



U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS

**ENTERED**

TAWANA C. MARSHALL, CLERK

THE DATE OF ENTRY IS  
ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed June 12, 2014

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re:

SEARS METHODIST RETIREMENT  
SYSTEM, INC., *et al.*<sup>1</sup>

Debtors.

§  
§  
§  
§  
§  
§

CASE NO. 14-32821-11

CHAPTER 11

Joint Administration Pending

**INTERIM ORDER: (1) AUTHORIZING SEARS TYLER METHODIST  
RETIREMENT CORPORATION TO USE CASH COLLATERAL ON AN  
INTERIM BASIS; (2) GRANTING ADEQUATE PROTECTION TO  
TRUSTEE; AND (3) SCHEDULING A FINAL HEARING**

Upon the motion (the "*Motion*")<sup>2</sup> of Sears Tyler Methodist Retirement Corporation, a debtor and debtor-in-possession in the above-captioned cases (the "*Debtor*"), for an interim order (this "*Order*") (1) authorizing the Debtor to use the cash collateral of the Trustee, (2) granting

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

<sup>2</sup> All capitalized terms not otherwise defined herein are to be given the meanings ascribed to them in the Motion.

the Trustee adequate protection upon the terms set forth in interim and final orders, and (3) scheduling a final hearing on the Motion and approving the form and manner of notice thereof; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of this case and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is in the best interests of the Debtor, its estate, its creditors and other parties in interest; and it appearing that notice of the Motion has been given in accordance with Bankruptcy Rule 4001(b)(2); and after due deliberation thereon; and good and sufficient cause appearing therefor;

IT IS HEREBY FOUND THAT:<sup>3</sup>

A. On the Petition Date, the Debtor filed a petition for relief under Chapter 11 of the Bankruptcy Code.

B. Since the Petition Date, the Debtor has continued in the management and operation of its business and property as a debtor-in-possession pursuant to Bankruptcy Code sections 1107 and 1108. No trustee or committee has been appointed in the Debtor's Chapter 11 case.

C. The Debtor stipulates and agrees that it is obligated under the following undertakings (collectively, the "*Bond Financing Documents*"):

(1) a certain Master Trust Indenture, Deed of Trust and Security Agreement dated November 1, 2009 (as supplemented and amended, the "*Master Indenture*"), by and between the Debtor and UMB Bank, N.A., not individually, but as successor master trustee (the "*Master Trustee*");

---

<sup>3</sup> The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

(2) a certain Indenture of Trust dated November 1, 2009 (as supplemented and amended, the "*Bond Indenture*"), by and between HFDC of Central Texas, Inc. (the "*Issuer*") and UMB Bank, N.A., not individually, but as successor bond trustee (the "*Bond Trustee*" and, together with the Master Trustee, the "*Trustee*");

(3) those certain HFDC of Central Texas, Inc. Retirement Facility Revenue Bonds (Sears Tyler Methodist Retirement Corporation Project), Series 2009A (the "*2009A Bonds*"), issued pursuant to the Bond Indenture in the initial aggregate principal amount of \$36,100,000;

(4) those certain HFDC of Central Texas, Inc. Retirement Facility Revenue Bonds (Sears Tyler Methodist Retirement Corporation Project), Series 2009B (the "*2009B Bonds*"), issued pursuant to the Bond Indenture in the initial aggregate principal amount of \$7,850,000;

(5) those certain HFDC of Central Texas, Inc. Retirement Facility Revenue Bonds (Sears Tyler Methodist Retirement Corporation Project), Series 2011A (the "*2011A Bonds*"), issued pursuant to the Bond Indenture in the initial aggregate principal amount of \$3,895,000;

(6) those certain HFDC of Central Texas, Inc. Retirement Facility Revenue Bonds (Sears Tyler Methodist Retirement Corporation Project), Series 2011B (the "*2011B Bonds*" and, together with the 2009A Bonds, the 2009B Bonds, and the 2011A Bonds, the "*Bonds*"), issued pursuant to the Bond Indenture in the initial aggregate principal amount of \$1,500,000; and

(7) a certain Loan Agreement dated November 1, 2009 (as supplemented and amended, the "*Loan Agreement*"), by and between the Issuer and the Debtor, pursuant to which the Debtor covenanted to make payments at such times and in such amounts so as to provide for the payment of the principal of, premium, if any, and interest on the Bonds and any fees, costs and expenses related thereto (collectively, the "*Prepetition Obligations*").

