

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
JUSTIN R. BERNBROCK (admitted *pro hac vice*)
CATHERINE JUN (admitted *pro hac vice*)
ROBERT B. McLELLARN (admitted *pro hac vice*)
321 North Clark Street, 32nd Floor
Chicago, Illinois 60654
Telephone: 312.499.6300
Facsimile: 312.499.6301
Email: jbernbrock@sheppardmullin.com
cjun@sheppardmullin.com
rmccllarn@sheppardmullin.com

JENNIFER L. NASSIRI, SBN 209796
ALEXANDRIA G. LATNER, SBN 314855
1901 Avenue of the Stars, Suite 1600
Los Angeles, CA 90067-6055
Telephone: 310.228.3700
Facsimile: 310.228.3701
Email: jnassiri@sheppardmullin.com
alattner@sheppardmullin.com

Proposed Counsel for Debtors and
Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

In re:

BEVERLY COMMUNITY HOSPITAL
ASSOCIATION, dba BEVERLY HOSPITAL (A
NONPROFIT PUBLIC BENEFIT
CORPORATION), *et al.*¹

Debtors,

- ☒ Affects all Debtors
- ☐ Affects Beverly Community
Hospital Association
- ☐ Montebello Community Health
Services, Inc.
- ☐ Beverly Hospital Foundation

Lead Case No.: 2:23-bk-12359-SK

Jointly administered with:

Case No: 2:23-bk-12360-SK

Case No: 2:23-bk-12361-SK

Chapter 11 Case

**FINAL ORDER: (I) AUTHORIZING THE
DEBTORS TO OBTAIN POST-PETITION
FINANCING, (II) GRANTING ADEQUATE
PROTECTION TO PREPETITION SECURED
CREDITORS, AND (III) GRANTING
RELATED RELIEF**

Date: June 7, 2023
Time: 9:00 a.m.
Judge: Sandra R. Klein
Place: Zoom.Gov – or - Courtroom 1575
255 E. Temple St.
Los Angeles, CA 90012

¹ The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309 W. Beverly Blvd., Montebello, California 90640.



FILED & ENTERED

JUN 06 2023

**CLERK U.S. BANKRUPTCY COURT
Central District of California
BY may DEPUTY CLERK**

1 Upon the *Debtors' Emergency Motion for Interim and Final Orders (I) Authorizing the*
2 *Debtors to Obtain Post-Petition Financing, (II) Granting Adequate Protection to Prepetition*
3 *Secured Creditors, and (III) Granting Related Relief; Memorandum of Points and Authorities in*
4 *Support Thereof* (the "DIP Motion"),² dated April 20, 2023, filed by Beverly Community Hospital
5 Association, Montebello Community Health Services, Inc., and Beverly Hospital Foundation
6 (collectively, the "Debtors"), as debtors and debtors in possession in the above captioned chapter
7 11 cases (collectively, the "Chapter 11 Cases"), pursuant to sections 105, 361, 362, 363, 364(c)(1),
8 364(c)(2), 364(c)(3), 364(d)(1), 364(e) and 507 of title 11 of the United States Code (the
9 "Bankruptcy Code"), Rules 2002, 4001, 6004 and 9014 of the Federal Rules of Bankruptcy
10 Procedure (the "Bankruptcy Rules") and Rule 4001-2 of the Local Bankruptcy Rules for the
11 United States Bankruptcy Court for the Central District of California (the "Local Rules" or
12 "LBR"), for entry of an interim order (the "Interim Order") and this final order (this "Final
13 Order") authorizing the Debtors to, among other things: *inter alia*:

14 (1) to (A) obtain postpetition secured debtor in possession financing in an
15 aggregate principal amount of up to \$13,250,000 (the "DIP Facility"), pursuant to the terms and
16 conditions set forth in the Senior Secured Superpriority Debtor-in-Possession Credit Agreement
17 (substantially in the form attached as Exhibit 2 to the *Stipulation Re Interim Order: (I) Authorizing*
18 *the Debtors to Obtain Post-Petition Financing, (II) Granting Adequate Protection to Prepetition*
19 *Secured Creditors, (III) Scheduling a Final Hearing and (IV) Granting Related Relief*
20 (the "Stipulation") incorporated by reference herein, and as hereafter amended, restated,
21 supplemented, waived, or otherwise modified from time to time, all in accordance with, and
22 subject to, the terms of this Interim Order, the "DIP Credit Agreement"), by and among the
23 Debtors, as borrowers (collectively, the "DIP Borrowers"), and HRE Montebello, LLC, as lender
24 (together with its successor or assigns, the "DIP Lender"), and (B) incur the "Obligations" under
25 the DIP Credit Agreement (such Obligations, as defined in the DIP Credit Agreement, shall be
26 referred to herein as the "DIP Obligations") (the DIP Credit Agreement and the other "Loan
27

28 ² Capitalized terms used herein and not otherwise defined shall have the meaning ascribed in the DIP Motion.

1 Documents” (as defined in the DIP Credit Agreement), together with any related agreements,
2 documents, guarantees, certificates, instruments, exhibits and schedules, each as amended,
3 restated, supplemented, waived, or otherwise modified from time to time, the “DIP Documents”);

4 (2) to execute and deliver the DIP Documents and to perform all of their
5 respective obligations thereunder and such other and further acts as may be necessary or desirable
6 in connection with the DIP Documents;

7 (3) the grant of valid, enforceable, non-avoidable, automatically and properly
8 perfected security interests, liens and superpriority claims, including allowed superpriority
9 administrative expense claims pursuant to Section 364(c)(1) of the Bankruptcy Code and liens
10 pursuant to Sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code to the DIP Lender in the DIP
11 Collateral (as defined herein) (and all proceeds thereof), to secure all DIP Obligations, as more
12 fully set forth in the Interim Order and this Final Order;

13 (4) modification of the automatic stay imposed under Section 362 of the
14 Bankruptcy Code, to the extent necessary, to implement and effectuate the terms and provisions of
15 the DIP Documents, the Interim Order and this Final Order;

16 (5) the scheduling of a final hearing (the “Final Hearing”) on the DIP Motion
17 for this Court to consider entry of this Final Order, *inter alia*, authorizing the borrowings under the
18 DIP Facility on a final basis.

19 This Court having found that notice of the relief sought in the DIP Motion and at the Final
20 Hearing was provided by the Debtors in accordance with Bankruptcy Rules 2002, 4001 and 9014
21 and all applicable Local Rules, and having held the Final Hearing on May 31, 2023; and after
22 considering the DIP Motion, the First Day Declaration, the DIP Documents, and the evidence
23 submitted and the arguments made on the record at the Interim Hearing and Final Hearing; and
24 there being no unresolved objections to the interim relief requested in the DIP Motion; and it
25 appearing to this Court that granting the interim relief requested in the DIP Motion is necessary to
26 avoid immediate and irreparable harm to the Debtors and their estates, and is otherwise fair and
27 reasonable and in the best interests of the Debtors, their creditors, and their estates, represents a
28 sound exercise of the Debtors’ business judgment, and is necessary for the continued operation of

1 the Debtors' businesses; and upon the record of the Chapter 11 Cases and after due deliberation
2 and consideration and for good and sufficient cause appearing therefor:

3 **THIS COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:**

4 A. Petition Date. On April 19, 2023 (the "Petition Date"), each Debtor filed a
5 voluntary petition with this Court commencing a case under chapter 11 of the Bankruptcy Code.
6 The Debtors are continuing to operate their respective businesses and manage their respective
7 properties as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.
8 As of the date hereof, no trustee or examiner has been appointed in any of the Chapter 11 Cases.

9 B. Jurisdiction and Venue. This Court has jurisdiction over these proceedings
10 pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).
11 Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

12 C. Committee Formation. On May 16, 2023, United States Trustee for the Central
13 District of California (the "U.S. Trustee") appointed an official committee of unsecured creditors
14 (the "Committee").

15 D. Permitted Prior Liens. As used herein, the term "Permitted Prior Liens" shall
16 mean only the "Permitted Liens" (as defined in the DIP Credit Agreement) that constitute valid,
17 enforceable, prior, perfected, and non-avoidable Liens as of the Petition Date. Nothing contained
18 herein shall constitute a finding or ruling by this Court that any alleged Permitted Prior Lien is
19 valid, senior, enforceable, prior, perfected, or non-avoidable. Moreover, nothing shall prejudice
20 the rights of any party-in-interest, including, but not limited to, the Debtors, the DIP Lender, or
21 the Committee to challenge the validity, priority, enforceability, seniority, avoidability,
22 perfection, or extent of any alleged Prior Permitted Lien. The right of a seller of goods to reclaim
23 or seek a return of such goods (whether under Section 546(c) of the Bankruptcy Code or
24 otherwise) shall not be a Permitted Prior Lien and shall be expressly subject to the DIP Liens.

25 E. Need for Postpetition Financing. Based upon the pleadings and proceedings of
26 record in the Chapter 11 Cases, the Debtors do not have sufficient available sources of working
27 capital and financing to carry on the operation of their businesses without the DIP Facility. The
28 Debtors' ability to maintain business relationships with their vendors and suppliers, to make

1 payroll, to make capital expenditures, to make adequate protection payments, and to satisfy other
2 working capital and operational needs and otherwise finance their operations and conduct their
3 business affairs is essential to the Debtors' continued viability. In addition, based on the record
4 presented at the Interim Hearing and the Final Hearing: (i) the Debtors' critical need for financing
5 is immediate and the entry of this Final Order is necessary to avoid immediate and irreparable
6 harm to the Debtors' estates and the value of their assets; (ii) in the absence of the DIP Facility,
7 the continued operation of the Debtors' businesses would not be possible and serious and
8 irreparable harm to the Debtors and their estates would occur; and (iii) the preservation,
9 maintenance and enhancement of the going concern value of the Debtors are of the utmost
10 significance and importance.

