

The court incorporates by reference in this paragraph and adopts as the findings and orders of this court the document set forth below.



/s/ RUSS KENDIG

Russ Kendig
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION, CANTON**

In re:)
TWIN CITY HOSPITAL,) Case No. 10-64360
Debtor.) Chapter 11
Judge Russ Kendig
_____)

**INTERIM ORDER REGARDING USE OF
CASH COLLATERAL AND FOR ADEQUATE PROTECTION**

This Interim Order Regarding Use of Cash Collateral and Adequate Protection (this “Interim Order”) is entered upon the Motion of The Twin City Hospital Corporation (the “Debtor”) for Order (I) Authorizing the Debtor to (A) Use Cash Collateral Pursuant to 11 U.S.C. § 363 and (B) Provide Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363, and (II) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001, Docket No. 8 (the “Motion”) and upon terms agreed to by and among the Debtor, Wells Fargo Bank, National Association, not individually but as indenture trustee for the bonds described more fully below, and Commercial

{2435138:4}

Savings (“Commercial”). In its capacity as indenture trustee, Wells Fargo Bank, National Association is referred to herein as the “Indenture Trustee”. For purposes of this Interim Order, Commercial and the Indenture Trustee shall be referred to herein as the “Prepetition Secured Lenders.”

Upon the terms of the Motion, acknowledgement and agreement of the Debtor and the Indenture Trustee, and the statements of the parties and their respective counsel at the interim hearing on the use of cash collateral, and the record of these proceedings, this Court makes the following findings of fact and rulings of law:

The Debtor’s Chapter 11 Case; Procedural Background; Jurisdiction; Notice

A. On October 13, 2010 (the “Petition Date”), the Debtor filed a voluntary petition for relief with this Court (the “Bankruptcy Case”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Since the Petition Date, the Debtor has operated its businesses and managed its property as debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157(b) and 1334, and this matter constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

C. The Debtor has properly served notice of the interim hearing on the Motion pursuant to sections 102, 361, 362 and 363 of the Bankruptcy Code, Federal Rules of Bankruptcy Procedure 2002 and 4001¹, and Local Bankruptcy Rules 2002.1 and 9013.1, which notice was sent to among others: (a) the Debtor’s twenty (20) largest unsecured creditors; (b) the Debtor’s secured lenders; (c) the Office of the United States Trustee; (d) all parties known by the Debtor to have liens on, or security interests in any of the property of the Debtor; (e) the Indenture Trustee; and (f) all parties that have filed a notice of appearance and request for service of

¹ As used herein the Federal Rules of Bankruptcy Procedure are referred to as the “Bankruptcy Rules”
{2435138:4}

documents in this proceeding. This notice is appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable Bankruptcy Rules in respect to the relief requested.

The Debtor's Secured Bond Obligations

D. The Debtor owns certain land in Dennison, Ohio upon which it operates an acute care critical access hospital facility (the "Facility"). The construction, installation and equipping of modifications to the Facility was supported through the issuance of publicly traded tax-exempt bonds in the aggregate original face amount of \$16,775,000 (the "Bonds") issued by the County of Tuscarawas, Ohio (the "Issuer") under that certain Master Trust Indenture, dated as of September 1, 2007 ("Master Trust Indenture") by and between the Debtor and U.S. Bank National Association (the "Original Trustee").

E. The Bond financing was also evidenced by, among other documents, (i) an Indenture of Trust (Bond Indenture), dated as of September 1, 2007 (the "Indenture"), by and between the Issuer and the Original Trustee, and (ii) a promissory note in the original principal amount of \$16,775,000, dated as of September 1, 2007 (the "Note"), given by the Debtor to evidence its obligations under the Indenture. The Indenture Trustee replaced the Original Trustee and is the current Indenture Trustee under the Indenture. The Indenture, among other things, assigned to the Original Trustee substantially all of the rights of the Issuer under the Note. The Master Trust Indenture, Indenture, Note, the Mortgage (as defined below), and the other documents entered into as part of the bond financing are referred to herein as the "Bond Documents."

F. The Debtor stipulates that pursuant to the Bond Documents, the Indenture Trustee has a first priority lien and security interest in all of the Debtor's right, title and interest in personal property, accounts, and all other tangible and intangible property of the Debtor used in

connection with or relating to the Facility, and pursuant to that certain Supplement Master Indenture Number One and Mortgage Security Agreement, dated as of September 1, 2007 (the "Mortgage"), the Indenture Trustee has a first priority lien and security interest in all of the Debtor's right, title and interest in its real property, gross receipts and personal property described in the Mortgage. Collectively, the collateral referred to in this Paragraph is referred to herein as the "Pre-Petition Bond Collateral".