The foregoing acknowledgments and stipulations shall be binding on the Debtor but not on any other party-in-interest in this Case, except as provided in Paragraph 8 hereof.

D. The Debtor further stipulates and agrees as follows:

(1) As of the Petition Date, the Bond Financing Documents are each valid and enforceable against the Debtor, and the Debtor does not possess and agrees not to assert any claim (as such term is defined in Section 101(5) of the Bankruptcy Code), counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity or enforceability of the Bond Financing Documents;

(2) As of the Petition Date, the Prepetition Obligations constitute legal, valid and binding obligations of the Debtor, enforceable in accordance with the terms of the Bond Financing Documents (other than with respect to a stay of enforcement arising from section 362 of the Bankruptcy Code); no offsets, defenses or counterclaims to any of the Prepetition

Obligations exists; no portion of the Prepetition Obligations is subject to recharacterization, disallowance, reduction or subordination pursuant to the Bankruptcy Code or non-bankruptcy law; the Prepetition Obligations constitute allowable secured claims; and the Debtor has irrevocably waived, discharged and released any rights it may have to challenge or object to the Prepetition Obligations, and/or to challenge or object to the security for the Prepetition Obligations;

(3) The Trustee's liens and security interests with respect to the Debtor's "Gross Revenues" and the "Premises" (each as defined in the Bond Financing Documents, and collectively, the "*Prepetition Collateral*") are valid, enforceable and perfected (by filing financing statements, recording the Deed of Trust and, where necessary, by possession of relevant instruments, certificates or other property), and are not subject to recharacterization, disallowance, reduction or subordination pursuant to the Bankruptcy Code or non-bankruptcy law. All of such financing statements and the Deed of Trust were validly authorized by the Debtor or validly executed by authorized representatives of the Debtor. Pursuant to the Bond Financing Documents, the Trustee has first priority security interests in and liens on all of the Prepetition Collateral, including the Cash Collateral (defined herein) and all proceeds of the Prepetition Collateral, to secure payment of the Prepetition Obligations;

(4) Pursuant to the Master Indenture, certain accounts were established and are held by the Trustee (collectively, the "*Trustee-Held Funds*"), including, without limitation, (a) a certain "Entrance Fee Fund," (b) a certain "Working Capital Fund," (c) a certain "Operating Support Fund," and (d) a certain "Revenue Fund" (each as defined in the Master Indenture). The Trustee-Held Funds are held in trust for the benefit of the holders of the Bonds as set forth the Bond Financing Documents and for the express purposes set forth therein. The Debtor acknowledges that the Trustee holds a validly perfected possessory security interest in the Trustee-Held Funds, and is entitled to access the Trustee-Held Funds in accordance with the terms of the Bond Financing Documents. To the extent that the automatic stay otherwise applies to such Trustee-Held Funds pursuant to Bankruptcy Code Section 362(a), as adequate protection for the use of the Trustee's Cash Collateral, the Debtor stipulates to relief from such stay for the limited purpose of allowing the Trustee to administer and apply the Trustee-Held Funds in accordance with the Bond Financing Documents. The Trustee-Held Funds shall be administered and applied as set forth the Bond Financing Documents and for the express purposes set forth therein, and shall not be used or made available to the Debtor as Cash Collateral or otherwise pursuant to this Interim Order, the Final Order or any other order entered in this case; and

(5) The Trustee's security interests and liens have attached to all funds and property of the Debtor consisting of the Prepetition Collateral and the products and proceeds thereof, and the Trustee's security interests and liens will, notwithstanding the commencement of the Chapter 11 case, as of the Petition Date and thereafter, attach to the products and other proceeds of the Prepetition Collateral. Without limiting the foregoing, the Trustee's security interests and liens attach to all cash (whether as original collateral or cash proceeds of the Prepetition Collateral), negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents now or hereafter in the possession, custody or control of the Debtor (as defined in section 363(a) of the Bankruptcy Code, the "*Cash Collateral*"). For the avoidance of doubt, the term "Cash Collateral" does not include Trustee-Held Funds.

