

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF VIRGINIA
ROANOKE DIVISION**

In re:

Chapter 11

THE GLEBE, INC.,

Case No. 10-71553

Debtor.

**INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL
AND GRANTING ADEQUATE PROTECTION PURSUANT TO 11 U.S.C. § 363**

This matter came before the Court upon the *Motion for an Order Authorizing the Debtor's Use of Cash Collateral* (the "Motion").¹ The Motion was filed by the above-captioned debtor and debtor in possession (the "Debtor"). The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b). This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of this chapter 11 case (the "Chapter 11 Case") in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. Upon due notice, the Court conducted a preliminary hearing on the Motion on shortened notice (the "Preliminary Hearing") on June 29, 2010. Based on the information presented to the Court at the Preliminary Hearing, it appearing that notice of the Preliminary Hearing was appropriate under the circumstances, upon agreement of the Debtor and the Bond Trustee,² with regard to the Bonds and on behalf of the Bondholders, and after due

¹ Capitalized terms not otherwise defined herein shall have the meanings set forth in the Motion.

² U.S. Bank National Association, as successor to SunTrust Bank, acts as master trustee under that Master Trust Indenture, dated as of December 15, 2003, between the Debtor and the Master Trustee (the "Master Indenture"), and as bond trustee under that Indenture of Trust, dated as of December 15, 2003, between the Industrial Development Authority of Roanoke County, Virginia (the "Authority"), and the Bond Trustee (the "Bond Indenture," and together with the Master Indenture (the "Indentures") (U.S. Bank National Association, as master trustee and as bond trustee under the respective Indentures, is referred to herein as the "Bond Trustee"). Those \$55,540,000 Industrial Development Authority of Roanoke County, Virginia Residential Care Facility Revenue Bonds (The Glebe, Inc.), Series 2003A and Series 2003B (the "Bonds;" and the holders thereof, the "Bondholders") were issued under the Bond Indenture, and the proceeds of the sale of the Bonds were loaned to the Debtor pursuant to that certain Loan Agreement between the Authority and the Debtor (the "Loan Agreement"), as evidenced by that certain \$55,540,000 Promissory Note Constituting Obligation No. 1 from the Debtor to the Authority and assigned to the Bond Trustee (the "Note"), and that Deed of Trust and Security Agreement made by the Debtor and Virginia Baptist Homes, Incorporated ("VBH") for the benefit of the Master Trustee (the "Deed of Trust") (all the foregoing documents dated as of December 15, 2003, and collectively with the Indentures and all other documents related to the issuance of the

deliberation and cause appearing therefore; it is hereby ORDERED, ADJUDGED and DECREED that:

1. The Motion is GRANTED, as stated herein, on an interim basis pending a further interim hearing thereon, which is hereby scheduled for July 21, 2010, at 2:00 p.m., with any objections to be filed and served so as to be received on or before July 16, 2010, at 4:30 p.m.

2. With the consent of the Bond Trustee, with regard to the Bonds and on behalf of the Bondholders, the Debtor is hereby authorized to use Cash Collateral for a specific time on the express terms and conditions set forth in this Interim Order and as provided for in the Budget attached hereto as Exhibit A.

3. Subject to the express terms and conditions of this Interim Order, the Debtor is authorized to use Cash Collateral and pay its ordinary and necessary business expenses as set forth on the Budget. The Debtor warrants and represents that the Budget includes only such expenses as are reasonably necessary, in connection with the operation of its business for the period set forth in the Budget, pending a further interim hearing. In no event shall the Debtor use any Cash Collateral to pay any items except substantially as set forth in the Budget or as may be consented to in writing by the Bond Trustee. In this regard, absent prior written authorization by the Bond Trustee, the Debtor shall not pay any items greater than 110% of any line item expense set forth in the Budget. Notwithstanding the foregoing, the Debtor may use line item budgeted amounts on a cumulative basis, provided, however, that the Debtor may not modify allocations between line items within the Budget without the written consent of the Bond Trustee. The Debtor further agrees not to incur any administrative expenses other than as set forth in the Budget, exclusive of professional fees as to professionals whose engagements are approved by the Bankruptcy Court pursuant to Bankruptcy Code §327 and fees payable pursuant to 28 U.S.C.

