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In re:	:
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SAINT VINCENTS CATHOLIC MEDICAL	:
CENTERS OF NEW YORK d/b/a SAINT VINCENT	:
CATHOLIC MEDICAL CENTERS, <i>et al.</i> ,	:
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Debtors.	:
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Saint Vincents Catholic Medical Centers of New York d/b/a Saint Vincent Catholic Medical Centers (“SVCMC”) and its affiliated debtors and debtors in possession herein (collectively, the “Debtors”) and Commerce Bank N.A. (“Commerce”, and with the Debtors, the “Movants”), having filed a motion (the “Motion”)¹ dated August 26, 2005, seeking entry of Interim and Final Orders (respectively, the “Commerce Interim Financing Order” and the “Commerce Final Financing Order”) Authorizing the Debtors to Obtain Secured Post-Petition Financing Pursuant to Sections 364(c) and 364(d) of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 4001(c), and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and for related relief; and due notice of the Motion having been given; and the Commerce Interim Financing Order having been signed by this Court

1 All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

on September 8, 2005 and entered on the docket on September 9, 2005; and the proposed form of Commerce Final Financing Order having been served according to the Commerce Interim Financing Order; and it further appearing that no other or further notice is necessary with respect to the Motion; and it appearing that entering the Commerce Final Financing Order is appropriate and in the best interests of the Debtors, their estates, and creditors; and the hearing having been conducted on October 18, 2005 to consider the final relief requested in the Motion (the “Final Hearing”); and upon all of the pleadings filed with this Court and all of the proceedings before this Court; and upon due deliberation and due consideration and good and sufficient cause appearing therefor:

THE COURT HEREBY FINDS:

A. On July 5, 2005 (the “Petition Date”), each of the Debtors filed a voluntary petition for reorganization in this Court under chapter 11 of the Bankruptcy Code.

B. Each of the Debtors has continued in the management and operation of its respective business and properties as a debtor in possession pursuant to sections 1107 and 1108. An order has been entered providing for the joint administration of the Debtors’ chapter 11 cases (the “Chapter 11 Cases”).

C. Given SVCMC’s financial condition, financing arrangements, and capital structure, it is otherwise unable to obtain unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. Financing on a post-petition basis is not otherwise available, without SVCMC’s agreement to secure

such indebtedness and obligations with the grant of the security interests in and the liens upon the Pools for the years 2005 and 2006 and the Superpriority Administrative Expense Claim pursuant to sections 364(c) and 364(d) of the Bankruptcy Code. SVCMC is unable to obtain the necessary post-petition financing that it needs on terms more favorable in the aggregate than those provided in the Commerce DIP Loan Agreement and this Commerce Final Financing Order.

D. Commerce has agreed to make available to SVCMC a revolving credit facility up to \$35 million, subject to the conditions precedent to lending identified in the Commerce DIP Loan Agreement, including an assumption of the Pre-Petition Debt.

E. SVCMC is unable to obtain an adequate unsecured loan allowable under section 503(b)(1) of the Bankruptcy Code and must grant Commerce liens and a superpriority claim as contemplated by sections 364(c) and 364(d) of the Bankruptcy Code. Commerce's lending under the Commerce DIP Loan Agreement is conditioned upon the grant of a lien and security interest in all of the Debtors' Entitlements from the Pools for the years 2005 and 2006 and the grant of a superpriority claim.

F. The terms of the Commerce DIP Loan Agreement, including the interest rates applicable thereto, are at least as favorable to SVCMC as those available from alternative sources. The terms of the Commerce DIP Loan Agreement have been negotiated in good faith and at arm's length among the Debtors and Commerce, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, are fair and reasonable under the circumstances, and are enforceable in

accordance with applicable law. The credit extended to SVCMC by Commerce under the terms of the Commerce DIP Loan Agreement and this Commerce Final Financing Order shall be deemed to have been extended in good faith as that term is used in section 364(e) of the Bankruptcy Code and Commerce is therefore entitled to the protections of section 364(e).

G. This Court has jurisdiction over the Chapter 11 Cases and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a “core” proceeding as defined in 28 U.S.C. §§ 157(b)(2)(A), (D) and (M).

H. Based on the record, the Court finds, pursuant to section 364 of the Bankruptcy Code and Bankruptcy Rule 4001(c), that notice of this Final Hearing was adequate under all the circumstances set forth herein.

IT IS HEREBY ORDERED, DECREED AND ADJUDGED THAT:

1. The Motion is granted to the extent provided herein.
2. The Commerce DIP Loan Agreement is approved.
3. This Commerce Final Financing Order is valid immediately and is fully effective upon entry.
4. SVCMC is authorized and empowered to borrow funds pursuant to the Commerce DIP Loan Agreement, in an amount not to exceed an aggregate principal amount of \$35 million, including an assumption of the Pre-Petition Debt.
5. SVCMC is expressly authorized, empowered, and directed to do and perform all acts to make, execute, deliver, and implement the Commerce DIP Loan Agreement and any other document of any kind required to be executed and delivered

in connection therewith. The terms and conditions of the Commerce DIP Loan Agreement are hereby made fully enforceable against SVCMC and its affiliated Debtors, to the extent they are obligated as Guarantors under the Commerce DIP Loan Agreement. SVCMC is authorized and directed to pay all principal, interest, fees, and expenses that may be required or necessary for SVCMC to perform all of its obligations under this Commerce Final Financing Order and the Commerce DIP Loan Agreement without any further order or approval of this Court.