11 F. No Credit Available on More Favorable Terms. Given their current financial
12 condition, financing arrangements and capital structure, the Debtors are unable to obtain sufficient
13 committed financing from sources other than the DIP Lender on terms more favorable than under
14 the DIP Facility and the DIP Documents. The Debtors are not able to obtain unsecured committed
15 financing allowable as an administrative expense under Section 503(b)(1) of the Bankruptcy Code.
16 The Debtors also have been unable to obtain sufficient committed financing (a) having priority
17 over administrative expenses of the kind specified in Sections 503(b), 507(a), and 507(b) of the
18 Bankruptcy Code, (b) secured by a lien on property of the Debtors and their estates that is not
19 otherwise subject to a lien, or (c) secured solely by a junior lien on property of the Debtors and
20 their estates that is subject to a lien. Financing on a postpetition basis is unavailable to the Debtors
21 without providing the DIP Lender: (i) the DIP Liens on the DIP Collateral (each as defined
22 herein), as provided herein and in the DIP Documents with the priorities set forth herein; (ii) the
23 DIP Superpriority Claims (as defined herein); and (iii) the other rights, protections and benefits set
24 forth in this Interim Order. After considering all alternatives, the Debtors have concluded, in the
25 exercise of their sound business judgment, that the DIP Facility represents the best financing
26 available to them at this time and is in the best interests of their estates and creditors.

1 G. Sections 506(c). As a material inducement to the DIP Lender to
2 agree to provide the DIP Facility, the DIP Lender shall receive a waiver of the provisions of
3 Section 506(c) of the Bankruptcy Code.

4 H. Use of Proceeds of the DIP Facility. As a condition to entry into the DIP
5 Documents and the extension of credit under the DIP Facility as provided in this Final Order, the
6 DIP Lender requires, and the Debtors have agreed, that proceeds of the DIP Facility shall be used
7 only in a manner consistent with the terms and conditions of the DIP Documents, the Interim
8 Order, and this Final Order and in accordance with the Budget Requirements (as defined below),
9 solely for the following: (a) funding of working capital, capital expenditures, and other general
10 corporate needs in the ordinary course in compliance with the Budget Requirements and the DIP
11 Documents, (b) the payment of costs of administration of the Chapter 11 Cases in compliance with
12 the Budget Requirements and the DIP Documents, (c) payment of interest, fees, costs and
13 expenses related to the DIP Facility as provided for in this Final Order and the DIP Documents
14 (including the reasonable and documented fees and expenses of the DIP Lender's professionals
15 and advisors), (d) payment of such prepetition obligations as permitted under the DIP Documents,
16 consented to by the DIP Lender, and approved by this Court, and (e) payment of such other
17 amounts in compliance with the Budget Requirements and the DIP Documents.

18 I. Good Faith of the DIP Lender. The DIP Lender has indicated a willingness to
19 provide financing to the Debtors subject to: (i) entry of the Interim Order and this Final Order; (ii)
20 approval of the terms and conditions of the DIP Facility and the DIP Documents; (iii) satisfaction
21 of the closing conditions set forth in the DIP Documents; and (iv) findings by this Court that the
22 DIP Facility is essential to the Debtors' estates, that the DIP Lender is extending credit to the
23 Debtors pursuant to the DIP Documents in good faith, and that the DIP Lender's claims,
24 superpriority claims, security interests and liens and other protections granted pursuant to the
25 Interim Order, this Final Order and the DIP Documents will have the protections provided by
26 Section 364(e) of the Bankruptcy Code. Based upon the pleadings and proceedings of record in
27 the Chapter 11 Cases, (x) the terms and conditions of the DIP Facility and the DIP Documents,
28 and the fees paid and to be paid thereunder, are fair, reasonable, and the best available to the

1 Debtors under the circumstances, are ordinary and appropriate for secured financing to debtors-in-
2 possession, reflect the Debtors' exercise of prudent business judgment consistent with their
3 fiduciary duties, and are supported by reasonably equivalent value and consideration, (y) the terms
4 and conditions of the DIP Facility were negotiated in good faith and at arms' length among the
5 Debtors and the DIP Lender, with the assistance and counsel of their respective advisors, and (z)
6 any credit extended, loans made, and other financial accommodations extended to the Debtors by
7 the DIP Lender, including, without limitation, pursuant to the Interim Order and this Final Order,
8 have been extended, issued or made, as the case may be, in "good faith" within the meaning of
9 Section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by
10 Section 364(e) of the Bankruptcy Code, and the DIP Facility, the DIP Liens, and the DIP
11 Superpriority Claims shall be entitled to the full protection of Section 364(e) of the Bankruptcy
12 Code in the event that this Final Order or any provision hereof is vacated, reversed or modified, on
13 appeal or otherwise.

14 J. Notice. Notice of the Final Hearing and the proposed entry of this Final Order has
15 been provided by the Debtors, whether by facsimile, email, overnight courier, or hand delivery, to:
16 (i) the thirty (30) largest unsecured creditors of the Debtors on a consolidated basis; (ii) the Office
17 of the U.S. Trustee; (iii) Bryan Cave Leighton Paisner LLP ("BCLP"), as counsel to the DIP
18 Lender; (iv) the Office of the Attorney General of California; (v) the Prepetition Secured Creditors
19 and their counsel, including without limitation, U.S. Bank Trust Company, National Association,
20 as Master Trustee (the "Master Trustee") under that Master Trust Indenture, dated as of December
21 1, 2015, among Beverly Community Hospital Association, Beverly Hospital Foundation,
22 Montebello Community Health Services, Inc., and U.S. Bank National Association as Master
23 Trustee (the "Master Indenture"); (vi) Dentons LLP and Sills Cummis & Gross, P.C., as proposed
24 co-counsel to the Committee; (vii) all other parties with liens of record on assets of the Debtors (as
25 disclosed in lien searches completed by the Debtors prior to the Petition Date); and (viii) any other
26 party that has filed a request for notice pursuant to Bankruptcy Rule 2002 or is required to receive
27 notice under Bankruptcy Rules 2002, 4001, or 9014 and any applicable Local Rules. Requisite
28

1 notice of the DIP Motion and the relief requested thereby has been provided and no other notice
2 need be provided for entry of this Final Order.

3 K. Immediate Entry. The Debtors have requested immediate entry of this Final Order
4 pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). Absent entry of this Final Order, the
5 Debtors' businesses, properties and estates will be immediately and irreparably harmed. This
6 Court concludes that entry of this Final Order is in the best interests of the Debtors' respective
7 estates and creditors as its implementation will, among other things, enhance the Debtors'
8 prospects for their successful reorganization.

9 Based on the foregoing finding and conclusions, the DIP Motion, the First Day
10 Declaration, and the record made before this Court at the Interim Hearing and the Final Hearing,
11 and good and sufficient cause appearing therefore,

12 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

13 1. Approval of Final Order. The DIP Motion is approved, on a final basis, on the
14 terms and conditions set forth in this Final Order. Any objections to the relief requested in the
15 DIP Motion that have not previously been withdrawn, waived, settled, or resolved, and all
16 reservations of rights included therein, are hereby denied with prejudice and overruled on the
17 merits. This Final Order shall become effective immediately upon its entry.

18 2. Approval of DIP Documents; Authority Thereunder. The DIP Facility is hereby
19 approved on a final basis. The Debtors are hereby authorized to (a) execute and deliver the DIP
20 Documents (including the DIP Credit Agreement) and such additional documents, instruments,
21 certificates, and agreements as may be required or reasonably requested by the DIP Lender to
22 implement the terms or effectuate the purposes of this Final Order and the DIP Documents, (b)
23 incur and perform the DIP Obligations in accordance with, and subject to, the terms of this Final
24 Order and the DIP Documents, and (c) following entry of the Final Order and the occurrence of
25 the Closing Date, request Advances up to the full amount of the Remaining Availability Amount.

26 3. Validity of DIP Documents and DIP Obligations. Each of the DIP Documents
27 constitute and evidence (and shall deemed to be) the legal, valid, and binding obligation of the
28 Debtors, enforceable against the Debtors, their estates and any successors thereto, including any

1 trustee appointed in the Chapter 11 Cases or in any case under Chapter 7 of the Bankruptcy Code
2 upon the conversion of any of the Chapter 11 Cases (collectively, the “Successor Cases”). Loans
3 and advances made under the DIP Facility (the “DIP Loans”) will fund the Debtors’ working
4 capital and general corporate needs in the ordinary course of business and to pay such other
5 amounts as are required or permitted to be paid pursuant to the DIP Credit Agreement, this Final
6 Order and any other orders of this Court, in each case to the extent permitted under the DIP Credit
7 Agreement and in compliance with the Budget Requirements. No DIP Obligations or any other
8 obligation, payment, transfer, or grant of security under the DIP Documents or this Final Order
9 shall be stayed (other than by court order in an appeal from this Final Order), restrained, voided,
10 voidable, or recoverable under the Bankruptcy Code or under any applicable non-bankruptcy law,
11 or subject to any avoidance, defense, reduction, setoff, recoupment, counterclaim,
12 recharacterization, subordination, cross-claim, or any other challenge under the Bankruptcy Code
13 or any applicable law or regulation by any person or entity.