G. Under the terms of the Bond Documents, certain accounts were established and are held by the Indenture Trustee, including, but not limited to, (i) the Bond Fund, and (ii) the Debt Service Reserve Fund (all as defined in the Indenture). The funds in these accounts, and in any other accounts held by the Indenture Trustee, are referred to herein as the "Trustee-Held Funds".

The Bond Claim

H. The Debtor acknowledges that as of the Petition Date, the amounts due and owing under the Bonds and Bond Documents are as follows (collectively, the "Bond Claim"):

- (i) Unpaid principal in the amount of \$16,775,000.00; and
- (ii) Accrued but unpaid interests on the Bonds in the amount of \$472,267.13.

The Indenture Trustee reserves any and all rights to amend the Bond Claim. Nothing herein shall be deemed to be a waiver of such rights. In the event the Indenture Trustee amends the Bond Claim to increase the amount of such claim, the Debtor may challenge any amounts in excess of (i) and (ii) above.

The Commercial & Savings Bank Line of Credit

I. On or about December 14, 2009, the Debtor executed that certain Promissory Note and Commercial Security Agreement between the Debtor and Commercial Savings (the

“Commercial LOC”) permitting the Debtor to draw, at maximum, \$250,000 on the Commercial LOC.

J. In conjunction with execution of the Commercial LOC, Commercial Savings filed a UCC Financing Statement, designated document no. 200935034440, with the Ohio Secretary of State. Pursuant to the UCC Financing Statement, Commercial Savings’ extension of credit to the Debtor is secured by current and after acquired accounts of the Debtor (the “Commercial Collateral”).

Use of Cash Collateral and Need for Adequate Protection

K. The Debtor has requested the use of Cash Collateral (as defined below) in connection with the Bankruptcy Case to preserve the value of the Facility and its business. The Indenture Trustee and Commercial Savings consent to the use of cash collateral solely upon the terms and conditions of this Interim Order.

L. Without the use of cash collateral, the Debtor would suffer immediate and irreparable harm and would likely be required to cease operations immediately. Further, an inability to use cash collateral would disrupt the Debtor as a going concern, and would eliminate or significantly decrease the likelihood of a successful orderly disposition of the Debtor’s assets in this Bankruptcy Case, and would not be in the best interests of the Debtor, its respective estate or creditors. The Debtor is prepared to provide adequate protection of the liens and security interests of the Indenture Trustee and Commercial Savings, as set forth in this Interim Order.

M. The Debtor has acknowledged and admitted that the Bond Claim is secured by valid, enforceable, duly perfected liens on and security interests in the Pre-Petition Bond Collateral pursuant to the Bond Documents, not subject to avoidance or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

N. The terms of this Interim Order are fair and commercially reasonable, reflect the prudent exercise of business judgment of the Debtor consistent with its fiduciary duties and constitute reasonably equivalent value and fair consideration.

O. To the extent any portion of the foregoing constitute rulings of law, they shall constitute this Court's rulings with respect to the matters so-stated.

NOW, THEREFORE, THE COURT HEREBY ORDERS AS FOLLOWS:

1. Disposition. The Motion is granted on an interim basis on the terms set forth in this Interim Order. A final hearing with respect to this Interim Order has been scheduled as provided in Section 29 below.

2. Authorization to Use Cash Collateral. Until the occurrence of a Termination Event (as defined below), the Debtor is solely authorized to use as cash collateral, the following: (i) all cash on hand of the Debtor as of the Petition Date, plus (ii) any proceeds relating to the accounts receivable of the Debtor solely to pay those expenses in the amounts and categories set forth on and in accordance with the Budget attached hereto as Exhibit A (collectively the "Cash Collateral").

3. Exclusion from Cash Collateral. Nothing in this Interim Order shall entitle the Debtor to use (i) any other funds received by the Debtor during this proceeding, excluding (y) funds received from the Hospital Care Assurance Program² and (z) postpetition tax revenues received by the Debtor³, each as provided in the Budget, or (ii) the Trustee-Held Funds.

² The Hospital Care Assurance Program provides financial assistance to hospitals for the care provided to the indigent and underinsured. For example, the Debtor recognized \$120,064 and \$118,421 in net HCAP financial assistance for the years ended December 31, 2009 and December 31, 2008, respectively.

³ On May 2, 2006, the citizens of Dennison and Ulrichsville, Ohio, approved a property tax levy to support the Debtor. Funding received as a result of the levy is to be used to supplement the general operations of the Debtor. For example, the Debtor received revenues of approximately \$134,000 and \$229,000 for the years ended December 31, 2009 and December 31, 2008, respectively.