6. Subject to paragraph 16 of this Order, the assumption of the Pre-Petition Debt is hereby approved.

7. All parties-in-interest, including the Committee, shall be barred from challenging the validity, enforceability, perfection, and priority of the Pre-Petition Debt, Commerce's pre-petition security interest in and pre-petition Liens on the Pools, Commerce's Superpriority Administrative Expense Claim, the Commerce DIP Facility and any Lien or security interest granted thereunder.

8. Upon the Maturity Date, SVCMC shall pay to Commerce principal, interest, fees, and expenses as provided in the Commerce DIP Loan Agreement and in accordance with the procedures set forth therein.

9. Pursuant to Bankruptcy Code section 364(d)(1), Commerce is hereby granted a first priority, perfected senior priming lien superior to all other liens of any other creditor upon all of the Collateral (as defined in the Commerce DIP Loan Agreement) (the "Commerce Priming Lien") to secure the Obligations (as defined in the Commerce DIP Loan Agreement). The Commerce Priming Lien shall be senior and not

be subject or subordinate to (x) any lien or security interest of any party including any federal, state, municipal, or other governmental unit for any reason and (y) any lien or security interest that is avoided and preserved for the benefit of the Debtors or their estates under Bankruptcy Code section 551 or otherwise.

10. The Commerce pre-petition Liens and the Commerce Priming Lien created by the Commerce DIP Loan Agreement are valid, binding, enforceable, and perfected under applicable law.

11. The liens and security interest granted to Commerce hereunder shall be deemed perfected without the filing or recording of any instrument or UCC financing statement.

12. Commerce shall have, with respect to the Obligations, but subject to the Carveout (as defined in the HFG Loan) and the HFG Superpriority Administrative Expense Claim (as defined in the HFG Loan), a superpriority administrative expense claim pursuant to section 364(c)(1) of the Bankruptcy Code (“Superpriority Administrative Expense Claim”) having priority over all administrative claims or expenses now existing or hereafter arising, of any kind or nature of the kind specified in section 503(b) of the Bankruptcy Code, provided, however, that the Superpriority Administrative Expense Claim shall not be recoverable from avoidance actions under Chapter 5 of the Bankruptcy Code. Commerce’s Superpriority Administrative Expense Claim shall be *pari passu* with the Superpriority Administrative Expense Claim of the Dormitory Authority for the State of New York (“DASNY”) under the DASNY DIP Loan Agreement and with any other superpriority administrative

claim arising under section 507(b) of the Bankruptcy Code. Notwithstanding anything contained herein, the Commerce Superpriority Administrative Expense Claim shall not be subordinated to any other superpriority administrative expense claim of any creditor except HFG.

13. Notwithstanding the provisions of section 362 of the Bankruptcy Code and without order of or application or motion to this Court, in the event of (a) the failure of SVCMC to perform any of its material obligations under this Commerce Final Financing Order, or (b) the occurrence and continuance of an Event of Default, as that term is used in the Commerce DIP Loan Agreement, then and upon the occurrence of either of the foregoing, and at all times during the continuance thereof, as further described in the Commerce DIP Loan Agreement, Commerce may refuse to make loans under the Commerce DIP Facility or terminate Commerce's commitment to lend. Commerce's failure to exercise rights under this paragraph, however, shall not constitute a waiver of any of their rights.

14. In addition to any rights and remedies of Commerce under the terms of this Commerce Final Financing Order, the Commerce DIP Loan Agreement shall immediately and automatically terminate and the amounts lent thereunder shall be immediately due and payable upon the Maturity Date.

15. SVCMC and the Debtors shall not grant or permit a lien that is senior to any existing lien or security interest of Commerce in Collateral (as defined in the Commerce DIP Loan Agreement) during the Debtors' Chapter 11 Cases or any superseding chapter 7 case or cases.

16. Notwithstanding anything to the contrary contained in the Commerce DIP Loan Agreement or this Commerce Final Financing Order, the assumption of the Pre-Petition Debt, Commerce's Superpriority Administrative Expense Claim relating to the assumption of the Pre-Petition Debt, and any Lien granted to Commerce pursuant to this Commerce Final Financing Order or the Commerce DIP Facility relating to the assumption of the Pre-Petition Debt, shall be limited to the amount of the post-petition distributions received by SVCMC from the Pool for the year 2005, to the extent the amount of such distributions is less than the amount of the Pre-Petition Debt.