14 4. Authorization to Borrow. Subject to the terms and conditions of this Final Order
15 and the DIP Documents and in compliance with the Budget Requirements, upon entry of this Final
16 Order and through the earliest to occur of (a) the entry of the Final Order, and (b) the Termination
17 Date (as defined herein), the DIP Borrowers are authorized to request Advances up to an aggregate
18 outstanding principal amount of the Remaining Availability Amount. The DIP Lender shall have
19 no obligation to make a DIP Loan unless all of the conditions precedent to the making of such DIP
20 Loan under the DIP Documents and this Final Order have been (x) satisfied in full or (y) waived
21 by the DIP Lender in its sole and absolute discretion. The DIP Borrowers shall provide prompt
22 notice to the Master Trustee and the Committee if seeking any Advances that would require the
23 waiver of any conditions precedent pursuant to this paragraph 4.

24 5. Authorization to Use Cash Collateral. Subject to the terms and conditions of this
25 Final Order and the DIP Documents and in compliance with the Budget Requirements, the
26 Debtors are authorized to use all DIP Collateral constituting “cash collateral,” as defined in
27 Section 363(a) of the Bankruptcy Code (the “DIP Cash Collateral”) in compliance with the DIP
28 Documents and this Final Order until the Termination Date (as defined below), and all authority to

1 use DIP Cash Collateral shall terminate automatically upon the Termination Date. For purposes of
2 clarity, the DIP Cash Collateral shall include all rent, lease payments, fees, and all other cash
3 generated from the leasing and operations of the DIP Collateral. The Debtors are permitted to
4 continue to use DIP Cash Collateral during the pendency of any Remedies Notice Period (as
5 defined below) in accordance with the Budget Requirements.

6 6. Use of Proceeds and Cash Collateral; Segregation; No Re-Borrowing.

7 (a) The Debtors shall segregate and deposit into the Clearing Account (as
8 defined in the DIP Loan Agreement) all DIP Cash Collateral, and shall segregate and deposit into
9 the Security Deposit Account (as defined in the DIP Loan Agreement) all tenant security deposits.
10 The DIP Lender shall have a continuing, valid, binding, enforceable, non-avoidable, and
11 automatically and properly perfected first-priority security interest in the Clearing Account and
12 Security Deposit Account and all amounts on deposit in the Clearing Account and Security
13 Deposit Account.

14 (b) Notwithstanding anything to the contrary in any of the first-day orders, the
15 Debtors shall use proceeds of the DIP Facility and DIP Cash Collateral only for the purposes
16 permitted by this Final Order and the DIP Documents and in compliance with the Budget
17 Requirements. The DIP Liens shall continue to attach to the DIP Cash Collateral irrespective of
18 the commingling of DIP Cash Collateral with other cash of the Debtors. Any failure by the
19 Debtors on or after the Petition Date to comply with the segregation requirements of Section
20 363(c)(4) of the Bankruptcy Code in respect of any DIP Cash Collateral shall not be used as a
21 basis to challenge the extent, validity, enforceability or perfected status of the DIP Liens on any
22 DIP Cash Collateral.

23 (c) The DIP Loan is a term loan (not a revolving loan), and once Advances
24 have been made to Debtors, Loan Availability under the DIP Loan shall be permanently reduced
25 by the amounts of such Advances. The Debtors may not re-borrow any amounts Advanced under
26 the DIP Facility after such amounts have been repaid to Lender.

1 7. Approved Budget.

2 (a) General. Except as otherwise provided herein or approved by the DIP
3 Lender, proceeds of the DIP Facility shall be used only in compliance with the Budget
4 Requirements.

5 (b) Approved Budget. Attached as Exhibit 3 to the Stipulation and
6 incorporated by reference herein is a cash flow forecast covering the 5-week period commencing
7 with the week in which the Petition Date occurred, depicting, on a weekly and line item basis, (i)
8 projected cash receipts, (ii) projected disbursements (including ordinary course operating
9 expenses, bankruptcy-related expenses (including professional fees of the Debtors' and the
10 Committee's professionals and advisors), and any other fees and expenses relating to the DIP
11 Documents), (iii) net cash flow, and (iv) the other items set forth therein and other information
12 reasonably requested by the DIP Lender for such 5-week period, in form and substance
13 satisfactory to the DIP Lender in its sole discretion (the "Initial Budget"). Subject to the terms of
14 the DIP Documents, the Initial Budget has been and shall be updated from time to time by the
15 Debtors with the consent of the DIP Lender and in consultation with the Master Trustee and the
16 Committee (the "Approved Budget").

17 (c) Updated Budget. No later than 5:00 p.m. prevailing Eastern Time on the
18 first Wednesday after the end of each Applicable Measurement Period (as defined in the DIP
19 Credit Agreement), the Debtors shall deliver by email (or other electronic means) to the DIP
20 Lender, the Committee, and Master Trustee an update of the latest Approved Budget covering the
21 9-week period commencing with the week in which the Debtors deliver such update, which update
22 shall be consistent with the form and level of detail set forth in the latest Approved Budget,
23 provide a reconciliation for the results of the prior month period compared to the prior Approved
24 Budget and is satisfactory in form and substance to the DIP Lender and Master Trustee in their
25 sole discretion (each such update, an "Updated Budget"); provided that the Debtors shall comply
26 with the requirements set forth in the DIP Credit Agreement and any final or interim cash
27 collateral order entered by the Bankruptcy Court, with respect to the timing and content of each
28 Updated Budget. The Updated Budget shall become the Approved Budget (and replace any prior

1 Approved Budgets) only under the circumstances described in the DIP Credit Agreement and any
2 final or interim cash collateral order entered by this Court.

3 (d) Variance Reporting. The Debtors shall deliver to the DIP Lender, the
4 Master Trustee, and the Committee Variance Reports and Compliance Certificates (as defined in
5 the DIP Credit Agreement) in accordance with the terms and on the dates set forth in the DIP
6 Credit Agreement. From time to time upon reasonable request of the DIP Lender, the Debtors and
7 their advisors shall participate in status calls with the DIP Lender and its professionals and
8 advisors (but in no event less than on a bi-weekly basis), to discuss the financial operations and
9 performance of the Debtors' business and such other matters relating to the Debtors as the DIP
10 Lender (or its agents or advisors) shall reasonably request.

11 (e) Permitted Variances. (i) Actual Cash Receipts during any Applicable
12 Measurement Period (as defined in the DIP Credit Agreement) shall not be less than 85% of the
13 Budgeted Cash Receipts (as defined in the DIP Credit Agreement) for such Applicable
14 Measurement Period, and (ii) the Actual Disbursement Amount (as defined in the DIP Credit
15 Agreement) on a total-disbursements basis shall not exceed 115% of the Budgeted Disbursement
16 Amount (as defined in the DIP Credit Agreement) for such Applicable Measurement Period (on a
17 total-disbursements basis). No professional fees disbursed to Professional Persons (each as
18 defined below) under the Approved Budget shall exceed the line-item budgeted amounts for such
19 Professional Persons for any applicable calendar week when budgeted in the Approved Budget.
20 All estimated fees, costs and expenses payable for DIP Fees and Lender Expenses budgeted under
21 the Approved Budget shall be timely disbursed weekly when budgeted in the Approved Budget,
22 and such payments shall in no way modify, limit, or cap the DIP Lender's right to timely receive
23 DIP Fees and Lender Expenses under Paragraph 10 of this Final Order.

24 8. Budget Compliance. The Debtors shall at all times comply with the Approved
25 Budget (subject to the Permitted Variances) and all other budget conditions, requirements, and
26 limitations set forth in this Final Order and in the DIP Documents (collectively, the "Budget
27 Requirements"). The Debtors shall provide all reports and other documents and information
28 required in the DIP Documents or reasonably requested by the DIP Lender, and the Debtors'

1 failure to comply with the Budget Requirements or to provide the reports and other documents and
2 information required in the DIP Documents or reasonably requested by the DIP Lender shall
3 constitute an Event of Default under the DIP Credit Agreement. The Debtors shall
4 contemporaneously provide the Master Trustee and the Committee with all reports and other
5 documents and information provided to the DIP Lender.

6 9. Payment of DIP Fees and Expenses. The Debtors are hereby authorized and
7 directed to pay weekly when budgeted in the Approved Budget and any other times upon demand
8 all Lender Expenses (as defined in the DIP Credit Agreement) and all other fees, costs, expenses,
9 premiums and other amounts payable under the terms of the DIP Documents, including, without
10 limitation, the reasonable and documented prepetition and postpetition fees and out-of-pocket
11 costs and expenses of BCLP and any other counsel, appraisers, title companies, surveyors,
12 environmental, zoning and/or property condition consultants, advisors, professionals and/or
13 consultants retained in connection with advising the DIP Lender or as otherwise required by the
14 DIP Documents and the Debtors are hereby authorized to pay such costs directly to such third
15 parties. Payment of such amounts shall not be subject to Court approval or U.S. Trustee fee
16 guidelines or subject to the provisions of Sections 327, 328, 329, 330 or 331 of the Bankruptcy
17 Code, and no recipient of any such payment shall be required to file with respect thereto any
18 interim or final fee application with this Court. Any professional of the DIP Lender that is seeking
19 payment of fees and expenses from the Debtors shall provide summary copies of its invoices
20 (which shall not be required to contain time entries and which may be redacted or modified to the
21 extent necessary to delete any information subject to attorney-client privilege, any information
22 constituting attorney work product, or any other confidential information) via email (or other
23 electronic means) to the Debtors, the U.S. Trustee, and the Committee. The Debtors shall pay the
24 full amount invoiced within ten (10) calendar days (the “Review Period”), any amounts not
25 already paid under the Approved Budget after receipt of the applicable invoice, regardless of
26 whether such amounts are in excess of the amounts set forth in the Approved Budget. In the event
27 that the U.S. Trustee or counsel to the Committee raises an objection with respect to any invoice
28 during the applicable Review Period (which objection must be in a writing delivered by email (or

1 other electronic means) to the relevant professional that states with particularity the fees and/or
2 expenses being objected to and the grounds therefor) and the parties are unable to fully resolve
3 such objection, this Court shall hear and determine such dispute, provided that neither the raising
4 of an objection to an invoice nor the inability of the parties to fully resolve such objection shall
5 delay payment of such invoice, and the relevant professional shall only be required to disgorge
6 amounts objected to upon being so ordered, pursuant to a final order of this Court. All unpaid
7 Lender Expenses and other unpaid fees, costs, expenses and other amounts owed or payable to the
8 DIP Lender shall be secured by the DIP Collateral and afforded all of the priorities and protections
9 afforded to the DIP Obligations under this Final Order and the DIP Documents. Any and all fees,
10 costs, and expenses paid prior to the Petition Date by any of the Debtors to the DIP Lender in
11 connection with or with respect to the DIP Facility are hereby approved in full and shall not be
12 subject to avoidance, disgorgement, or any similar form of recovery by the Debtors or any other
13 person.