{2435138:4}

4. Prohibited Use of Cash Collateral. No proceeds of Cash Collateral shall be used for the purpose of: (i) objecting to, or contesting in any manner, or raising any defenses to, the validity, amount, extent, perfection, priority, or enforceability of the Bonds, the Bond Documents, the Pre-Petition Bond Collateral, the Bond Claim or any liens or security interests with respect thereto, or any other rights or interests of the Indenture Trustee therein; (ii) asserting any claims or defenses or causes of action against the Indenture Trustee or any holder of the Bonds or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors including, without limitation, any actions under chapter 5 of the Bankruptcy Code, including with respect to payments made pursuant to the Bond Documents; and (iii) seeking to modify any of the rights granted to the Indenture Trustee hereunder. Provided, however, that Cash Collateral may be used by the Creditors' Committee to investigate, but not commence, any claims regarding the above.

5. Amendment or Extension of Budget. The Budget shall not be amended without the express written consent of the Indenture Trustee, which consent shall be at its sole and absolute discretion. Any amendment or modification of the Budget shall not require approval by this Court to be effective. Notice of any such amendment to this Interim Order shall be filed with this Court and served on all parties entitled to notice in accordance with Bankruptcy Rule 4001(b). Following the filing of such notice of amendment, a noticed party may contest such amendment by filing a motion (the "Budget Amendment Challenge") with this Court within five (5) business days of being provided notice of the effectiveness of such amendment. The timely filing and service of a Budget Amendment Challenge will temporarily stay the amendment. Subject to the convenience of this Court's calendar, the hearing on any Budget Amendment Challenge shall be held within five (5) business days of the date that the Budget Amendment Challenge is filed. If a Budget Amendment Challenge is not timely filed and served and the

{2435138:4}

hearing is not timely sought, or if the relief sought in the Budget Amendment Challenge is denied, the amendment shall become immediately effective.

6. Amendment or Extension of Use of Order. This Interim Order shall not be amended without the express written consent of the Indenture Trustee, which shall be at its sole discretion. Notice of any such amendment to this Interim Order shall be filed with this Court and served on all parties entitled to notice in accordance with Bankruptcy Rule 4001(b). Following the filing of such notice of amendment, a noticed party may contest such amendment by filing a motion (the "Amendment Challenge") with this Court within five (5) business days of being provided notice of the effectiveness of such amendment. The timely filing and service of an Amendment Challenge will temporarily stay the amendment. Subject to the convenience of this Court's calendar, the hearing on any Amendment Challenge shall be held within five (5) business days of the date that the Amendment Challenge is filed. If an Amendment Challenge is not timely filed and served and the hearing is not timely sought, or if the relief sought in the Amendment Challenge is denied, the amendment shall become immediately effective.

7. Rollover Lien. As adequate protection and in consideration for the use of Cash Collateral by the Debtor, the Prepetition Secured Lenders shall have a valid, perfected and enforceable continuing replacement lien and security interest (the "Rollover Lien") to the extent of any diminution in the Pre-Petition Bond Collateral or Commercial Collateral in all assets of the Debtor existing on or after the Petition Date of the same type as the Pre-Petition Bond Collateral or Commercial Collateral, together with the proceeds, rents, products and profits thereof, whether acquired or arising before or after the Petition Date, to the same extent, validity, perfection, enforceability and priority of the respective liens and security interests of the Indenture Trustee and Commercial Savings as of the Petition Date (the "Post Petition Bond Collateral"). The Rollover Lien shall be subject only to (i) accrued but not yet paid fees of the

{2435138:4}

Debtor's professionals as provided in the Budget, (ii) accrued but not yet paid fees under 28 U.S.C § 1930, and (iii) valid, perfected and unavoidable liens, if any, that were existing as of the Petition Date, and senior in priority to the liens and security interest of the Indenture Trustee.

8. Supplemental Lien. As additional adequate protection and in consideration for the use of Cash Collateral by the Debtor, the Prepetition Secured Lenders shall have a valid, perfected and enforceable continuing supplemental lien and security interest (the "Supplemental Lien") to the extent of any diminution in the Pre-Petition Bond Collateral and Commercial Collateral in all of the property of the Debtor, or its estate, of any kind or nature whatsoever within the meaning of section 541 of the Bankruptcy Code, whether acquired or arising prepetition or postpetition, together with all proceeds, rents, products, and profits thereof (the "Collateral"), in the same priority between the Indenture Trustee and Commercial Savings that existed at the Petition Date, provided that the Collateral under this Interim Order shall not include, and the Indenture Trustee and Commercial Savings shall not be granted a lien on, causes of action or proceeds therefrom under sections 544, 545, 547, 548, 549, 550 and 724(e) of the Bankruptcy Code (the "Avoidance Actions"). Notwithstanding the foregoing, the Indenture Trustee and Commercial Savings reserve the right to require that the Collateral include the proceeds of the Avoidance Actions in the final order on the Motion. The Supplemental Lien shall be subject only to (i) accrued but not yet paid fees of the Debtor's professionals as provided in the Budget, (ii) accrued but not yet paid fees under 28 U.S.C § 1930, and (iii) valid, perfected and unavoidable liens, if any, that were existing as of the Petition Date and senior in priority to the liens and security interests of the Indenture Trustee. The Rollover Lien and Supplemental Lien shall be in addition to all other rights of the (i) Indenture Trustee, including its liens and security interests in the Pre-Petition Bond Collateral, and (ii) Commercial Savings, including its liens and security interests in the Commercial Collateral.

