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**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.

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

Hon. Sandra R. Klein

Chapter 11

☐ Affects all Debtors

☒ Affects Beverly Community Hospital
Association

☐ Affects Montbello Community Health
Services, Inc.

☐ Affects Beverly Hospital Foundation

**STIPULATION BETWEEN HANMI
BANK AND CHAPTER 11 TRUSTEE
REGARDING STANDBY LETTER OF
CREDIT DRAW**

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 Health Services, Inc. (3550), and Beverly Hospital Foundation (9685), W. Beverly Blvd., Montebello, California 90640.

**TO THE HONORABLE SANDRA R. KLEIN, UNITED STATES BANKRUPTCY
JUDGE, AND ALL OTHER PARTIES ENTITLED TO NOTICE:**

This Stipulation is entered into by and between Hanmi Bank (“Hanmi”) and Howard M. Ehrenberg, in his capacity as chapter 11 trustee in the above-captioned chapter 11 cases (the “Trustee”). In support of this Stipulation, Hanmi and the Trustee refer to the following recitals:

RECITALS

A. WHEREAS, prior to the commencement of these cases, Hanmi (as issuing bank) issued an Irrevocable Standby Letter of Credit (No. ST215000128) (as increased from time to time, the “SBLC”) for the benefit of Safety National Casualty Corporation (the “Beneficiary”) in connection with certain potential obligations of Beverly Community Hospital Association, as applicant (the “Debtor”). The SBLC was issued in order to secure the Debtor’s potential obligations under its workmen’s compensation policies.

B. WHEREAS, in support of the SBLC, the Debtor issued a Promissory Note (as amended and increased from time to time, the “Note”) to Hanmi to memorialize the Debtor’s obligation to reimburse Hanmi for any draw by the Beneficiary on the SBLC.

C. WHEREAS, the Debtor pledged a Certificate of Deposit (as increased from time to time, the “CD”) to Hanmi as collateral for the Debtor’s obligations under the Note.

D. WHEREAS, from time to time the amount of the SBLC, Note, and CD were increased, such that as of the commencement of these chapter 11 cases the applicable principal amount of each was \$1,850,000.00.

E. WHEREAS, the SBLC was set for renewal or termination as of March 17, 2024.

F. WHEREAS, prior to March 17, 2024, the Trustee directed Hanmi not to renew the SBLC.

G. WHEREAS, the total open claims against the Debtors’ workmen’s compensation policies exceed the amount of the SBLC.

H. WHEREAS, Hanmi received a notice dated March 11, 2024 from the Beneficiary demanding a draw on the SBLC in the full amount of \$1,850,000.00 (the “Draw”).

I. WHEREAS, the Trustee has confirmed that he has no opposition to the Draw.

1 J. WHEREAS, Hanmi requested that the Trustee stipulate to Hanmi applying the
2 proceeds of the CD currently pledged to secure the Note in the amount of \$1,850,000.00 to fully
3 satisfy the Debtor's obligations under the Note resulting from the Draw.

4 **ACCORDINGLY, AND SUBJECT TO THIS COURT'S APPROVAL, IT IS HEREBY**
5 **STIPULATED THAT:**

6 1. Notwithstanding any provision of the Bankruptcy Code to the contrary, including,
7 without limitation, sections 362, 363, and 549 of the Bankruptcy Code, subject to Hanmi satisfying
8 the Draw, Hanmi shall be permitted to liquidate the CD and apply \$1,850,000.00 of the CD proceeds
9 in full, complete and final satisfaction of the Debtor's obligations under the Note, with any
10 remaining amount of such proceeds to be remitted at the direction of the Trustee.

11 2. This Stipulation does not alter or affect the rights of the Trustee with respect to the funds
12 transferred to the Beneficiary.

13
14 DATED: March 18, 2024

LAW OFFICE OF NATHAN A. SCHULTZ, P.C.

15 /s/ Nathan A. Schultz

16 NATHAN A. SCHULTZ
17 Counsel for Hanmi Bank
18

19 DATED: March 18, 2024

GREENSPOON MARDER LLP

20 
21 _____

22 Mark S. Horoupian
23 Daniel A. Lev
24 Elissa D. Miller
25 Attorneys for Howard M. Ehrenberg,
26 Chapter 11 Trustee
27
28

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10621 Craig Road, Traverse City, MI 49686

A true and correct copy of the foregoing document entitled **STIPULATION BETWEEN HANMI BANK AND CHAPTER 11 TRUSTEE REGARDING STANDBY LETTER OF CREDIT DRAW** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On May 26, 2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On (date) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on May 22, 2023, I served the following persons and/or entities by personal delivery, ~~overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email~~ as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Hon. Sandra R. Klein
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1582 / Courtroom 1575
Los Angeles, CA 90012

☐ Service information continued on attached page

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

March 19, 2024
Date

Nathan A. Schultz
Printed Name

/s/ Nathan A. Schultz
Signature

Electronic Mail Notice List

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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