14 10. Indemnification. The Debtors shall indemnify and hold harmless the DIP Lender in
15 accordance with the terms and conditions contained in the DIP Credit Agreement.

16 11. DIP Superpriority Claims. Subject to any Permitted Superpriority Claim (as
17 defined below) which shall be *pari passu*, immediately upon and effective as of entry of this Final
18 Order, pursuant to Section 364(c)(1) of the Bankruptcy Code, the DIP Obligations shall constitute
19 allowed superpriority administrative expense claims against each Debtor, on a joint and several
20 basis (the “DIP Superpriority Claims”), senior to and with priority in payment over any and all
21 administrative expenses and any other claims against the Debtors or their estates in the Chapter 11
22 Cases or any Successor Cases, at any time existing or arising, of any kind or nature whatsoever,
23 including, without limitation, the kinds specified in or ordered pursuant to any provision of the
24 Bankruptcy Code, including, but not limited to, Sections 105, 326, 328, 330, 331, 361, 364, 365,
25 503(b), 506(c) (subject to and upon entry of the Final Order), 507(a), 507(b), 546(c), 726, 1113
26 and 1114 of the Bankruptcy Code or otherwise, including those resulting from the conversion of
27 any of the Chapter 11 Cases pursuant to Section 1112 of the Bankruptcy Code, whether or not
28 such expenses or claims may become secured by a judgment lien or other non-consensual lien,

1 levy or attachment. The DIP Superpriority Claims shall, for purposes of Section 1129(a)(9)(A) of
2 the Bankruptcy Code, be considered an administrative expense allowed under Section 503(b) of
3 the Bankruptcy Code, shall be against each Debtor on a joint and several basis, and shall be
4 payable from and have recourse to all DIP Collateral. Other than with respect to the Permitted
5 Superpriority Claim, the DIP Superpriority Claims shall not be or be made junior to or *pari passu*
6 with any claim heretofore or hereinafter granted or created in any of the Chapter 11 Cases or any
7 Successor Cases and shall be valid and enforceable against the Debtors, their estates and any
8 successors thereto, including, without limitation, any trustee appointed in any of the Chapter 11
9 Cases or any Successor Cases until such time as the DIP Obligations are paid in full. As used
10 herein, the term “Permitted Superpriority Claim” means any superpriority administrative expense
11 claim provided to any Prepetition Secured Creditors or to any lender that makes loans to any
12 Debtor pursuant to Section 364 either on an unsecured basis or secured by collateral that is not
13 subject to the DIP Liens (defined below). For avoidance of doubt, any Permitted Superpriority
14 Claim shall not attach to or otherwise encumber the DIP Liens (defined below) or the DIP
15 Collateral (defined below).

16 12. DIP Liens.

17 (a) Effective as of entry of the Interim Order, the DIP Lender was granted, and
18 immediately upon the entry of this Final Order, the DIP Lender is granted, a continuing, valid,
19 binding, enforceable, non-avoidable, and automatically and properly perfected first priority
20 security interests in and liens on (collectively, the “DIP Liens”) the property identified as
21 “Collateral” in the DIP Loan Agreement (the “DIP Collateral”), including, without limitation, the
22 “BCHA Clearing Account,” the “MCHS Clearing Account,” and the “Security Deposit Account”
23 (as such terms are defined in the DIP Loan Agreement), as collateral security for the prompt and
24 complete performance and payment when due (whether at the stated maturity, by acceleration, or
25 otherwise) of the DIP Obligations.

26 (b) Notwithstanding anything to the contrary in this Final Order or the DIP
27 Loan Agreement and related documents, but except as expressly provided for in paragraph 13(c)
28 hereof, the DIP Collateral shall exclude: (i) all of Debtors’ right, title and interest in and to the

1 accounts, chattel paper, instruments and general intangibles (each as defined in Division 9 of the
2 California Commercial Code) and the proceeds thereof, and (ii) solely as related to Debtor,
3 Beverly Community Hospital Association, all of Debtors' right, title and interest in and to: (a) the
4 real property located in the County of Los Angeles, State of California, as described in Exhibit A
5 to the Deed of Trust (defined below) (the "Land"); (b) all buildings, structures, improvements,
6 fixtures and appurtenances now or hereafter placed on the Land, and all apparatus and equipment
7 now or hereafter attached in any manner to the Land or any building on the Land, including all
8 pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating,
9 cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment
10 (collectively, the "Improvements"); (c) all easements and rights of way appurtenant to the Land;
11 all crops growing or to be grown on the Land (including all such crops following severance from
12 the Land); all standing timber upon the Land (including all such timber following severance from
13 the Land); all development rights or credits and air rights; all water and water rights (whether
14 riparian, appropriative, or otherwise, and whether or not appurtenant to the Land) and shares of
15 stock pertaining to such water or water rights, ownership of which affect the Land; all minerals,
16 oil, gas and other hydrocarbon substances and rights thereinto, on, under, or upon the Land; (d) all
17 existing and future leases, subleases, subtenancies, licenses, occupancy agreements and
18 concessions relating to the use and enjoyment of all or any part of the Land or the improvements,
19 and any and all guaranties and other agreements relating to or made in connection with any of the
20 foregoing; (e) all proceeds, including all claims to and demands for them, of the voluntary or
21 involuntary, conversion of any of the Land, Improvements, or the other property described above
22 into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty
23 insurance policies, and all condemnation awards or payments now or later to be made by any
24 public body or decree by any court of competent jurisdiction for any taking or in connection with
25 any condemnation or eminent domain proceeding, and all causes of action and their proceeds for
26 any breach of warranty, misrepresentation, damage or injury to, or defect in, the Land,
27 Improvements, or the other property described above or in any part of them; and (f) all proceeds
28 of, additions and accretions to, substitutions and replacements for, and changes in any of the

1 property described in the preceding subparagraphs (a)-(e) (the assets described in subparagraphs
2 (a) through (f), collectively, the “Property”); (g) all tangible personal property of every kind or
3 description, whether stored on the Land or elsewhere, including without limitation, all goods,
4 materials, supplies, tools, books, records, chattels, furniture, fixtures, equipment, and machinery,
5 and which in all cases is (1) used or useful or acquired in connection with any construction
6 undertaken on the Land or the maintenance of the Land and the Improvements, or (2) affixed or
7 installed, or to be affixed or installed, in any manner on the Land or the Improvements; (h) all
8 architectural and engineering plans, specifications and drawings, and as-built drawings which arise
9 from or relate to the Land or the Improvements; (i) all general intangibles and rights relating to the
10 Property, including, without limitation, all permits, licenses and claims to or demands for the
11 voluntary or involuntary conversion of any of the Land, Improvements, or other Property into cash
12 or liquidated claims, proceeds of all present and future fire, hazard or casualty insurance policies
13 to the extent exclusively relating to the Property, and all condemnation awards or payments now
14 or later to be made by any public body or decree by any court of competent jurisdiction for any
15 taking of the Property or in connection with any condemnation or eminent domain proceeding
16 with respect to the Property, and all causes of action and their proceeds for any breach of
17 warranty, misrepresentation, damage or injury to, or defect in, the Land, Improvements, or other
18 Property or an part of them; (j) all deposit accounts (other than the BCHA Deposit Account, the
19 MCHS Clearing Account, and the Security Deposit Account) from which Beverly Community
20 Hospital Association may from time to time authorize the Master Trustee to debit payments due
21 on the Secured Obligations (as defined in that certain Deed of Trust, Assignment of Rents,
22 Security Agreement and Fixture Filing, dated as of December 1, 2015, by Beverly Community
23 Hospital Association, as trustor, to Chicago Title Company, as trustee for the benefit of U.S. Bank
24 National Association as master trustee under the Master Indenture, as beneficiary (the “Deed of
25 Trust”); and (k) all substitutions, replacements, additions, accessions and proceeds for or to any of
26 the foregoing, and all books, records and files relating to any of the foregoing, including, without
27 limitation, computer readable memory and data and any computer software or hardware
28

1 reasonably necessary to access and process such memory and data (the assets described in
2 subparagraphs (i) and (ii), collectively, the “Master Trustee Collateral”).