{2435138:4}

9. No Further Action Required. The approval of this Interim Order by this Court shall be sufficient and conclusive evidence of the validity, extent, enforceability and perfection of the Rollover Lien and Supplemental Lien granted to the Prepetition Secured Lenders, whether or not the Indenture Trustee elects to file or record financing statements, any other documents, or to take such other steps as may otherwise be required to obtain, evidence or perfect such liens under applicable law; provided, however, upon the request of the Prepetition Secured Lenders, the Debtor shall execute such other documents as may be reasonably requested to evidence and perfect such liens, and the Prepetition Secured Lenders may, in their sole discretion, but shall not be required to, file a certified copy of this Interim Order in any filing or recording office in any jurisdiction in which the Debtor has real or personal property, and such filing or recording shall be accepted and shall constitute further evidence of perfection of its liens and security interests. No obligation, payment, transfer or grant of security under this Interim Order shall be stayed, restrained, voidable, avoidable or recoverable under the Bankruptcy Code or under any otherwise applicable state law, or subject to any defense, reduction, setoff, recoupment or counterclaim.

10. Superpriority Claim. As additional adequate protection and in consideration for the use of Cash Collateral by the Debtor, during the period of this Interim Order the Prepetition Secured Lenders shall have a super-priority administrative expense claim pursuant to Bankruptcy Code section 507(b) to the extent of any diminution in the Pre-Petition Bond Collateral and the Commercial Collateral against all Collateral, assets of the estate of the Debtor and its rights, chooses in action, or claims of any kind whatsoever, choate or inchoate, present or residual which for any reason cannot be made the subject of the Post-Petition Bond Collateral and Commercial Collateral, with priority over any and all administrative expenses, diminution claims and all other claims against the Debtor, now existing or hereafter arising, of any kind whatsoever (the "Superpriority Claims"), including, without limitation, all other administrative expenses of

{2435138:4}

the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546, 726, 1113 or 1114 of the Bankruptcy Code, and shall at all times be senior to the rights of the Debtor, any successor trustee or any creditor, in this Bankruptcy Case or any subsequent proceedings under the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims shall be payable from and have recourse to all pre- and post-petition property of the Debtor and all proceeds thereof; provided, however, the Superpriority Claims shall be subject only to (i) accrued but not yet paid fees of the Debtor's professionals as provided in the Budget, (ii) accrued but not yet paid fees under 28 U.S.C § 1930, and (iii) proceeds from Chapter 5 causes of action.

11. Disposition of Sale Proceeds. Any order approving the sale of assets that are collateral of the Indenture Trustee or Commercial Savings, respectively in this case shall provide for the payment of the proceeds at closing to the Indenture Trustee, or Commercial Savings, respectively for application in accordance with the Bond Documents, less amounts owed to creditors holding valid and perfected senior liens against the assets.

12. Allowance of Claim. Except as provided by Section 22, this Interim Order constitutes a conclusive and binding determination on all parties (y) of the validity, priority and amount of the Bond Claim or the Commercial Claim, and (z) that the Indenture Trustee's security interests in the Pre-Petition Bond Collateral and Commercial Savings' security interests in the Commercial Collateral, including, without limitation, the Cash Collateral, have been duly and properly perfected and are in all respects valid and enforceable first priority security interests and liens and not subject to any claim under Bankruptcy Code section 552(b).

13. Financial Information. As additional adequate protection of the Indenture Trustee's and Commercial Savings' respective security interests in the Cash Collateral, the Debtor shall allow the Indenture Trustee and Commercial Savings reasonable access during normal business hours to the premises, officers, employees, auditors, appraisers and financial advisors of the Debtor in order to conduct appraisals, analyses and/or audits of the Pre-Petition Bond Collateral or Commercial Collateral and the Post-Petition Bond Collateral, and shall otherwise reasonably cooperate in providing any other financial information requested by the Indenture Trustee. From and after the entry of this Interim Order, the Debtor shall provide to the Indenture Trustee, on Tuesday of each week (commencing with the Tuesday following the entry of this Interim Order), a weekly report indicating all receipts received by and disbursements made by the Debtor in the week ending the prior Friday compared to the Budget and detailing any variances of 5% or more on a line-by-line basis from the expenditures and receipts as described in the Budget. The Debtor shall provide to the Indenture Trustee such other reports and information as may be reasonably requested from time to time by the Indenture Trustee.

