharmacy, LLC.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

the record in the Chapter 11 Cases; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *General Order of Reference Bankruptcy Matters from the United States District Court for the Middle District of Alabama*, dated and filed April 25, 1985, entered by the United States District Court for the Middle District of Alabama; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that proper and adequate notice of the Motion and the hearing thereon having been given; and this Court having found that no other or further notice being necessary; and this Court having found that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the hearing on the Motion having been held and concluded; and all objections, if any, to the interim relief requested in the Motion having been withdrawn, resolved, or overruled by this Court; and it appearing that the relief requested in the Motion is fair and reasonable and in the best interests of the Debtors and their estates, necessary to avoid immediate and irreparable harm to the Debtors and their estates, and essential for the continued operation of the Debtors' businesses and the preservation of the value of the Debtors' assets; and it appearing that the Debtors' entry into the DIP Amendment is a sound and prudent exercise of the Debtors' business judgment; and after due deliberation and consideration, and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. The DIP Amendment attached hereto as **Exhibit 1** is hereby approved.

3. Except as otherwise expressly provided herein or in the DIP Amendment, each provision of the DIP Orders and the DIP Documents shall remain unchanged and in full force and

effect. All liens, priorities, and other rights, remedies, benefits, privileges, and protections provided to the DIP Lender and the Prepetition Secured Parties in the DIP Orders and the DIP Documents with respect to or relating to the DIP Facility shall apply with equal force and effect with respect to the DIP Amendment and all obligations in connection therewith or related thereto.

4. The Debtors have an immediate need to extend the DIP Credit Agreement's sale approval milestone and Maturity Date as set forth in the DIP Amendment. The Debtors' continued access to suffcient working capital and liquidity is necessary and vital to the preservation and maintenance of the Debtors' estates.

5. The financing available under the DIP Documents, as amended by the DIP Amendment, represents the best and only available financing option for the Debtors under the circumstances.

6. The terms of the DIP Amendment, including without limitation, the extension fee, are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with its fiducairy duties, and constitute reasonably equivalent value and fair consideration.

7. The terms of the DIP Amendment have been neogitated in good faith and at arms-length among the Debtors and the DIP Lender. All parties' obligations and indebtedness arising under, in respect of, or in connection with the DIP Amendment shall be deemed to have been extended by the DIP Lender in good faith, as that term is used in Section 364(e) of the Bankruptcy Code, and in express reliance upon the protections offered by Section 364(e) of the Bankruptcy Code, and the DIP Lender shall be entitled to the full protection of Section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed, or modified, on appeal or otherwise.

8. Any Bankruptcy Rule (including Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Order is herbey waived, and the terms and conditions of this Ordershall be effective and enforceable immediately upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

10. The Court shall retian jurisdiction over nay matter arising from or related to the implementation, interpretation, an enforcement of this Order.

 # # # END OF ORDER # # #

Order drafted and submitted by:

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Exhibit 1 – DIP Amendment

Exhibit 1

DIP Amendment

FIRST AMENDMENT AND WAIVER TO SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT AND WAIVER TO SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION LOAN AND SECURITY AGREEMENT (this *"*Amendment*"),* dated as of July 10, 2025, is entered into by and among (i) Jackson Hospital & Clinic, Inc., an Alabama corporation ("JHC") and JHC Pharmacy, LLC, an Alabama limited liability company ("JHC Pharmacy"), and (ii) Jackson Investment Group, LLC, a Georgia limited liability company ("JIG").

W I T N E S S E T H

WHEREAS, pursuant to the Senior Secured, Super-Priority Debtor-In-Possession Loan and Security Agreement dated as of March 4, 2025 (as amended, restated, supplemented, waived, or otherwise modified from time to time prior to the date hereof, the "Loan Agreement") among JHC and JHC Pharmacy, as Borrowers, and JIG, as Lender, Lender has made Loans to Borrowers, the aggregate outstanding principal amount of which as of the date hereof is $21,500,000. Capitalized terms used but not expressly defined in this Amendment shall have the meanings ascribed to such terms in the Loan Agreement.