Bonds, the "Bond Documents").

§ 1930, without the prior written consent of the Bond Trustee or approval by the Bankruptcy Court. Notwithstanding the foregoing, nothing contained in this Interim Order shall be construed as the Bond Trustee consenting to the Debtor's use of the Cash Collateral to pay any professional fees or expenses of the Debtor's professionals or any Committee's professionals in the event that a Committee is appointed in this bankruptcy case.

4. The Debtor's right to collect and use Cash Collateral shall commence on the date of the entry of this Interim Order.

5. After five (5) days notice to the U.S. Trustee, any Committee appointed in the Case and any creditors who have filed a request with the Court for notices, the Bond Trustee and the Debtor may modify the Budget without further Order of this Court, subject to the right of the U.S. Trustee, any such Committee and any such creditors to file a written objection to such modification, whereupon the Court shall conduct a hearing upon notice to interested parties.

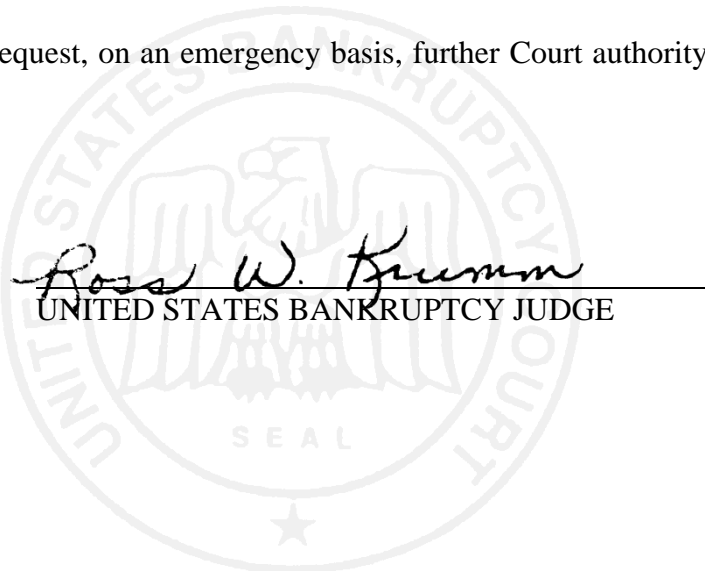
6. To provide adequate protection to the Bond Trustee, with regard to the Bonds and on behalf of the Bondholders, with respect to the Debtor's use of the Cash Collateral, the Bond Trustee is hereby granted a first priority security interest and lien on any and all accounts receivable and cash generated by and/or received by the Debtor post-petition that it doesn't already have a first priority security interest and lien on pursuant to the Bond Documents (the "Replacement Lien"), solely to the extent of any diminution in the value of the Cash Collateral as of the Petition Date, without the necessity of any further action by the Debtor or the Bond Trustee and without the necessity of the execution, filing or recordation of any security agreements of financing statements.

7. The Debtor shall serve a copy of this Interim Order by first class mail on the United States Trustee, the Bond Trustee, any creditors who have filed a request with the Court

for notices, and on each of the Debtor's twenty (20) largest unsecured creditors, and otherwise consistent with any notice procedures ordered by this Court. The provisions of this Interim Order shall remain in full force and effect pending the entry of a further interim cash collateral order and/or the entry of a final cash collateral order or unless modified or vacated by some other subsequent order of this Court. If any or all of the provisions of this Interim Order are hereby modified, vacated or stayed by subsequent order of this Court, each stay, modification or vacation shall not affect the validity and enforceability of any lien, priority or benefits authorized hereby.