14. Termination of Use of Cash Collateral With Notice.

(a) The Debtor's authority to use Cash Collateral pursuant to the terms of this Interim Order will terminate without any further action by this Court three (3) business days after written notification sent by the Indenture Trustee or Commercial Savings to the Debtor, any official committee of unsecured creditors, the U.S. Trustee, and all parties filing a notice of appearance herein, of the occurrence of any of the following (a "Termination Event"):

- (i) the incurrence by the Debtor of (x) administrative expenses, or any other amounts, of a type not set forth in the Budget, or (y) administrative expenses of the types set forth in the Budget in amounts exceeding the amounts for each type of expense set forth in the Budget, except (a) as otherwise provided in Section 2, and (b) for fees due under 28 U.S.C. § 1930;

- (ii) the failure of the Debtor to pay all undisputed administrative expenses in full in accordance with their terms as provided for in the Budget;
- (iii) the failure of the Debtor to timely pay all fees due under 28 U.S.C. § 1930;
- (iv) the earlier of (y) the date of the entry of an order of this Court appointing a chapter 11 trustee or an examiner with enlarged powers (beyond those set forth in sections 1104(c) and 1106(a)(3) and (4) of the Bankruptcy Code) for the Debtor; or (z) the date the Debtor files a motion, application or other pleading consenting to or acquiescing in any such appointment;
- (v) imposition of orders, penalties or fines by any governmental agency or unit which, if not cured promptly, results in the cessation of operations of the Debtor;
- (vi) the failure of the Debtor to materially comply with, keep, observe or perform any of its agreements or undertakings under this Interim Order;
- (vii) the closing of a sale of all or substantially all of the Debtor's assets;
- (viii) the Debtor fails to materially comply with, keep, observe or perform any of its agreements or undertakings under this Interim Order; or
- (ix) October 29, 2010 at 2:00 p.m.

(b) Unless during such three (3) business day period referenced above in Section 14(a), the Debtor cures any Termination Event that is curable or the Debtor obtains an order by this Court, on notice to and with an opportunity to be heard by the Indenture Trustee or Commercial Savings, (i) the Debtor's authority to use Cash Collateral hereunder shall automatically terminate and the Debtor shall be prohibited from continuing to use such Cash Collateral, (ii) the Indenture Trustee or Commercial Savings may exercise all rights and options set forth herein exercisable upon the occurrence of a default, and (iii) the Indenture Trustee or Commercial Savings, upon the expiration of such three (3) business day period shall be automatically relieved of any further stay under section 362 of the Bankruptcy Code, or other restriction on enforcement of its pre- and post-petition liens and security interests in the Pre-Petition Bond Collateral or the Commercial Collateral and the Post-Petition Bond Collateral, all without further order of this Court.

{2435138:4}

15. Termination of Use of Cash Collateral Without Prior Notice.

(a) The Debtor's authority to use Cash Collateral will immediately terminate without any further action by this Court and a Termination Event shall occur without prior notice upon the occurrence of any of the following (also a "Termination Event"):

- (i) The Bankruptcy Case is dismissed or converted to a proceeding under chapter 7 of the Bankruptcy Code;
- (ii) this Court suspends the Bankruptcy Case under section 305 of the Bankruptcy Code;
- (iii) entry of an order confirming a plan in the Bankruptcy Case;
- (iv) this Interim Order becomes stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of the Indenture Trustee;
- (v) an order is entered in the Bankruptcy Case over the objection of the Indenture Trustee approving financing pursuant to section 364 that would grant an additional security interests or a lien on any Collateral or granting a superpriority administrative claim that is equal or superior to the Superpriority Claims; or
- (vi) except as provided in paragraph 22 with respect to any challenge by the Creditors' Committee (as defined below), an adversary proceeding or contested matter is commenced challenging the validity, enforceability, priority or extent of the Indenture Trustee's liens or claims (including any attempt to subordinate the claims of the Indenture Trustee).

(b) Upon the occurrence of a Termination Event described in this Section 15, the Debtor's authority to use Cash Collateral hereunder shall automatically terminate, and, unless the Debtor obtain, within three (3) business days of the occurrence of a Termination Event described in this Section 15, an order of this Court, on notice to and with opportunity to be heard by the Indenture Trustee, determining that the Indenture Trustee is not entitled to relief from the automatic stay, the Indenture Trustee may exercise all rights and options set forth herein exercisable upon the occurrence of a default, and the Indenture Trustee shall be automatically relieved of any further stay under section 362 of the Bankruptcy Code, or other restriction on

enforcement of its pre- and post-petition liens and security interests in the Pre-Petition Bond Collateral and the Post-Petition Bond Collateral, all without further order of this Court.