3 (c) The Master Trustee Collateral shall exclude any of Debtors’ right, title and
4 interest in and to the accounts, chattel paper, instruments and general intangibles (each as defined
5 in Division 9 of the California Commercial Code) and the proceeds thereof arising out of the “Real
6 Property,” the “Improvements,” the “Leases” and/or the proceeds thereof, including all “Rents”
7 (as such terms are defined in (a) that certain Deed of Trust, Assignment of Leases and Rents,
8 Security Agreement (including Fixture Filing) granted by the BCHA, and (b) that certain Fee and
9 Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement (including Fixture
10 Filing) granted by MCHS (together, the “DIP Deeds of Trust”). For avoidance of doubt, and
11 except as expressly provided for in this paragraph, the DIP Liens shall not attach to or otherwise
12 encumber the Master Trustee Collateral and the Master Trustee’s liens and security interests shall
13 not attach to or otherwise encumber the DIP Collateral (including without limitation, the BCHA
14 Clearing Account, the MCHS Clearing Account, and Security Deposit Account), or the DIP Cash
15 Collateral, such that the DIP Liens shall be the sole and exclusive liens and security interests
16 (except for Permitted Prior Liens) on all “Real Property,” the “Improvements,” the “Leases,”
17 and/or the proceeds thereof, including all “Rents” (as such capitalized terms are defined in the DIP
18 Deeds of Trust), including, without limitation, any insurance claims or proceeds, condemnation
19 awards, proceeds, profits, and other general intangibles that are related to or arising out of the
20 “Real Property,” the “Improvements,” and/or the “Leases” (as such capitalized terms are defined
21 in the DIP Deeds of Trust); provided, however, that to the extent, as of the Petition Date, the
22 Debtors’ accounts, chattel paper, instruments and general intangibles were part of the Master
23 Trustee Collateral and subject to valid, enforceable, and unavoidable liens and security interest of
24 the Master Trustee, as consideration for, and expressly as a condition of, the Master Trustee’s
25 consent to exclude such asserted collateral from the Master Trustee Collateral as set forth herein,
26 and as additional adequate protection, immediately upon the indefeasible payment in full in cash
27 of all the DIP Obligations and/or other satisfaction in full (either in cash, by DIP Lender credit bid,
28 or by written consent of the DIP Lender) of all the DIP Obligations either (i) under Section 363(k)

1 of the Bankruptcy Code or (ii) upon fully executed deed(s) in lieu and/or the completion of one or
2 more foreclosures or other remedies under applicable California law, the Master Trustee shall be
3 granted a first priority lien, securing the obligations due under the Master Indenture, on the
4 proceeds of the DIP Collateral and any remaining DIP Collateral that is not sold, liquidated or
5 used to satisfy the DIP Obligations, which liens and security interests shall be valid, perfected,
6 binding, enforceable, non-avoidable and effective liens by operation of law as of the date of the
7 indefensible payment in full of the DIP Obligations and without any further action by the Master
8 Trustee and without the necessity of executing, filing or recording any financing statements,
9 security agreements, mortgages, deeds of trust, filings with a governmental unit, or other
10 documents, agreements, or instruments or the taking of any other actions (including, for the
11 avoidance of doubt, taking possession of any collateral) to validate or perfect (in accordance with
12 applicable law) the Master Trustee's liens. To the extent required by the Master Trustee, and upon
13 its reasonable request, the Debtors shall execute a deed of trust in a form satisfactory to the Master
14 Trustee to be recorded in the land records evidencing the foregoing liens granted to the Master
15 Trustee's in the DIP Collateral, and the proceeds thereof, immediately following the indefeasible
16 payment in full in cash of all the DIP Obligations. Nothing herein shall be construed to preclude
17 or estop the Committee from investigating and/or challenging the extent, validity, priority or
18 enforceability of the Master Trustee's prepetition claims and liens, all of which rights and claims
19 of the Committee are expressly reserved and preserved.

20 (d) To the fullest extent permitted by the Bankruptcy Code or applicable law,
21 any provision of any law, rule, regulation, lease, loan document, easement, use agreement, license,
22 contract, organizational document, or other instrument or agreement that restricts the ability of any
23 of the Debtors to pledge, grant, mortgage, sell, assign, or otherwise transfer any fee or leasehold
24 interest in (or the proceeds thereof) the DIP Collateral (or requires the consent of or the payment
25 of any fees or obligations to any entity in order for any of the Debtors to take such actions) shall
26 have no force or effect with respect to the DIP Liens on such fee or leasehold interests or other
27 DIP Collateral (or the proceeds of any assignment and/or sale thereof).

1 (e) The DIP Collateral does not include any real property and other assets that
2 are used by the hospital in its operations as a health facility (as such term is defined under Cal.
3 Health & Safety Code § 1250) or other facilities that provide similar health care (as defined under
4 Cal. Code Regs. Tit.11, § 999.5), and therefore any sale, foreclosure, or other disposition of the
5 DIP Collateral, either to a for-profit entity or non-profit entity, shall not require the consent of the
6 Attorney General of the State of California under Cal. Corp. Code § 5914 or § 5920. Further,
7 service of the Interim Order is deemed written notice to the Attorney General under Cal. Corp.
8 Code § 5913 of Debtors' intention to sell, lease, convey, exchange, transfer or otherwise dispose
9 of all or substantially all of the DIP Collateral to either a non-profit or a for-profit entity, and no
10 further notice to, or consent or approval by, the Attorney General shall be required.³

11 13. Priority of DIP Liens.

12 (a) Effective as of entry of the Interim Order, the DIP Liens constitute
13 continuing, valid, binding, enforceable, non-avoidable, automatically and properly perfected
14 security interests in and liens on in the DIP Collateral as follows:

15 (i) pursuant to Section 364(c)(2) of the Bankruptcy Code, valid,
16 binding, continuing, enforceable, non-avoidable, automatically and properly perfected first priority
17 liens on and security interests in all DIP Collateral that is not otherwise subject to any Permitted
18 Prior Liens; and

19 (ii) pursuant to Section 364(c)(3) of the Bankruptcy Code, valid,
20 binding, continuing, enforceable, non-avoidable, automatically and properly perfected junior liens
21 on and security interests in all DIP Collateral that is subject to any Permitted Prior Liens, which
22 junior liens and security interests in favor of the DIP Lender shall be subject only to any such
23 Permitted Prior Liens.

24
25

³ This Paragraph 12(e) and the Interim Order shall not be deemed written notice to the Attorney General of the
26 State of California for the sale, lease, conveyance, exchange, transfer or other disposition of any property *other*
27 *than* the DIP Collateral. Moreover, this Paragraph 12(e) and the Interim Order shall not constitute precedent for
28 future transactions unrelated to the sale of the DIP Collateral in this Bankruptcy Case or the DIP Lender's
enforcement under the DIP Loan, the Attorney General's review of which is contemplated by Cal. Corp. Code §
5914 or § 5920.

(b) Except as expressly set forth herein, the DIP Liens and the DIP Superpriority Claims: (i) shall not be or be made junior to or *pari passu* with (A) any lien, security interest or claim heretofore or hereinafter granted in the Chapter 11 Cases or any Successor Cases, and shall be valid and enforceable against the Debtors, their estates, any trustee or any other estate representative appointed or elected in the Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of the Chapter 11 Cases or any Successor Cases, provided however that the DIP Liens and DIP Superpriority Claims shall be *pari passu* with any replacement liens granted to the Master Trustee through any interim or final Cash Collateral Orders entered by the Bankruptcy Court in these Chapter 11 Cases, (B) any lien or interest that is avoided and preserved for the benefit of the Debtors and their estates under Section 551 of the Bankruptcy Code or otherwise, and (C) any intercompany or affiliate lien or claim of the Debtors; and (ii) shall not be subject to Sections 510, 549, or 550 of the Bankruptcy Code.

(c) Notwithstanding anything contained in this Final Order or any other order of this Court to the contrary, the DIP Liens shall constitute first priority liens on and security interests in all DIP Cash Collateral.

14. Professional Fees

(a) No Direct Obligation To Pay Allowed Professional Fees. The DIP Lender shall not be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Cases or any Successor Cases. Nothing herein or otherwise shall be construed to obligate the DIP Lender, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement.

(b) Agreement Regarding Professional Fees. The Debtors and the Master Trustee agree that the professional fee line items under the Restructuring Costs section of the Budget shall reflect no balances for purposes of this Final Order; provided, however, the Debtors may reflect an accrual of the aggregate professional fees on a week-by-week basis so that the Court and parties-in-interest have notice of the projected professional fees for the budget period.

1 Counsel for the Debtors and counsel for the Master Trustee agree to defer seeking this Court's
2 approval of payment of their respective fees and expenses until the earliest to occur of (a) the
3 closing of a sale for Beverly Community Hospital; (b) such time as the Debtors and the Master
4 Trustee agree in writing (which may be via e-mail) that they may request payment of their
5 respective fees and expenses from the Court; and (c) the closing of the Bankruptcy Case. As
6 such, no fees or expenses of professionals, whether of the Debtor or the Master Trustee, shall be
7 paid from, or carved out of, the proceeds of the DIP Loans unless and until the Court enters final
8 orders pursuant to Section 330 of the Bankruptcy Code approving such fees and expenses. For
9 clarity and consistency on the handling of professional fees in the Bankruptcy Case, fees and
10 expenses of the Committee shall be subject to the preceding sentence.
11

12 (c) Objection Rights. Nothing contained herein is intended to constitute, nor
13 shall be construed as consent to, the allowance of any Professional Person's fees, costs or
14 expenses by any party and shall not affect the right of the Debtors, the DIP Lender, the Master
15 Trustee, the Committee, or any other party-in-interest to object to the allowance and/or payment
16 of any such amounts incurred or requested.
17

18 15. Limitation on Use of DIP Facility Proceeds. Notwithstanding anything herein to
19 the contrary, no portion of the DIP Facility or the DIP Collateral (or the proceeds of any of the
20 foregoing) shall include, apply to, be available for, or be used for payment of any fees, costs or
21 expenses incurred by any party, including the Debtors or the Committee, in connection with any of
22 the following: (a) investigation (including by way of examinations or discovery proceedings),
23 preparation for, initiation, assertion, joining, commencement, support or prosecution of any
24 claims, counter-claims, actions, causes of action, proceedings, adversary proceedings,
25 applications, motions, objections, defenses, or other contested matters against the DIP Lender or
26 any of its successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons,
27 representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers,
28 directors, members, managers, shareholders, and employees, past, present and future, and their