The foregoing acknowledgments and stipulations shall be binding on the Debtor, but not on any other party-in-interest in this Case, except as provided in Paragraph 8 hereof.

E. The Debtor has requested that the Trustee consent to the Debtor's use of Cash Collateral and the Trustee is willing to consent to the Debtor's use of Cash Collateral on the terms and conditions provided herein. The Trustee is relying on the terms, conditions and protections provided herein in so consenting.

F. The agreements and arrangements described in the Motion and authorized in this Order have been negotiated at arm's-length with all parties represented by counsel, are fair and reasonable under the circumstances, and are enforceable in accordance with their terms. The Debtor and the Trustee are acting in good faith with respect to the use of Cash Collateral as provided in this Order. The superpriority claims, security interests and liens and other protections granted to the Trustee pursuant to this Order (1) are fair and reasonable and satisfy the requirements of the Bankruptcy Code and (2) will not be affected by any subsequent reversal, modification, vacatur or amendment of this Order or any other order, as provided in Section 364(e) of the Bankruptcy Code.

G. In light of the Trustee's agreement to subordinate its liens and superpriority claims to the Carve-Out (defined herein), and its agreement to permit use of its Cash Collateral, the Trustee is entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the "equities of the case" exception shall not apply.

H. The liens and security interests granted to the Trustee hereunder shall not prime or impair any validly perfected lien or security interest senior to the liens and security interests of the Trustee with respect to the Debtor's assets and properties as of the Petition Date (the "*Prior Senior Liens*"). The granting of the replacement liens, super-priority administrative claims and

other agreements of the Debtor hereunder constitute adequate protection to the Trustee for the Debtor's use of Cash Collateral for purposes of this Order.

I. Good cause has been shown for entry of this Order. Without use of Cash Collateral, the Debtor will not be able to fund its day-to-day operations, including payroll for its employees and ongoing services to its residents. Unless the Court authorizes the use of Cash Collateral, the Debtor will be unable to pay for the goods and services necessary to preserve and maximize the value of the Debtor's assets while it attempts to obtain confirmation of its Chapter 11 plan. Accordingly, this Order is required to avoid immediate and irreparable harm to the Debtor's estate. Entry of this Order is in the best interests of the Debtor, its creditors, its residents, and the estate.

THE COURT HEREBY ORDERS, AS FOLLOWS:

1. The Motion is granted on an interim basis in accordance with the terms and conditions of this Order.

2. Use of Cash Collateral. Subject to the terms and conditions set forth in this Order, the Debtor is, through and including the earlier of (a) the conclusion of the final hearing on the Debtor's use of Cash Collateral or (b) termination of this Order following issuance of a Termination Notice as set forth in Paragraph 10 below, authorized pursuant to Bankruptcy Code Sections 105, 361, 362 and 363, and Bankruptcy Rules 2002, 4001, 6003 and 9014 to use Cash Collateral on an interim basis pending a final determination by the Court. The Cash Collateral may only be used to fund the types and corresponding amounts of itemized expenditures contained in the budget attached hereto as Exhibit A (the "*Budget*"); provided, however, that the Debtor may use Cash Collateral in excess of the amount designated for a particular line-item so long as the percentage of deviation of each line item during any rolling 4-week period does not

exceed ten percent (10%) in aggregate (the “*Variance*”); and provided further that any amendment or modification of the terms and conditions, or any amendment, modification, roll-forward or replacement of the Budget itself, shall be subject to the prior written consent of the Trustee. Any unused portion of the Variance will carry over to the following rolling 4-week period.

3. Reporting. Each week during the Chapter 11 case, the Debtor will submit to the Trustee an updated rolling 13-week cash flow report in a form acceptable to the Trustee comparing actual results to the Budget and reporting on the Variance of actual cash inflows and outflows from those set forth in the Budget. The Debtor will make its books and records, and its financial staff and advisors, reasonably available to the Trustee and its advisors at any time between the hours of 9:00 a.m. and 5:00 p.m. on any weekday, with not less than forty-eight (48) hours advance notice, to enable the Trustee to monitor the Debtor’s compliance with the Budget and this Order and the Debtor’s operations (whether historic, current or prospective).