8. Notwithstanding any authority to the contrary in this Interim Order, the Debtor's authority to use Cash Collateral pursuant to this Interim Order shall terminate immediately and automatically, (a) upon the fourth business day following the delivery by the Bond Trustee of written notice to the Debtor of any breach or default by the Debtor of the terms and provisions of this Order, unless the Debtor has cured such breach or default within such four (4) business day period, or (b) without notice of any kind upon the conversion of the chapter 11 case to a chapter 7 case, the dismissal of the case or the appointment of a Trustee or an Examiner with expanded powers. The termination of the Debtor's authority to use Cash Collateral does not act as a waiver or expunge the Debtor's right to request, on an emergency basis, further Court authority for the use of Cash Collateral.

ENTERED: July 2, 2010

The seal of the United States Bankruptcy Court is visible in the background, featuring an eagle with wings spread, perched on a shield, with the words "UNITED STATES BANKRUPTCY COURT" and "SEAL" around it.
Ross W. Krumm
UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

/s/ Michael E. Hastings

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*Proposed Counsel for the Debtor and
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SEEN AND AGREED:

/s/ Lawrence E. Rifken

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Counsel for the Bond Trustee

The Glebe, Inc.
4-Week Cash Flow Projection

		Week ending Friday,				
		7/2	7/9	7/16	7/23	4 Week
		<i>Week 1</i>	<i>Week 2</i>	<i>Week 3</i>	<i>Week 4</i>	Total
I. Receipts						
a)	Private Pay					
	Resident Services	\$ 42,848	\$ -	\$ 113,302	\$ 283,254	\$ 439,404
	Ancillary Services	-	-	1,232	3,080	4,312
		42,848	-	114,534	286,334	443,716
b)	Medicare					
	Resident Services	-	-	-	-	-
	Ancillary Services	2,665	18,653	2,665	2,665	26,647
		2,665	18,653	2,665	2,665	26,647
c)	Other Revenue	7,504	7,504	7,504	7,504	30,015
	Total Receipts	53,017	26,157	124,702	296,502	500,378
II. Disbursements						
a)	Operating					
	Payroll (Salary & Hourly)	120,647	-	120,647	-	241,294
	Benefits	21,473	1,767	43,291	1,767	68,298
	Utilities	-	-	-	-	-
	Contract Fees	-	-	-	-	-
	Consulting Fees	-	-	-	-	-
	VBH Management Fees	-	-	-	-	-
	Taxes	-	-	-	-	-
	Vital Vendor	12,467	12,467	12,467	12,467	49,869
	Other Controllable Costs	-	18,858	18,858	25,000	62,715
		154,587	33,092	195,263	39,234	422,176
	Cash Flow from Operations	(101,571)	(6,935)	(70,560)	257,268	78,202
b)	Non-oper. / Chp 11 Disb.					
	Professional Fees	-	-	-	-	-
	US Trustee Fees	-	-	-	-	-
	Noticing Agent / Ombudsman	20,000	-	-	-	20,000
	Utility Deposit	-	23,843	-	-	23,843
	Interest Payments	-	-	-	-	-
	DIP Interest Payments	-	-	-	-	-
	Capital Expenditures	-	-	-	-	-
		20,000	23,843	-	-	43,843
III.	Net Change in Cash Before DIP	(121,571)	(30,778)	(70,560)	257,268	34,359
IV.	Beginning Cash Balance - Ledger	231,000 *	109,429	78,652	8,091	231,000
	Net Change in Cash	(121,571)	(30,778)	(70,560)	257,268	34,359
	DIP Draw / (Paydown)	-	-	-	-	-
	Ending Cash Bal. - Ledger	109,429	78,652	8,091	265,359	265,359
	Plus: Est O/S Checks	24,087	33,516	53,854	56,925	56,925
	Ending Cash Balance - Bank	\$ 133,517	\$ 112,168	\$ 61,945	\$ 322,284	\$ 322,284

* Excludes \$154,000 escrow account balance containing advanced deposits received from prospective residents and restricted funds totaling \$43,437.