1 respective heirs, predecessors, successors and assigns, in each case in their respective capacities as
2 such and with respect to any transaction, occurrence, omission, action or other matter (each, a
3 “Secured Party Claim”), including, without limitation, (i) investigating or challenging in any way
4 the DIP Obligations, the DIP Documents, the DIP Liens, the DIP Superpriority Claims, or any
5 other security interests, liens, or claims of the DIP Lender (including with respect to the validity,
6 enforceability, priority, extent, nature, or amount of any of the foregoing or any defense,
7 counterclaim, or offset to any of the foregoing), or (ii) investigating or asserting any action
8 seeking to invalidate, modify, set aside, recharacterize, avoid, or subordinate, in whole or in part,
9 the DIP Obligations; (b) the assertion of any claims or causes of action against the DIP Lender,
10 including, without limitation, claims or actions to prevent, hinder or delay the DIP Lender’s
11 enforcement or realization on the DIP Collateral in accordance with the Interim Order, this Final
12 Order, or the DIP Documents, as applicable; (c) seeking to amend or modify any of the rights,
13 remedies, priorities, privileges, protections and benefits granted to the DIP Lender under the
14 Interim Order, this Final Order, or the DIP Documents; (d) payment of any amount on account of
15 any claims arising prior to the Petition Date unless such payments are (i) in accordance with the
16 DIP Credit Agreement, and (ii) approved by order of this Court; or (e) any purpose that is
17 prohibited under the Bankruptcy Code.

18 16. Section 506(c) Waiver. The Debtors irrevocably waive and are prohibited from
19 asserting any surcharge claim, whether under Sections 105(a) or 506(c) of the Bankruptcy Code or
20 otherwise, for any costs and expenses incurred in connection with the preservation, protection or
21 enhancement of, or realization by the DIP Lender upon, the DIP Collateral, and no costs or
22 expenses of administration that have been or may be incurred in any of the Chapter 11 Cases or
23 any Successor Cases at any time shall be charged against the DIP Lender any of its claims or liens
24 (including any claims or liens granted pursuant to the Interim Order or this Final Order) or the DIP
25 Collateral pursuant to Sections 105(a) or 506(c) of the Bankruptcy Code or otherwise.

26 17. No Marshaling/Application of Proceeds. The Debtors irrevocably waive and are
27 prohibited from asserting the equitable doctrine of “marshaling” or any other similar doctrine with
28 respect to the DIP Collateral, and in no event shall the DIP Lender be subject to the equitable

1 doctrine of “marshaling” or any other similar doctrine with respect to the DIP Collateral. All
2 proceeds of the DIP Collateral shall be received and used in accordance with this Final Order and
3 the DIP Documents.

4 18. Disposition of Collateral. Except as expressly permitted by the DIP Documents,
5 (a) the Debtors shall not sell, transfer, lease, encumber, or otherwise dispose of any of the DIP
6 Collateral without an order of this Court or the prior written consent of the DIP Lender, and (b)
7 shall apply all net proceeds of the DIP Collateral, whether sold in the ordinary course or otherwise,
8 as provided in the DIP Credit Agreement.

9 19. Proceeds of Subsequent Financing. If the Debtors, any trustee, any examiner with
10 expanded powers, or any responsible officer subsequently appointed in the Chapter 11 Cases or
11 any Successor Cases shall obtain credit or incur debt in violation of the DIP Documents at any
12 time prior to the indefeasible payment in full in cash of all the DIP Obligations and/or other
13 satisfaction in full (either in cash, by DIP Lender credit bid, or by written consent of DIP Lender)
14 of all the DIP obligations either (i) under Section 363(k) of the Bankruptcy Code or (ii) upon fully
15 executed deed(s) in lieu and/or the completion of one or more foreclosures or other remedies
16 under applicable California law and the termination of DIP Lender’s obligation to extend credit
17 under the DIP Facility (including subsequent to the confirmation of any Chapter 11 plan with
18 respect to any or all of the Debtors and the Debtors’ estates) and such facilities are secured by any
19 DIP Collateral, then all the cash proceeds derived from such credit or debt shall immediately be
20 turned over to the DIP Lender to be applied in accordance with this Final Order and the DIP
21 Documents.

22 20. Protections of Rights of DIP Lender.

23 (a) Unless the DIP Lender shall have provided its prior written consent, or all
24 DIP Obligations have been indefeasibly paid in full in cash and the lending commitments under
25 the DIP Facility have terminated, there shall not be entered in the Chapter 11 Cases or any
26 Successor Cases any order (including any order confirming a Chapter 11 plan) that authorizes any
27 of the following: (i) the obtaining of credit or the incurring of indebtedness that is secured by a
28 security, mortgage, or collateral interest or other lien on all or any portion of the DIP Collateral

1 and/or that is entitled to administrative priority status, in each case that is superior to or *pari passu*
2 with the DIP Liens and/or the DIP Superpriority Claims except as expressly set forth in this Final
3 Order or the DIP Documents; or (ii) the modification of any of the DIP Lender's rights under this
4 Final Order or the DIP Documents with respect any DIP Obligations.

5 (b) The Debtors (and/or their legal and financial advisors in the case of clauses
6 (i) through (iii) below) will (i) reasonably cooperate with, consult with, and provide to the DIP
7 Lender all such information and documents that any or all of the Debtors are obligated (including
8 upon reasonable request by the DIP Lender) to provide under the DIP Documents or the
9 provisions of this Final Order; (ii) upon reasonable advance notice, during normal business hours,
10 permit the DIP Lender and its advisors to visit and inspect any of the Debtors' business premises
11 and other properties, to examine and make abstracts or copies from any of their respective books,
12 records, reports, and other papers, and to discuss their respective affairs, finances, properties,
13 business operations, and accounts with their respective officers, employees, independent public
14 accountants, and other professional advisors; (iii) permit the DIP Lender to consult with the
15 Debtors' management and advisors on matters concerning the Debtors' businesses, financial
16 condition, operations, and assets; and (iv) upon reasonable advance notice, permit the DIP Lender
17 to conduct, at its discretion and at the Debtors' cost and expense, field audits, collateral
18 examinations, liquidation valuations, environmental surveys, and appraisals at reasonable times in
19 respect of any or all of the DIP Collateral in accordance with the DIP Documents.

20 21. Automatic Effectiveness of Liens. The DIP Liens are valid, perfected, binding,
21 enforceable, non-avoidable and effective liens by operation of law as of the Petition Date without
22 any further action by the Debtors or the DIP Lender and without the necessity of executing, filing
23 or recording any financing statements, security agreements, mortgages, filings with a
24 governmental unit, or other documents, agreements, or instruments or the taking of any other
25 actions (including, for the avoidance of doubt, taking possession of any collateral) to validate or
26 perfect (in accordance with applicable law) the DIP Liens or to entitle the DIP Lender to the
27 priorities granted herein. If the DIP Lender hereafter requests that the Debtors execute and deliver
28 any financing statements, security agreements, mortgages, filings with a governmental unit, or

1 other documents, agreements, or instruments considered by the DIP Lender to be reasonably
2 necessary or desirable to further evidence the perfection of the DIP Liens, the Debtors are hereby
3 authorized and directed to execute and deliver any such documents, agreements, and instruments
4 to the DIP Lender, and the DIP Lender is hereby authorized to file or record any such documents,
5 agreements or instruments in its discretion without seeking modification of the automatic stay
6 under Section 362 of the Bankruptcy Code, in which event all such documents shall be deemed to
7 have been filed or recorded at the time and on the Petition Date; provided, however, that no such
8 filing or recordation shall be necessary or required in order to create or perfect the DIP Liens. The
9 DIP Lender, in its sole discretion, may file a copy of this Final Order as a financing statement with
10 any filing or recording office or with any registry of deeds or similar office in addition to, or in
11 lieu of, such financing statements, mortgages, notices of liens or similar documents, agreements,
12 or instruments, and any such filing, recording, or similar office is directed to accept such filing as
13 a financing statement.

14 22. Modification of Automatic Stay. The automatic stay imposed under Section 362(a)
15 of the Bankruptcy Code is hereby modified as necessary to effectuate all of the terms, rights,
16 benefits, privileges, remedies and provisions of this Final Order and the DIP Documents (without
17 further notice, motion, application to, order of, or hearing before this Court), including, without
18 limitation, to permit: (a) the Debtors to take all appropriate actions necessary or reasonably
19 requested by the DIP Lender to (i) grant the DIP Liens, the DIP Superpriority Claims, or any other
20 liens or claims set forth herein, and (ii) ensure that the DIP Liens or any other liens granted
21 hereunder are perfected and maintain the priority set forth herein; (b) the Debtors to incur all
22 liabilities and obligations (including the DIP Obligations) to the DIP Lender, as contemplated
23 under this Final Order and the DIP Documents; (c) the Debtors to pay all amounts required under,
24 in accordance with, and subject to the DIP Documents and this Final Order; (d) the DIP Lender to
25 retain and apply payments made in accordance with the DIP Documents and this Final Order; (e)
26 subject to paragraph 24 hereof, the DIP Lender to exercise, upon the occurrence and during the
27 continuance of any Event of Default under the DIP Documents, all rights and remedies provided
28 for in this Final Order and the DIP Documents and take any or all actions provided therein, in each

1 case without further notice, motion, application to, order of, or hearing before, this Court; and (f)
2 the implementation of all of the terms, rights, benefits, privileges, remedies, and provisions of this
3 Final Order and the DIP Documents.