WHEREAS, the Borrowers have requested certain amendments and waivers to the Loan Agreement and, subject to the terms and conditions set forth herein, Lender has agreed to such amendments and waivers.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Introductory Paragraph and Recitals**. The above introductory paragraph and recitals of this Amendment are hereby incorporated into the body of this Amendment by reference as an integral part hereof and as if fully set forth herein.

2. **Amendments to the Loan Agreement**. Subject to Section 5, the Loan Agreement is hereby amended as follows:

(a) The definition of "Commitments" set forth in Section 1 of the Loan Agreement is amended as of July 15, 2025 by replacing the amount "twenty four million five hundred thousand Dollars ($24,500,000)" with the amount "twenty one million six hundred and seven thousand and five hundred Dollars ($21,607,500)".

(b) The definition of "Maturity Date" set forth in Section 1 of the Loan Agreement is hereby amended by replacing the date "July 31, 2025" set forth in clause (a) thereof with the date "August 31, 2025".

(c) A new Section 5.16 of the Loan Agreement is hereby added immediately following Section 5.15 of the Loan Agreement, to read in its entirety as follows:

> 5.16. **Additional Affirmative Covenants**. From and after July 10, 2025, each Borrower hereby covenants and agrees that, until termination of the Commitments and indefeasible payment in full in cash of the Obligations (other than continuing Obligations with respect to indemnification), it shall comply with each of the following, as applicable:

(a) At the times set forth below, the Borrowers shall deliver to Lender a written report, certified by an Authorized Person and in form and substance reasonably satisfactory to Lender, setting forth a detailed summary of (x) aggregate net (i.e., collectible) accounts receivable and (y) all post-petition liabilities (including accounts payable and professional fee estimates, and whether billed, incurred, accrued, promised or estimated), of each Borrower as of the dates set forth in clauses (i) and (ii) of this Section 15.16(a) (each such report, an "AR/AP Report").

(i) Borrowers shall deliver on or prior to July 10, 2025, (A) an AR/AP Report setting forth the required information as of May 31, 2025, and (B) an AR/AP Report setting forth the required information as of June 30, 2025; and

(ii) beginning on July 16, 2025 (a Wednesday), Borrowers shall deliver on each Wednesday, an AR/AP Report setting forth the required information as of the immediately preceding Friday.

(b) On or prior to July 10, 2025, Borrowers shall deliver projections, certified by an Authorized Person as being prepared by the Borrowers in good faith using reasonable assumptions, and in form and substance reasonably satisfactory to Lender, of the information required to be set forth in an AR/AP Report as of August 31, 2025.

(c) On or prior to July 18, 2025, JHC agrees to create and deliver to Lender a "wind-down budget" in form and substance reasonably satisfactory to Lender. Such budget shall be delivered to Lender on a confidential basis and shall not be disclosed to any Person other than Lender and its counsel.

(d) JHC shall research the sale of all of its equipment and inventory (as such terms are defined in the UCC) and other assets located within its buildings that would reasonably be expected to be able to be sold and shall deliver to Lender, on or prior to August 1, 2025, a report summarizing such research in form and substance reasonably satisfactory to Lender, including a range of expected proceeds and potential buyers.

(e) On or prior to July 15, 2025, Borrowers shall make a payment on the Loans in an amount sufficient, when applied in accordance with Section 2.3(b) of the Loan Agreement to Lender Expenses, Fees, interest and principal, to reduce the aggregate outstanding principal amount of the Loans to $21,607,500.

(d) Section 7.1(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(b) the Bankruptcy Court shall have not entered a final order approving the sale of substantially all of the Borrowers' assets by August 12, 2025;

(e) Section 7.1(d) of the Loan Agreement is hereby amended and restated to insert the section reference " 5.16," immediately after the section reference therein to "5.11,".