16. Release. Subject to the rights of the Creditors' Committee pursuant to Section 22 below, upon entry of this Interim Order, the Debtor hereby waives, releases and discharges the Indenture Trustee and all holders of the Bonds and their respective affiliates, agents, attorneys, officers, directors and employees, from any and all claims and causes of action arising out of, based upon or related to, in whole or in part, the Bonds and the Bond Documents, any aspect of the prepetition relationship between the Indenture Trustee, and/or all holders of the Bonds, and the Debtor, and any other acts or omissions by the Indenture Trustee and/or all holders of the Bonds in connection with either the Bond Documents or the Indenture Trustee's and holders of the Bonds prepetition relationship with the Debtor. Further, upon entry of this Interim Order, the Debtor waives any and all right to object to or contest the amount of the Bond Claim or the Indenture Trustee's security interests in the Pre-Petition Bond Collateral and agrees that all such claims and security interests have been duly perfected and are in all respects valid and enforceable first priority security interests and liens.

17. Failure of Adequate Protection. Nothing herein shall constitute a waiver, release or modification of the rights of the Indenture Trustee to assert a claim under Bankruptcy Code sections 364(c) and 507(b).

18. Deemed Request for Stay Relief. This Interim Order shall be deemed to constitute a request by the Indenture Trustee for relief from the automatic stay with respect to the Pre-Petition Bond Collateral and for adequate protection as of the Petition Date.

19. No Charge on Collateral. Nothing herein shall constitute a waiver of any right of the Indenture Trustee to object to fees and expenses of any professionals or to challenge any assertion that any amount of the fees and expenses remain unpaid. The entry of this Interim

{2435138:4}

Order constitutes a conclusive and binding determination on all parties that no costs or expenses of administration shall be imposed against the Indenture Trustee or the Pre-Petition Bond Collateral or the Post-Petition Bond Collateral under sections 105 or 506(c) of the Bankruptcy Code, or otherwise.

20. Modification of Stay. The automatic stay imposed by virtue of section 362 of the Bankruptcy Code is hereby vacated and modified insofar as necessary to permit the Indenture Trustee to: (i) apply, allocate or pay from any of the funds or accounts maintained by the Indenture Trustee in accordance with the terms of the Bond Documents, including the Trustee Held Funds, and (ii) take any action specifically authorized or contemplated by this Interim Order.

21. Preservation of Rights. If any or all of the provisions of this Interim Order are, at any time, modified, vacated or stayed, such stay, modification or vacation shall not affect the validity, extent, priority and enforceability of any lien, priority, or other benefit conferred under this Interim Order prior to such stay, modification or vacation.

22. Binding Effect. This Interim Order shall be binding on all parties in this case that have notice hereof, including, but not limited to, the Debtor, and any successors thereto, any chapter 11 or chapter 7 trustee that is appointed or elected in this case, and any party who has filed an objection; provided, however, that this Interim Order is without prejudice to the rights of any creditors' committee appointed in the Bankruptcy Case of the Debtor (the "Creditors' Committee") or any other third party to challenge the validity, amount, perfection, priority, extent or enforceability of the Commercial Claim, the Bond Claim, the Bond Documents, the pre-petition security interests of the Indenture Trustee or Commercial Savings, or the rights of such Creditors' Committee or any other third party to, on behalf of such estate, assert any other claims or causes of action that have been otherwise released under Section 16 of this Interim

{2435138:4}

Order (a “Creditors’ Committee or Third Party Claim”); provided that any Creditors’ Committee or Third Party Claim (i) may only be made and appropriately filed with this Court within 60 days after the earlier of the appointment of such Creditors’ Committee, or if no Creditors’ Committee is appointed, 75 days from the Petition Date, and (ii) may only be made if such Creditors’ Committee has acquired legal standing to assert such claims. Unless a Creditors’ Committee or Third Party Claim is made in accordance with the procedural and time limitations set forth above, all such challenges shall be deemed finally and conclusively barred and otherwise waived; and provided further that if a Creditors’ Committee or Third Party Claim is timely made and properly filed, all potential claims and causes of actions are hereby deemed forever waived and relinquished by all parties including, but not limited to the party that filed such claim, except for those claims or causes of actions expressly asserted in accordance with this Section 22.

23. No Competing Liens. Upon entry of a final order on the Motion, the Debtor shall not grant liens on, or security interests in the Pre-Petition Bond Collateral or the Post-Petition Bond Collateral to any other party other than the Indenture Trustee, pursuant to section 364 of the Bankruptcy Code or otherwise without the express written consent of the Indenture Trustee, which consent may be withheld by the Indenture Trustee in its sole and absolute discretion.