4. Adequate Protection; Replacement Liens. The Trustee is entitled, pursuant to sections 361 and 363(e) of the Bankruptcy Code, to adequate protection of its interests in the Prepetition Collateral, including, but not limited to, the Cash Collateral, for any diminution in value of its interests in the Prepetition Collateral, including, without limitation, any such diminution resulting from the Debtor’s use of Cash Collateral and any other Prepetition Collateral and the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code. As security for and solely to the extent of any diminution in the value of the Trustee’s Prepetition Collateral from and after the Petition Date, calculated in accordance with Bankruptcy Code Section 506(a) (a “*Diminution in Value*”), the Trustee is hereby granted senior priority replacement liens upon all assets and property of the Debtor and its estate of any kind or nature

whatsoever, now existing or hereafter acquired, including, without limitation, the Prepetition Collateral (the “*Replacement Liens*”), but excluding all claims and causes of action, and the products and proceeds thereof, arising under or permitted by Sections 502(d), 506(c), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code and any other avoidance claims and causes of action arising under state or federal law; provided, however, that the Replacement Liens shall be subject and subordinate to (a) the Carve-Out (defined below), and (b) the Prior Senior Liens. The Replacement Liens so granted are in addition to all security interests, liens, and rights of setoff existing in favor of the Trustee on the Petition Date, and are and shall be valid, perfected, enforceable and effective as of the Petition Date without any further action of the Debtor or the Trustee and without the necessity of the execution, filing or recording of any financing statements, security agreements, deeds of trust, or other documents, or of obtaining control agreements over bank accounts. Notwithstanding the foregoing, the Trustee is hereby authorized, but not required, to file or record any financing statements, security agreements, deeds of trust, or other documents in any jurisdiction or take any other action in order to validate and perfect the Replacement Liens granted hereunder.

5. Adequate Protection; 507(b) Priority Claim. The Trustee is hereby granted an administrative claim with a priority equivalent to a claim under sections 364(c)(1), 503(b) and 507(b) of the Bankruptcy Code, on a dollar-for-dollar basis for and solely to the extent of any Diminution in Value, which administrative claim shall, among other things, have priority over all other costs and expenses of the kind specified in, or ordered pursuant to, sections 105, 328, 330, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 1113 and 1114 of the Bankruptcy Code (the “*Super-Priority Administrative Claim*”), except for expenditures constituting the Carve-Out.

6. Adequate Protection; Fees and Expenses. The Debtor is hereby authorized and directed to pay the reasonable fees and expenses of Trustee's outside legal and financial advisors in accordance with the Budget, with any balance due to the Trustee's professionals and the Trustee's internal fees and expenses to be paid by the Trustee through deductions from (a) any expense retainers funded by the Debtor prior to the Petition Date and/or (b) the Trustee-Held Funds in accordance with the Bond Financing Documents. Notwithstanding the foregoing, the Trustee reserves its right to assert claims for the payment of additional amounts provided for in the Bond Financing Documents, and to seek additional or further adequate protection from the Court.

7. Carve-Out. The Replacement Liens and Super-Priority Administrative Claim granted hereunder shall be junior and subordinate to the following fees and expenses (the "Carve-Out"): (a) all budgeted and accrued but unpaid fees and expenses (the "Professional Fees and Expenses") of the attorneys, accountants or other professionals retained by the Debtor and any statutory committee of unsecured creditors (including, without limitation, any committee of residents) appointed in the Chapter 11 case under section 327 or 1103(a) of the Bankruptcy Code (the "Committee") (collectively, the "Professionals"), allocable to the Debtor under and to the extent set forth in the Budget and incurred prior to the delivery of a Termination Notice; (b) Professional Fees and Expenses in the amount of \$50,000.00 incurred after delivery of a Termination Notice; and (c) the payment of fees pursuant to 28 U.S.C. § 1930 to the extent related to the Debtor's Chapter 11 case, provided that all such fees and expenses shall be subject to approval by a final order of the Court pursuant to sections 326, 328, 330, 331 or 363 of the Bankruptcy Code. Notwithstanding anything to the contrary set forth herein, no Cash Collateral nor any portion of the Carve-Out may be used to prosecute actions, claims, demands or causes of

action against the Trustee, or to object to or contest in any manner, or to raise any defense in any pleading to the validity, perfection, priority or enforceability of the Trustee's liens and security interests against the Prepetition Collateral or the Replacement Liens; provided, however, that Cash Collateral may be used by the Committee and its professionals to perform due diligence with respect to the validity, perfection, priority or enforceability of the Trustee's liens and security interests against the Prepetition Collateral or the Replacement Liens.