4 23. Case Milestones. As a condition to the DIP Facility, the Debtor shall comply with
5 each of the Milestones (as defined in the DIP Credit Agreement). For the avoidance of doubt, the
6 failure of the Debtors to comply with any of the Milestones shall, unless waived in writing by the
7 DIP Lender, (a) constitute an immediate Event of Default under the DIP Credit Agreement and
8 this Final Order, and (b) subject to paragraph 24 below, permit the DIP Lender to exercise all
9 rights and remedies provided for in this Final Order and the DIP Documents.

10 24. Rights and Remedies Upon Event of Default. Immediately upon the occurrence
11 and during the continuation of an Event of Default under any of the DIP Documents,
12 notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application,
13 motion or notice to, hearing before, or order from this Court, but subject to the terms of this Final
14 Order, the DIP Lender may declare (any such declaration shall be referred to herein as a
15 “Termination Declaration”) (i) the unpaid principal amount of all outstanding DIP Loans, all
16 interest accrued and unpaid thereon, and all other DIP Obligations to be immediately due and
17 payable, without presentment, demand, protest or other notice of any kind, all of which are hereby
18 expressly waived by the Debtors, (ii) the termination, reduction or restriction of any further
19 commitment to extend credit to the Debtors to the extent any such commitment remains under the
20 DIP Facility, and (iii) the termination of the DIP Facility and the DIP Documents as to any future
21 liability or obligation of the DIP Lender, but without affecting any of the DIP Liens or the DIP
22 Obligations. The Termination Declaration shall be delivered by email (or other electronic means)
23 to counsel to the Debtors, counsel to the Committee, counsel for the Master Trustee and the U.S.
24 Trustee. The Debtors, Master Trustee and/or the Committee shall be entitled to seek an
25 emergency hearing with this Court to be held within five (5) days after the Termination Date (the
26 “Remedies Notice Period”, provided that the sole issue that the Debtors, Master Trustee and/or the
27 Committee may bring before this Court at any such emergency hearing is whether an Event of
28 Default has occurred and/or is continuing). The date on which the Remedies Notice Period

1 expires, unless the Court orders otherwise, is referred to herein as the “Termination Date”).
2 Unless this Court orders otherwise, the automatic stay in the Chapter 11 Cases otherwise
3 applicable to the DIP Lender shall automatically terminate at the end of the Remedies Notice
4 Period without further notice or order, and the DIP Lender shall be entitled (without further order
5 of or application or motion to this Court) to enforce all rights and remedies of the DIP Lender
6 under the DIP Documents, this Final Order, and applicable law to satisfy the DIP Obligations, the
7 DIP Superpriority Claims, and the DIP Liens. The DIP Liens shall maintain all right, priority,
8 perfection, and other protections granted pursuant to the Interim Order and this Final Order and
9 provided under the DIP Documents until all of the DIP Obligations are indefeasibly paid in cash
10 and discharged, and none of the DIP Liens shall be released until all of the DIP Obligations have
11 been indefeasibly paid in cash and discharged. The Debtors and the Committee shall cooperate
12 with the DIP Lender in the exercise of its rights and remedies (whether against the DIP Collateral
13 or otherwise), shall not challenge or raise any objection to the exercise of such rights and remedies
14 except during the Remedies Notice Period, and shall waive any right to seek relief under the
15 Bankruptcy Code, including under Section 105 thereof, to the extent that such relief would restrict
16 or impair the rights and remedies of the DIP Lender set forth in this Final Order and the DIP
17 Documents. For the avoidance of doubt, no party in interest, except for the Master Trustee to the
18 extent any enforcement of rights and remedies are sought against the Master Trustee Collateral,
19 shall have the right to contest the enforcement of the rights and remedies set forth in this Final
20 Order or the DIP Documents on any basis other than an assertion that no Event of Default has
21 occurred and is continuing. This Court shall retain exclusive jurisdiction to hear and resolve any
22 disputes and enter any orders required by the provisions of this paragraph and relating to the
23 application, re-imposition or continuance of the automatic stay as provided hereunder. The delay
24 or failure to exercise rights and remedies under the applicable DIP Documents or this Final Order
25 by the DIP Lender shall not constitute a waiver of the DIP Lender’s rights hereunder, thereunder
26 or otherwise, unless such waiver is pursuant to a written instrument executed in accordance with
27 the terms of the DIP Documents and this Final Order, as applicable.

1 25. Maintenance of DIP Collateral. Until the indefeasible payment in full in cash of all
2 the DIP Obligations and/or other satisfaction in full (either in cash, by DIP Lender credit bid, or by
3 written consent of DIP Lender) of all the DIP obligations either (i) under Section 363(k) of the
4 Bankruptcy Code or (ii) upon fully executed deed(s) in lieu and/or the completion of one or more
5 foreclosures or other remedies under applicable California law and the termination of the DIP
6 Lender's obligation to extend credit under the DIP Facility, the Debtors shall (x) insure the DIP
7 Collateral as required under the DIP Documents, (y) conduct all business activities required to
8 manage the rental properties, including, but not limited to, collecting rents, timely paying real
9 estate taxes when due, maintaining the properties and premises in the condition and in the manner
10 set forth and required by the DIP Documents, and (z) maintain books, records, and accounts to the
11 extent and as required by the DIP Documents.

12 26. Binding Effect. Immediately upon entry, the terms and provisions of this Final
13 Order shall inure to the benefit of the Debtors, the DIP Lender, and each of their respective
14 successors and assigns, and shall be binding upon the Debtors, the DIP Lender, the Committee,
15 and any and all other creditors of the Debtors or other parties in interest and their respective
16 successors and assigns, including without limitation, any trustee hereafter appointed for the estate
17 of any of the Debtors, whether in the Chapter 11 Cases or any Successor Cases. Such binding
18 effect is an integral part of this Final Order.

19 27. Survival. The terms and provisions of this Final Order and any actions taken
20 pursuant hereto (including, but not limited to, the granting of the DIP Liens and the DIP
21 Superpriority Claims) shall survive the entry of any order: (a) converting any of the Chapter 11
22 Cases to a Chapter 7 case; or (b) dismissing any of the Chapter 11 Cases or any Successor Cases,
23 and the terms and provisions of this Final Order and any actions taken pursuant hereto shall
24 continue in full force and effect notwithstanding the entry of any such order. The terms and
25 provisions of this Final Order shall continue in the Chapter 11 Cases and any Successor Cases, and
26 all liens and claims granted pursuant to the Interim Order and this Final Order shall maintain their
27 priority as provided by this Final Order and the DIP Documents until all of the DIP Obligations
28 are indefeasibly paid in cash and discharged and all commitments to extend credit under the DIP

1 Facility are terminated. If an order dismissing any of the Chapter 11 Cases or any Successor
2 Cases is at any time entered, such order shall provide (in accordance with Sections 105 and 349 of
3 the Bankruptcy Code) that: (a) the DIP Liens and the DIP Superpriority Claims granted to and
4 conferred upon the DIP Lender and the protections afforded to the DIP Lender pursuant to the
5 Interim Order, this Final Order and the DIP Documents shall continue in full force and effect and
6 shall maintain their priorities as provided in the Interim Order and this Final Order until all DIP
7 Obligations shall have been paid and satisfied in full in cash (and that such DIP Liens, DIP
8 Superpriority Claims and other protections shall, notwithstanding such dismissal, remain binding
9 on all interested parties); and (b) to the maximum extent permitted by applicable law, this Court
10 shall retain jurisdiction, notwithstanding such dismissal, for the purpose of enforcing the DIP
11 Liens and the DIP Superpriority Claims.

12 28. Amendment of DIP Documents. The Debtors and the DIP Lender are hereby
13 authorized (without further notice, motion or application to, order of or hearing before, this Court)
14 to amend, modify, or supplement any of the DIP Documents if such amendment, modification, or
15 supplement (a) is non-material or non-adverse to the Debtor, (b) does not directly affect the Master
16 Trustee Collateral, and (c) is in accordance with the terms of the DIP Documents, provided
17 however that notice of any such amendment, modification, or supplement shall be provided to the
18 Master Trustee and the Committee in writing. In the case of a material amendment, modification,
19 or supplement to the DIP Documents that is adverse to the Debtors or that directly affects the
20 Master Trustee Collateral, the Debtors or the DIP Lender shall provide notice (which may be
21 provided through email) of any such amendment, modification, or supplement to counsel for the
22 Committee, the Master Trustee and the U.S. Trustee, each of whom shall have five (5) business
23 days from the date of such notice to object in writing to such amendment, modification, or
24 supplement; provided, however, that any forbearance from, or waiver of, a breach by the Debtors
25 of a covenant, representation or any other agreement or a default or an Event of Default, in each
26 case under the DIP Documents, shall not constitute a material amendment, modification or
27 supplement. If no objections are timely received by the Debtors or the DIP Lender, as applicable,
28 during such five business (5) days' notice period, the Debtors and the DIP Lender are authorized

1 and empowered to implement, in accordance with the terms of the DIP Documents, such material
2 amendment, modification or supplement to the DIP Documents, without further notice, hearing or
3 approval of this Court. Any proposed material amendment, modification, or supplement to the
4 DIP Documents that is subject to a timely filed objection in accordance with this paragraph shall
5 be subject to further order of this Court (which may be sought on an expedited basis).

6 29. Insurance Policies. On each insurance policy maintained by the Debtors which
7 insures or consists of DIP Collateral: (i) the DIP Lender is, and shall be deemed to be, without any
8 further action by or notice to any person, named as an additional insured; and (ii) the DIP Lender
9 shall be, and shall be deemed to be, without any further action by or notice to any person, named
10 as a loss payee. The Debtors are hereby authorized and, upon the written request of the DIP
11 Lender, shall use commercially reasonable efforts to have the DIP Lender added as an additional
12 insured and loss payee on each insurance policy maintained by the Debtors which in any way
13 relates to the DIP Collateral.