17. The liens, security interests, superpriority administrative claims, and other rights and remedies granted to Commerce hereunder or under the Commerce DIP Loan Agreement and any actions taken pursuant hereto shall survive, and (except with the express written consent of Commerce) shall not be modified, altered, or impaired in any manner by (a) any other financing or extension of credit or incurrence of debt by any of the Debtors (under section 364 of the Bankruptcy Code or otherwise) with respect to the Collateral (as defined in the Commerce DIP Loan Agreement) encumbered by Commerce's first priority lien and security interest, (b) the entry of an order confirming any plan or plans of reorganization, (c) the entry of an order converting any of the Chapter 11 Cases to chapter 7 or dismissing any of the Chapter 11 Cases, or (d) the maturity of the Commerce DIP Facility. This Commerce Final Financing Order and the Commerce DIP Loan Agreement shall continue in force in the Chapter 11 Cases or any superseding chapter 7 case(s), and the liens and security

interests granted to Commerce and the superpriority administrative expense claims and payment provisions contained in the Commerce DIP Loan Agreement and this Commerce Final Financing Order shall continue in effect until the Commerce DIP Facility is indefeasibly satisfied, paid, and discharged.

18. The Debtors' obligations to provide information with respect to and otherwise comply with the undertakings and agreements set forth in this Commerce Final Financing Order and the Commerce DIP Loan Agreement shall continue until the payment in full of the Commerce DIP Facility and Commerce's commitment to lend to SVCMC under the Commerce DIP Facility is terminated.

19. This Commerce Final Financing Order shall be binding upon the Debtors and their successors and assigns, including, without limitation, any chapter 11 trustee or chapter 7 trustee or similar responsible person hereafter appointed as a representative of the Debtors' estates and any such successors or assigns, without further order of this Court, and the Debtors and their successors and assigns shall be deemed authorized and directed to comply with the provisions of the Commerce DIP Loan Agreement; *provided, however*, that Commerce shall have no obligation to extend any financing to any chapter 11 trustee or chapter 7 trustee or similar responsible person appointed for any of the estates of the Debtors.

20. This Commerce Final Financing Order and the Commerce DIP Loan Agreement shall continue in force in the Chapter 11 Cases or any superseding chapter 7 case(s), and the liens and security interests granted to Commerce and payment provisions contained in the Commerce DIP Loan Agreement and this

Commerce Final Financing Order shall continue in effect until the Commerce DIP Facility is indefeasibly satisfied, paid, and discharged.

21. No costs or expenses of administration of any kind, nature or description whatsoever shall be imposed against the Collateral (or Commerce as either a prepetition lender or DIP Lender) under sections 105, 506(c), or 552 of the Bankruptcy Code or otherwise.

22. Having been found to be extending the Commerce DIP Facility to SVCMC in good faith, Commerce is entitled to the full protection of section 364(e) of the Bankruptcy Code with respect to the funding provided and liens and claim created or authorized by this Commerce Final Financing Order in the event that this Commerce Final Financing Order or any authorization contained herein is stayed, vacated, reversed, or modified on appeal. If any provision of this Commerce Final Financing Order is hereafter modified, vacated, reversed, or stayed by subsequent order of this or any other court for any reason, such modification, vacation, reversal, or stay shall not affect the validity, enforceability, and priority of any of the funding provided, or the claims, liens, and security interests granted to Commerce under this Commerce Final Financing Order and the Commerce DIP Loan Agreement, and prior to the effective date of any such modification, vacation, reversal, or stay, the validity, enforceability, or priority of the funding provided, and the claims, liens, and security interests of Commerce shall be governed in all respects by the original provisions of this Commerce Final Financing Order and Commerce shall be entitled to all of the rights, privileges, and benefits granted herein, including, without limitation, the claims, liens, security

interests, and priorities granted to Commerce in this Commerce Final Financing Order with respect to the Commerce DIP Loan Agreement.

23. The automatic stay imposed by virtue of section 362 of the Bankruptcy Code is hereby vacated and modified insofar as necessary to permit any action authorized or contemplated by this Commerce Final Financing Order or the Commerce DIP Loan Agreement and to carry out the terms thereof; *subject, however*, to the satisfaction of any notice, procedural, and other conditions contained in this Commerce Final Financing Order or the Commerce DIP Loan Agreement.

24. In the event of any irreconcilable inconsistency between this Commerce Final Financing Order and any agreement heretofore or hereafter entered into by and between SVCMC and Commerce, the terms of this Commerce Final Financing Order shall govern and control.

25. The Clerk of the Court is hereby directed to forthwith enter this Commerce Final Financing Order on the docket of this Court maintained in regard to the Chapter 11 Cases.

26. The Debtors shall, within two (2) business days of the entry of this Commerce Final Financing Order, mail copies of a notice of the entry of this Commerce Final Financing, together with a copy of the Commerce Final Financing Order, to (i) the United States Trustee; (ii) counsel to the Committee; (iii) counsel to HFG; (iv) any party that has liens on the Pools, and (v) those persons who have requested notice in these proceedings; and the Debtors shall certify service of this Commerce Final Financing Order to the Court.

Dated: November 4, 2005
New York, New York

/s/ Prudence Carter Beatty
PRUDENCE CARTER BEATTY
UNITED STATES BANKRUPTCY JUDGE