3. **Waiver**. The Borrowers and Lender hereby acknowledge and confirm that (i) the reports delivered by the Borrowers pursuant Section 5.2(c) of the Loan Agreement with respect to the cumulative

rolling four-week periods ended June 21, 2025, June 28, 2025 and July 5, 2025 (the "Relevant Measurement Periods") each disclosed a Prohibited Variance, and (ii) that each such Prohibited Variance constitutes an Event of Default under both Sections 5.2(c) and 7.1(d) of the Loan Agreement (such Events of Default, the "Specified Defaults"). Upon the effectiveness of this Amendment in accordance with Section 5, Lender hereby waives, on a one-time basis, the occurrence of the Specified Defaults solely as they relate to the Relevant Measurement Periods (the "Waiver"). The Waiver applies only to the Specified Default and shall be effective only to the extent specifically set forth herein and this Waiver shall not (a) be construed as a waiver of any breach, default or Event of Default other than the Specified Default, (b) affect the rights of Lender to demand compliance by the Borrowers with all terms and conditions of the Loan Agreement and other Loan Documents except as specifically set forth in this paragraph, (c) be deemed a waiver of any transaction or future action on the part of the Borrowers requiring Lender's consent or approval under the Loan Agreement or any other Loan Document, or (d) except as to the Specified Default waived hereby, be deemed or construed to be a waiver or release of, or a limitation upon, Lender's exercise of any rights or remedies under the Loan Agreement or any other Loan Document or at law or in equity, whether arising as a consequence of any Default or Event of Default which may now exist or otherwise, and all such rights and remedies are hereby expressly reserved.

4. **Representations and Warranties**. Each Borrower hereby represents and warrants to Lender on and as of the date of this Amendment as follows:

(a) Representations and Warranties; No Event of Default. The representations and warranties herein set forth in Section 4 of the Loan Agreement, and in each other Loan Document, certificate or other writing delivered by or on behalf of the Borrowers to Lender pursuant Loan Agreement or any other Loan Document on or immediately prior to the date hereof are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Change" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Change" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), and no Default or Event of Default has occurred and is continuing as of the date hereof (after giving effect to Section 3) or would result from this Amendment becoming effective in accordance with its terms.

(b) Enforceability of Loan Documents. This Amendment is, and each other Loan Document to which any Borrower is a party is the legal, valid and binding obligation of such Borrower, enforceable against such Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(c) Governmental Approvals. Subject to Bankruptcy Court approval, no material authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by any Borrower of any Loan Document to which it is or will be a party (other than those that have been duly obtained or made and which are in full force and effect).

(d) Bankruptcy Court Approval. This Amendment shall be subject to Bankruptcy Court approval.

5. **Effectiveness**. Subject to Bankruptcy Court approval, this Amendment shall be fully effective on the date hereof when each of the parties hereto delivers its duly executed signature page hereto.

6. **Extension Fee**. Borrowers hereby agree to pay to Lender on the date hereof, an extension fee in the amount of $107,500 in consideration of the accommodations provided to Borrowers by Lender pursuant to this Amendment. Such extension fee shall be fully earned on the date of this Amendment and nonrefundable, and shall be paid by an increase to the aggregate outstanding principal amount of the Loans in the amount of such extension fee. Lender is hereby authorized by Borrowers, without further notice to Borrowers, to so increase the aggregate outstanding principal amount of the Loans by such amount on the date hereof.