14 30. Protection Under Section 364(e) of the Bankruptcy Code. The DIP Lender has
15 acted in good faith in connection with the Interim Order, this Final Order and its reliance on the
16 Interim Order and this Final Order is in good faith. Based on the findings set forth in this Final
17 Order and the record of the Chapter 11 Cases, and in accordance with Section 364(e) of the
18 Bankruptcy Code, if any or all of the provisions of this Final Order are hereafter reversed,
19 modified, vacated or stayed, such reversal, modification, vacation or stay shall not affect (a) the
20 validity of any DIP Obligations owing to the DIP Lender, incurred prior to the actual receipt by
21 the DIP Lender of written notice of the effective date of such reversal, modification, vacation or
22 stay, or (b) the validity or enforceability of any DIP Loans or other advances previously made or
23 any claim, lien, security interest or priority authorized or created hereby or pursuant to the DIP
24 Documents with respect to any DIP Obligations owing to the DIP Lender. Notwithstanding any
25 such reversal, modification, vacation or stay, any incurrence of DIP Obligations prior to the actual
26 receipt by the DIP Lender of written notice of the effective date of such reversal, modification,
27 vacation or stay, shall be governed in all respects by the provisions of this Final Order, and the
28 DIP Lender shall be entitled to all of the rights, remedies, protections and benefits granted under

1 Section 364(e) of the Bankruptcy Code, this Final Order, and the DIP Documents with respect to
2 the incurrence of DIP Obligations.

3 31. Sale Process; Credit Bidding.

4 (a) The Debtors' selection of a broker or investment banker for a sale of any of
5 the DIP Collateral (the "DIP Collateral Broker") shall be subject to the written approval of the DIP
6 Lender, which approval shall not be unreasonably withheld, delayed or denied. The Debtors and
7 the DIP Collateral Broker shall keep the DIP Lender informed on a current basis of the status of all
8 offers received (whether written or oral) for any of the DIP Collateral and shall provide the DIP
9 Lender copies of all such offers within one business day after receipt. Pending completion of a
10 sale of the DIP Collateral, the Debtors (i) shall take all actions necessary to preserve the leases
11 (including the Ground Lease) covering any of the DIP Collateral (including all actions necessary
12 to prevent the deemed rejection of any such leases under Section 365 of the Bankruptcy Code),
13 and (ii) shall take no action that could reasonably result in the rejection of any of the leases
14 (including the Ground Lease) covering any of the DIP Collateral.

15 (b) The DIP Lender shall be considered a qualified bidder (whether described
16 as "Qualified Bidder" or similar term or not specifically defined) in connection with any sale of
17 DIP Collateral. The DIP Lender shall have the right to "credit bid", in full or in part, up to the full
18 amount of the applicable outstanding DIP Obligations in connection with the sale of all or any
19 portion of the DIP Collateral (including without limitation, any sale pursuant to Section 363 of the
20 Bankruptcy Code, any sale included as part of any Chapter 11 plan subject to confirmation under
21 Section 1129(b)(2)(A)(ii) - (iii) of the Bankruptcy Code, or any sale made by a Chapter 7 trustee
22 under Section 725 of the Bankruptcy Code), whether (a) after the occurrence of an Event of
23 Default under the DIP Credit Agreement, or (b) as a bidder in any sale, auction or other
24 disposition of DIP Collateral conducted in the Chapter 11 Cases. The foregoing rights shall be not
25 be stayed during or otherwise affected by the Remedies Notice Period.

26 32. Discharge Waiver. The DIP Obligations and the obligations of the Debtors with
27 respect to the liens, claims and adequate protection provided to the DIP Lender under this Final
28 Order shall survive (and not be discharged by) the entry of an order confirming a Chapter 11 plan

1 in any of the Chapter 11 Cases, notwithstanding the provisions of Section 1141(d) of the
2 Bankruptcy Code, unless such obligations have been indefeasibly paid in full in cash on or before
3 the effective date of the confirmed Chapter 11 plan. The Debtors shall not propose or support any
4 Chapter 11 plan that is not conditioned upon the indefeasible payment in full in cash of all DIP
5 Obligations upon the earlier of the effective date of the confirmed Chapter 11 plan or the
6 Termination Date. In no event shall a Chapter 11 plan alter the terms of repayment of any of the
7 DIP Obligations from those set forth in the DIP Documents unless agreed to by and among the
8 Debtors and the DIP Lender.

9 33. No Third Party Rights. Except as explicitly provided for herein, this Final Order
10 does not create any rights for the benefit of any third party, creditor, equity holder, or any direct,
11 indirect, or incidental beneficiary other than the DIP Lender.

12 34. Joint and Several Liability. Nothing in this Final Order shall be construed to
13 constitute a substantive consolidation of any of the Debtors' estates, it being understood, however,
14 that the Debtors shall be jointly and severally liable for all obligations under this Final Order and
15 the DIP Documents, including without limitation, the DIP Obligations and the DIP Superpriority
16 Claims in accordance with the terms of this Final Order and the DIP Documents.

17 35. Limitations on Liability. In determining to make extensions of credit under the
18 DIP Facility or in exercising any rights or remedies as and when permitted pursuant to this Final
19 Order, the Final Order, or the DIP Documents, as applicable, the DIP Lender shall not be deemed
20 to be in control of the operations of the Debtors or any affiliate (as defined in Section 101(2) of the
21 Bankruptcy Code) of the Debtors, or to be acting as a "responsible person" or "owner or operator"
22 with respect to the operation or management of the Debtors or any affiliate of the Debtors (as such
23 terms, or any similar terms, are used in the United States Comprehensive Environmental
24 Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 *et seq.*, as amended, or any similar
25 federal or state statute). Furthermore, nothing in this Final Order, the DIP Documents, or any
26 other documents related thereto shall in any way be construed or interpreted to impose or allow the
27 imposition upon the DIP Lender of any liability for any claims arising from the prepetition or
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1 postpetition activities of the Debtors or any affiliate of the Debtors, including any and all activities
2 by the Debtors in the operation of their business or the administration of the Chapter 11 Cases.

3 36. As set forth in the First Day Declaration, Beverly Hospital Foundation (the
4 “Foundation”) held, as of the Petition Date, “approximately \$1.6 million in restricted funds and
5 assets from donations” (the “Restricted Funds”). ~~The Restricted Funds remain held by the~~
6 ~~Foundation, and have not been spent, disbursed, encumbered, or otherwise disposed of since the~~
7 ~~Petition Date.~~ Notwithstanding any provision of the DIP Motion or of this Order, the Restricted
8 Funds shall continue to be held by the Foundation pursuant to the terms of the restrictions
9 applicable to them, and shall not, without further order of the Court, be spent, disbursed,
10 encumbered, or otherwise disposed of. Whether any particular funds or assets held by the
11 Foundation are in fact Restricted Funds depends upon the terms and conditions under which the
12 Foundation received such funds or assets, including but not limited to by way of donation or
13 bequest, and nothing in the DIP Motion or in this Order shall affect the right of any party with a
14 potential interest in the Foundation's funds or assets, including but not limited to the Attorney
15 General, the Committee, or the Master Trustee, to investigate and contest or dispute the status of
16 such funds or assets as Restricted Funds.

17 37. Findings of Fact and Conclusions of Law. This Final Order constitutes, where
18 applicable, findings of fact and conclusions of law and shall take effect and be fully enforceable
19 *nunc pro tunc* to the Petition Date immediately upon entry hereof. The findings and conclusions
20 set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to
21 Bankruptcy Rule 7052. To the extent any findings of fact constitute conclusions of law, they are
22 adopted as such. To the extent any conclusions of law constitute findings of fact, they are adopted
23 as such.

24 38. Entry of this Final Order; Waiver of Stay. Notwithstanding Bankruptcy Rules
25 4001(a)(3), 6004(h), 6006(d), 7062 or 9024, any other Bankruptcy Rule or Local Rule, or Rule
26 62(a) of the Federal Rules of Civil Procedure, this Final Order shall be immediately effective and
27 enforceable upon its entry and there shall be no stay of execution or effectiveness of this Final
28 Order.

1 39. Choice of Law; Jurisdiction. The DIP Facility and DIP Documents (and the rights
2 and obligations of the parties thereto) provide that they shall be governed by, and construed and
3 interpreted in accordance with, the laws of the State of New York and, to the extent applicable,
4 California law and the Bankruptcy Code. This Court shall have exclusive jurisdiction with respect
5 to any and all disputes or matters under, or arising out of, or in connection with, either the DIP
6 Facility or the DIP Documents.

7 40. No Modification of Final Order. Until and unless the DIP Obligations have been
8 indefeasibly paid in full in cash and all commitments to extend credit under the DIP Facility have
9 been terminated, the Debtors irrevocably waive the right to seek and shall not seek or consent to,
10 directly or indirectly, without the prior written consent of the DIP Lender: (a) any modification,
11 stay, vacatur, amendment, or extension of this Final Order; (b) any priority claim for any
12 administrative expense or unsecured claim against the Debtors (now existing or hereafter arising
13 of any kind or nature whatsoever, including any administrative expense of the kind specified in
14 Sections 503(b), 506(c), 507(a) or 507(b) of the Bankruptcy Code) in any of the Chapter 11 Cases
15 or any Successor Cases, equal or superior to the DIP Superpriority Claims other than the Permitted
16 Superpriority Claims to the extent permitted under this Final Order; or (c) any lien on any of the
17 DIP Collateral with priority equal or superior to the DIP Liens, except as specifically provided in
18 the DIP Documents.


19 41. Controlling Effect of Final Order. To the extent any provision of this Final Order
20 conflicts with any provision of the DIP Motion, the Interim Order or any DIP Document, the
21 provisions of this Final Order shall control.

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Sandra R. Klein
United States Bankruptcy Judge