24. Survival of Rights. Notwithstanding the occurrence of a Termination Event, all of the rights, remedies, benefits and protections provided to the Indenture Trustee under this Interim Order shall survive such Terminate Event.

25. Reservation of Rights. Except as provided in this Interim Order, the Indenture Trustee waives no rights under the Bankruptcy Code, any applicable law, or the Bond Documents, including, without limitation, the right of the Indenture Trustee at any time to seek any relief under the Bankruptcy Code, or the right of the Indenture Trustee to exercise any of its

rights and remedies under the Bankruptcy Code at any time. In particular, the Indenture Trustee reserves its rights to seek modification of this Interim Order.

26. Further Relief. Nothing herein shall (i) preclude the Indenture Trustee from seeking any other relief that it may deem appropriate, including relief from the automatic stay, or (ii) prevent the Indenture Trustee from asserting at some later time that its liens and security interests in the Pre-Petition Bond Collateral are not being adequately protected.

27. No Control. The Indenture Trustee shall not be deemed to be in control of the operations of the Debtor or to be acting as a “responsible person,” “managing agent” or “owner or operator” (as such terms or any similar terms are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar Federal or state statute) with respect to the operation or management of the Debtor, notwithstanding its consent to this Interim Order and extending financial accommodations of any type, kind or nature under this Interim Order.

28. No Third Party Beneficiaries. No rights are created hereunder for the benefit of any third party, any creditor, or any direct, indirect or incidental beneficiary.

29. Effectiveness. The rights and obligations of the parties under this Interim Order shall be effective and enforceable as of the Petition Date. This Interim Order shall be deemed effective immediately and, for the avoidance of doubt, Federal Rule of Bankruptcy Procedure 6004(h) shall not apply hereto. If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, modification, vacatur or stay shall not affect (i) the validity, extent, priority or enforceability of any obligations incurred prior to the actual receipt of written notice by the Indenture Trustee of the effective date of such reversal, modification, vacatur or stay, or (ii) the validity, extent, priority or enforceability of the liens and claims granted hereunder.

{2435138:4}

30. Final Hearing. A final hearing with respect to this Interim Order is hereby scheduled for October 29, 2010 at 2:00 p.m., at which time any party in interest may present any timely filed objections to the entry of a final order. The Debtor shall, within 24 hours of entry of this Interim Order, promptly serve a copy of this Interim Order and a notice of the final hearing by regular mail upon (i) Daniel S. Bleck, Esq. and Adrienne K. Walker, Esq., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts, 02111, counsel to the Indenture Trustee, (ii) Frank J. Rose, Jr., Esq. and Paul Hervey, Esq., Fitzpatrick, Zimmerman & Rose Co., L.P.A., P.O. Box 1014, New Philadelphia, Ohio 44663, counsel to Commercial Savings, (iii) counsel for any Creditors' Committee appointed in this case or, if no Creditors' Committee is appointed, the Debtor's 20 largest unsecured creditors, (iv) the United States Trustee, and (v) any party that has filed a notice of appearance in this case. Such notice shall state that objections to the entry of a final order shall be in writing and shall be filed with the United States Bankruptcy Clerk for the Northern District of Ohio (Eastern Division, Canton) no later than October 27, 2010. Any objections by creditors or other parties in interest to any of the provisions of a final order incorporating the terms of this Interim Order, or including any other or different provisions, shall be deemed waived unless filed and served in accordance with this paragraph.

31. Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Interim Order shall be in writing and shall be deemed to have been duly given if (a) delivered personally, (b) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or (c) sent by next-day or overnight mail or delivery or (d) sent by facsimile.

(a) If to the Debtor to:

Shawn M. Riley, Esq.
Paul Linehan, Esq.
McDonald Hopkins
600 Superior Avenue, East
Suite 2100
Cleveland, OH 44114

(b) If to the Indenture Trustee to:

Wells Fargo Corporate Trust Service
Attn: Virginia Housum, Vice President, SAG Group
Wells Fargo Bank Minnesota, N.A.
625 Marquette Avenue, MAC #N9303-120
Minneapolis, MN 55479
Fax: 612-667-9825

with a copy to:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Attn: Daniel S. Bleck, Esq.
Adrienne K. Walker, Esq.
One Financial Center
Boston, MA 02111
Fax: 617-542-2241

(b) If to Commercial Savings to:

The Commercial & Savings Bank
Attn: William Tinlin, Vice President
91 Clay Street
Millersburg, OH 44654

with a copy to:

Paul Hervey, Esq.
Frank J. Rose, Jr., Esq.
Fitzpatrick, Zimmerman & Rose Co., L.P.A.
P.O. Box 1014
New Philadelphia, Ohio 44663
Fax: 330-343-3077

###

Prepared by:

Shawn M. Riley (0037235)
Paul W. Linehan (0070116)
McDONALD HOPKINS LLC
600 Superior Avenue, East, Suite 2100
Cleveland, OH 44114-2653
Telephone: (216) 348-5400
Facsimile: (216) 348-5474
E-mail: sriley@mcdonaldhopkins.com
plinehan@mcdonaldhopkins.com

PROPOSED COUNSEL FOR THE DEBTOR
AND DEBTOR IN POSSESSION

-and-

Daniel S. Bleck
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.
One Financial Center
Boston, MA 02111
Telephone: (617) 348-4498
Facsimile: (617) 542-2241
E-mail: DSBleck@mintz.com

COUNSEL FOR WELLS FARGO, NATIONAL
ASSOCIATION AS INDENTURE, TRUSTEE

EXHIBIT A

Revised 10/12/2010: 13 - Week Projections for Twin City Hospital Corporation & Physicians - Sources and Uses													
14#	10/1/2010	10/15/2010	10/25/2010	11/7/2010	11/15/2010	11/22/2010	11/29/2010	12/6/2010	12/13/2010	12/20/2010	12/27/2010	1/3/2011	13 WE Total
1	54,989	109,094	35,276	59,940	2,553	(4,182)	75,249	(53)	(15,786)	(10,969)	56,463	28,280	54,989
2	67,980	67,980	67,980	67,980	67,980	67,980	67,980	67,980	67,980	67,980	67,980	67,980	851,856
3	19,943	19,943	19,943	19,943	19,943	19,943	19,943	19,943	19,943	19,943	19,943	19,943	259,219
4	180,626	180,626	180,626	180,626	180,626	180,626	180,626	180,626	180,626	180,626	180,626	180,626	2,448,142
5	31,432	31,432	31,432	31,432	31,432	31,432	31,432	31,432	31,432	31,432	31,432	31,432	408,616
6	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	180,000
7	319,990	319,990	319,990	319,990	319,990	319,990	319,990	319,990	319,990	319,990	319,990	319,990	4,119,213
8	35,647	35,647	35,647	35,647	35,647	35,647	35,647	35,647	35,647	35,647	35,647	35,647	106,941
9	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	21,000
10	14,130	14,130	14,130	14,130	14,130	14,130	14,130	14,130	14,130	14,130	14,130	14,130	14,130
11	384,126	323,490	319,990	519,137	323,490	319,990	529,137	414,990	313,490	309,990	548,190	345,637	4,990,550
12	389,115	432,564	355,267	579,078	316,043	315,888	601,386	411,937	297,705	299,021	601,953	373,917	5,051,939
13	85,900	195,000	85,700	195,000	83,700	195,000	195,000	83,700	195,000	83,700	195,000	83,700	1,258,009
14	47,790	4,447	26,233	21,364	36,333	11,562	21,364	67,762	13,562	13,562	13,562	13,562	690,000
15	8,879	1,497	3,903	3,197	2,579	2,047	3,197	8,497	1,497	1,497	1,497	1,497	138,184
16	80,000	94,500	3,500	240,000	174,500	174,500	174,500	174,500	174,500	174,500	174,500	174,500	570,201
17	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	570,000
18	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	150,000
19	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
20	29,013	47,000	62,000	10,800	32,013	13,000	40,073	34,013	15,000	31,000	13,000	12,000	308,712
21	2,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	62,000
22	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	32,500
23	1,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	37,000
24	280,021	397,308	245,326	557,786	330,225	330,225	581,910	430,722	308,671	192,558	554,173	229,309	4,689,432
25	109,094	35,276	109,940	21,292	4,553	(4,182)	23,447	(15,786)	(10,969)	106,463	50,780	144,607	362,107
26	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	105,000
27	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
28	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	15,000
29	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
30	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	7,500
31	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	317,500
32	580,021	519,308	529,326	558,026	330,225	330,225	560,439	430,722	308,671	192,558	554,173	229,309	4,689,432
33	109,094	35,276	109,940	21,292	4,553	(4,182)	23,447	(15,786)	(10,969)	106,463	50,780	144,607	362,107
34	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	105,000
35	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
36	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	15,000
37	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	30,000
38	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	7,500
39	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	317,500
40	580,021	519,308	529,326	558,026	330,225	330,225	560,439	430,722	308,671	192,558	554,173	229,309	4,689,432
41	109,094	35,276	109,940	21,292	4,553	(4,182)	23,447	(15,786)	(10,969)	106,463	50,780	144,607	362,107