8. Parties in Interest Bound.

(a) The admissions and stipulations contained in Paragraphs C and D of this Order shall be binding on the Debtor under all circumstances and shall be binding upon all other parties in interest, including, without limitation, any Committee and any Chapter 7 or Chapter 11 trustee that may be appointed or elected on behalf of the Debtor's estate, except to the extent that (i) a party in interest has filed an adversary proceeding or contested matter challenging the validity, enforceability or priority of the Prepetition Debt or the liens on the Prepetition Collateral in respect thereof, or otherwise asserting any claims or causes of action against the Trustee on behalf of the Debtor's estate, no later than the date that is sixty (60) days after the date of entry of this Order and (ii) the Court rules in favor of the plaintiff in any such timely filed adversary proceeding or contested matter. If any such adversary proceeding or contested matter is timely commenced as of such date, the admissions contained in this Order shall nonetheless remain binding and preclusive (as provided in this paragraph) except to the extent that such acknowledgments and agreements are expressly challenged in such adversary proceeding or contested matter.

(b) If no such adversary proceeding or contested matter is commenced as of such date, then (i) the Prepetition Obligations shall constitute allowed secured claims, not subject to subordination (other than as set forth herein with respect to the Carve-Out and the Prior Senior Liens), or avoidance, for all purposes in this Chapter 11 case and any subsequent Chapter 7 case, (ii) the liens securing the Prepetition Obligations on the Prepetition Collateral shall be deemed legal, valid, binding, duly authorized, perfected, not subject to defense, counterclaim, recharacterization, offset of any kind, subordination, other than as set forth herein, and otherwise unavoidable, (iii) the Prepetition Obligations and the liens on the Prepetition Collateral shall not be subject to any other or further challenge by any party-in-interest seeking to exercise the rights of the Debtor's estate, including, without limitation, any successor thereto, and (iv) the Trustee shall be deemed released from any and all rights, claims, causes of action and liabilities arising from or in connection with the Prepetition Obligations, the Prepetition Collateral, the Bond Financing Documents and/or the extension of credit or other financial accommodations thereunder or with respect thereto.

9. Events of Default. Each of the following shall constitute an event of default (“*Event of Default*”) with respect to the Debtor’s authorization to use Cash Collateral hereunder, unless otherwise waived in writing by the Trustee:

(a) entry of an order converting this Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code;

(b) entry of an order dismissing this Chapter 11 case;

(c) entry of an order appointing or directing the election of a trustee or examiner for the Debtors under section 1104 or section 1106(b) of the Bankruptcy Code;

(d) without the prior written consent of the Trustee, the entry of any order (or other judicial action which has the effect of) amending, reversing, supplementing, staying the effectiveness of, vacating, or otherwise modifying this Order;

(e) the Debtor uses Cash Collateral for any purpose or in a manner other than as permitted in this Order and in the Budget or otherwise fails to comply with any term of this Order;

(f) entry of an order by the Bankruptcy Court authorizing relief from stay by any person (other than the Trustee) on or with respect to all or any portion of the Prepetition Collateral with a value in excess of \$50,000;

(g) the filing by the Debtor of any pleading objecting to or seeking to challenge the Trustee’s claims with respect to the Prepetition Obligations or the Trustee’s lien upon Cash Collateral or the Prepetition Collateral or otherwise asserting rights, claims or causes of action against the Trustee with respect to the Prepetition Obligations;

(h) the breach by the Debtor of its obligations under this Order;

(i) the filing by the Debtor of any debtor-in-possession financing pleadings or any final documents pertaining to a debtor-in-possession financing not acceptable to and not supported by the Trustee;

(j) the filing by the Debtor of any bid procedure and/or sale documents relating to the sale of the Prepetition Collateral, post-petition collateral subject to the Replacement Lien, and/or Cash Collateral not acceptable to and not supported by the Trustee; or

(k) the Debtor voluntarily or involuntarily dissolves or is dissolved, liquidates or is liquidated or ceases the operation of any material portion of its business.