7. **Continued Effectiveness of the Amended Loan Agreement and Other Loan Documents**. Each Borrower hereby and agrees that the Loan Agreement, as amended by this Amendment (as so amended, the "Amended Loan Agreement") and each other Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that on and after the date of this Amendment, all references in any such Loan Document to "the Loan Agreement", the "Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Loan Agreement shall mean the Amended Loan Agreement. Each Borrower confirms and agrees that, to the extent that any such Loan Document purports to assign, pledge or grant to Lender a security interest in or Lien on any Collateral as security for the Obligations of the Borrowers from time to time existing in respect of the Amended Loan Agreement and the other Loan Documents, such pledge, assignment and/or grant of the security interest or Lien is hereby ratified and confirmed in all respects and continues in full force and effect on the terms of the respective Loan Documents, and the obligations of each Borrower arising under or as a consequence of the Amended Loan Agreement are included in the Obligations. This Amendment does not and shall not affect any of the Obligations of the Borrowers, other than as expressly provided herein, including, without limitation, the Borrowers' obligations to repay the Loans in accordance with the terms of Amended Loan Agreement or the Obligations of the Borrowers under any Loan Document to which they are a party, all of which Obligations shall remain in full force and effect and are hereby reaffirmed by the Borrowers. Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender under the Amended Loan Agreement or any other Loan Document nor constitute a waiver of any provision of the Amended Loan Agreement or any other Loan Document. Except as expressly amended by this Amendment, all terms and provisions of the Loan Agreement and the other Loan Documents remain unchanged and in full force and effect.

8. **No Novation**. Nothing herein contained shall be construed as a substitution or novation of the Obligations outstanding under the Amended Loan Agreement or instruments securing the same, which shall remain in full force and effect, except as modified hereby.

9. **No Representations by Lender**. Each Borrower hereby acknowledges that it has not relied on any representation, written or oral, express or implied, by Lender in entering into this Amendment.

10. **Further Assurances**. The Borrowers shall execute any and all further documents, agreements and instruments, and take all further actions, as may be required under applicable laws or as Lender may reasonably request, in order to effect the purposes of this Amendment.

11. **Release**. In consideration of the accommodations to Borrowers provided by Lender pursuant to this Amendment, each Borrower does hereby remise, release, acquit, satisfy and forever discharge Lender and its respective agents, employees, officers, directors, predecessors, attorneys and all others acting or purporting to act on behalf of or at the direction of the Lender ("Releasees") of and from any and all manner of actions, causes of action, suit, debts, accounts, covenants, contracts, controversies, agreements, variances, damages, judgments, claims and demands whatsoever, in law or in equity, which such Borrower ever had or now has against any Releasee, for, upon or by reason of any matter, cause or thing whatsoever arising from, in connection with or in relation to any of the Loan Documents on or prior to the date hereof; provided that the foregoing clause shall not apply to a Releasee in the event of fraud or willful misconduct of such Releasee. Without limiting the generality of the foregoing, each Borrower does hereby waive and affirmatively agree

not to allege or otherwise pursue any defenses, affirmative defenses, counterclaims, claims, causes of action, setoffs or other rights it does, shall or may have on or prior to the date hereof, including, but not limited to, the rights to contest any conduct of the Lender or other Releasees on or prior to the date hereof; provided, that the foregoing provisions of this sentence shall not apply to a Releasee in the event of fraud or willful misconduct of such Releasee.

12. **Miscellaneous**.

(a) Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(b) THE TERMS AND PROVISIONS OF SECTION 11 OF THE LOAN AGREEMENT ARE HEREBY INCORPORATED HEREIN AS IF FULLY SET FORTH HEREIN, *MUTATIS MUTANDIS*.

(c) Each Borrower hereby acknowledges and agrees that this Amendment constitutes a "Loan Document" under the Amended Loan Agreement.

(d) Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(e) This Amendment may be signed in counterparts and electronically in accordance with Section 13.6 of the Loan Agreement, and the terms of provisions of Section 13.6 of the Loan Agreement are hereby incorporated herein as if fully set forth herein, *mutatis mutandis*.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date set forth on the first page hereof.

BORROWERS:

JACKSON HOSPITAL & CLINIC, INC.

By:_____
Name: Allen Wilen
Title: CRO

JHC PHARMACY, LLC

By:_____
Name: Allen Wilen
Title: CRO

LENDER:

JACKSON INVESTMENT GROUP, LLC

By:_____
Name: Richard L. Jackson
Title: CEO

[Signature Page to First Amendment to Loan Agreement]