10. Termination Notice. Immediately upon the occurrence or existence of an Event of Default, the Trustee shall be authorized to issue a notice (a “*Termination Notice*”) thereof to

the Debtor, its counsel, counsel to any Committee and the U.S. Trustee, which Termination Notice may be delivered by electronic mail or facsimile. Unless, within five (5) business days after the issuance of such notice, the Court determines that the applicable Event of Default has not occurred or does not exist, the Debtor's authority to use Cash Collateral shall terminate.

11. Trustee-Held Funds. The Trustee-Held Funds are held in trust for the benefit of the holders of the Bonds, as set forth the Bond Financing Documents. The Trustee may, without further Court authority (including, without limitation, the need to file a motion to lift the automatic stay), access the Trustee-Held Funds in accordance with the terms of the Bond Financing Documents.

12. No Duty to Monitor Compliance. The Trustee may assume that the Debtor will comply with all terms and conditions of this Order and the Budget and shall not (a) be obligated to ensure or monitor the Debtor's compliance with any financial covenants, formulae or other terms and conditions of this Order or the Bond Financing Documents, (b) be obligated to pay (directly or indirectly from Cash Collateral or otherwise) any expenses incurred or authorized to be incurred pursuant to this Order or in connection with the operation of the Debtor's business, or (c) be obligated to ensure or monitor that Cash Collateral exists to pay such expenses.

13. No Waiver. The failure of the Trustee to seek relief or otherwise exercise its rights and remedies under this Order or the Bond Financing Documents, as applicable, shall not constitute a waiver of any of the Trustee's rights hereunder, thereunder or otherwise.

14. No Third Party Rights. Except as explicitly provided for herein, this Order does not create any rights for the benefit of any third party, creditor, equity holders or any direct, indirect or incidental beneficiary.

15. Section 552(b). In light of its agreement to subordinate its liens and superpriority claims to the Carve-Out, the Trustee shall be entitled to all of the rights and benefits of

section 552(b) of the Bankruptcy Code, and the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Trustee with respect to products and proceeds of any of the Prepetition Collateral.

16. Effect of Order. This Order shall be effective upon its entry and not subject to any stay (notwithstanding anything to the contrary contained in the Bankruptcy Rules, including Bankruptcy Rule 4001(a)(3)). The provisions of this Order and any actions taken pursuant hereto shall survive the entry of any order which may be entered (a) confirming any plan of reorganization; (b) dismissing this Chapter 11 case; (c) converting this Chapter 11 case to any other Chapter under the Bankruptcy Code; (d) withdrawing of the references of this Chapter 11 case from the Court; and (e) providing for abstention from handling or retaining of jurisdiction of this Chapter 11 case in the Court.

17. Amendments and Waivers. The Debtor and the Trustee may amend, modify, supplement or waive any provision of this Order in writing if such amendment, modification, supplement or waiver is not material, without any need to apply to, or receive further approval from, the Court. The Debtor shall provide notice of any such nonmaterial amendment, modification, supplement or waiver to counsel for any Committee and the Office of the United States Trustee. Any material amendment, modification, supplement or waiver shall be in writing, signed by the Debtor and the Trustee, and approved by the Court on appropriate notice by the Debtor.

18. Trustee Not in Control of Debtor’s Operations. With respect to the Debtor’s use of Cash Collateral pursuant to this Order and any subsequent interim or final order, or any actions reasonably related to this Order, the Motion or the Bond Financing Documents, neither the Trustee nor its agents, employees, attorneys or representatives shall have any liability to any

third party (including creditors of the Debtor) and shall not be deemed to be in control of the Debtor's operations or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtor.

19. Order Governs. In the event of any inconsistency between the provisions of this Order and the Motion, the provisions of this Order shall govern.

20. Final Hearing. A final hearing on the Motion will be scheduled for July 14, 2014, at 2:30 p.m. CST (the "*Final Hearing*"). The Debtor will provide notice of the Final Hearing by first class mail to (a) counsel for the Trustee, (b) counsel for the Committee, (c) the Office of the United States Trustee, (d) all parties who have filed requests for notice under Bankruptcy Rule 2002, (e) the holders of the twenty (20) largest unsecured claims against each of the Debtors, and (f) such other parties as this Court may order. Any party wishing to object to the relief granted herein being granted on a permanent basis shall file such objection with the Court, together with proof of service thereof, and served upon: (a) counsel for the Debtor; (b) counsel for the Trustee; (c) counsel for any Committee; and (d) the Office of the United States Trustee, so as to be received no later than July 10, 2014 at 5:00 p.m. CST (the "*Objection Deadline*"). If no objections are filed and served on or before the Objection Deadline, at the Final Hearing, the Court may enter a final order permitting the use of Cash Collateral by the Debtor.

**AGREED TO BY:**

**Sears Tyler Methodist Retirement Corporation**, as debtor  
and debtor-in-possession through its counsel

DLA Piper LLP (US)

/s/ Vincent P. Slusher  
DLA Piper LLP (US)  
1717 Main Street, Suite 4600  
Dallas, Texas 75201-4629

**UMB Bank, N.A.**, as trustee  
through its counsel

McDermott Will & Emery LLP

/s/ Nathan F. Coco  
McDermott Will & Emery LLP  
227 West Monroe Street  
Chicago, Illinois 60606-5096

**###END OF ORDER###**

**EXHIBIT A**

**Budget**

Chapter 11 Budget  
SMRS - Meadow Lake

CRO Budget  
SMRS - Meadow Lake in Tyler

Week	4 Weeks			
	1	2	3	4
Week Ending	Week Ending	Week Ending	Week Ending	Week Ending
6/15/2014	6/22/2014	6/29/2014	7/6/2014	7/13/2014
Beginning Book Cash Balance	\$ 589,668	\$ 584,021	\$ 551,770	\$ 354,345
<b>Receipts</b>				
Deposits	155,556	62,778	62,778	216,668
Medicare	-	-	-	95,120
Medicaid	-	-	-	-
Direct / Shared Service Receipts	-	-	-	-
Entrance Fees	-	-	-	-
<b>Total Receipts</b>	<b>155,556</b>	<b>62,778</b>	<b>62,778</b>	<b>311,788</b>
<b>Disbursements</b>				
Payroll & Benefits	98,488	32,313	98,488	32,313
Trade Payables	62,715	33,260	62,715	62,715
Health Insurance	-	-	99,000	-
Entrance Fee Refunds	-	-	-	100,000
Adequate Protection	-	-	-	-
Professional Fees	-	-	-	-
Adjustments to Cash Balances	-	-	-	-
Sweep Account	-	-	-	20,000
Direct Allocated Expenses	-	-	-	73,190
Shared Services Expenses	-	-	-	29,455
Utility Deposits	-	29,455	-	-
Debtors Counsel - DLA	-	-	-	-
Debtors Advisor - A&M	-	-	-	-
Debtors Banker - Cain	-	-	-	-
Creditors Professionals	-	-	-	-
Claims Agent - GCG	-	-	-	-
Ombudsman	-	-	-	-
US Trustee	-	-	-	-
System Conversion / Special Projects	-	-	-	-
DIP Interest and Fees	-	-	-	-
Total Disbursements	161,203	95,028	260,203	285,218
Net Cash Flow	(5,647)	(32,250)	(197,425)	23,569
<b>Ending Book Cash Balance</b>	<b>\$ 584,021</b>	<b>\$ 551,770</b>	<b>\$ 354,345</b>	<b>\$ 377,915</b>
Beginning DIP Balance	\$ -	\$ -	\$ -	\$ -
DIP Funding	-	-	-	-
Ending DIP Balance	\$ -	\$ -	\$ -	\$ -
<b>Adjusted Ending Cash Balance</b>	<b>\$ 584,021</b>	<b>\$ 551,770</b>	<b>\$ 354,345</b>	<b>\$ 377,915</b>
Accrued Professional Fees (before payments)	-	-	95,237	122,864