

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF CONNECTICUT  
HARTFORD DIVISION

	Chapter 11
In re:	Case No. 16-21635 (JJT)
SPECTRUM HEALTHCARE LLC, ET AL <sup>1</sup>	through 16-21639 (JJT)
	(Jointly Administered)
Debtors.	

**THIRD PRELIMINARY ORDER (1) AUTHORIZING THE USE OF CASH COLLATERAL, (2) GRANTING ADEQUATE PROTECTION, (3) SETTING THE DATE FOR A FINAL HEARING, AND (4) RELATED RELIEF**

On October 6, 2016, the Debtors, Spectrum Healthcare, LLC (“Spectrum”) and Spectrum Healthcare Torrington, LLC (“Spectrum Torrington”), Spectrum Healthcare Derby, LLC (“Spectrum Derby”), Spectrum Healthcare Hartford, LLC (“Spectrum Hartford”), and Spectrum Healthcare Manchester, LLC (“Spectrum Manchester”) (collectively, the “Affiliates”) and jointly with Spectrum, the debtors and debtors in possession (the “Debtors”), filed the Debtors’ Motion for a Preliminary and Final Order (1) Authorizing the Use of Cash Collateral, (2) Granting Adequate Protection, (3) Setting the Date of a Final Hearing, and (4) Related Relief (the “Motion”)<sup>2</sup>, whereby the Debtors seek entry of an order, pursuant to sections 105, 361, 362, 363, and 507 of Title 11 of the United States Code (the “Bankruptcy Code”) authorizing (a) the use cash collateral of MidCap Funding IV LLC (“MidCap Funding”), as assignee of MidCap Financial, LLC (“MidCap Financial”) (collectively, “MidCap”), CCP Finance I, LLC (“CCP Finance”), as assignee of Nationwide Health Properties, LLC (“NHP”), as Lender under the NHP Loan (as defined below), CCP Park Place, 7541 LLC and CCP Torrington 7542 LLC (“CCP

<sup>1</sup> Spectrum Healthcare, LLC (Case No. 16-21635); Spectrum Healthcare Torrington, LLC (Case No. 16-21639); Spectrum Healthcare Derby, LLC (Case No. 16-21636), Spectrum Healthcare Manchester, LLC (Case No. 16-21638); and Spectrum Healthcare Hartford, LLC (Case No. 16-21637).

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

Landlords”) as assignees of NHP with respect to the NHP Lease (as defined below), Midland States Bank (“Midland”), as assignee of Love Funding Corporation (“LFC”), the Secretary of Housing and Urban Development (“HUD”) as additional secured party with LFC, and the State of Connecticut Department of Revenue Services (“DRS”) hereinafter collectively referred to as the “Secured Parties,” (b) authorizing adequate protection in the form of replacement liens on the accounts generated and/or created by the Debtors and proceeds therefrom (“Accounts”), subject to an “Exclusion” and “Carve-Out,” as defined below, and (c) related relief.

The Motion having come before the Court for a third preliminary hearing on November 4, 2016, and the Court having reviewed the Motion and having considered the arguments and representations of counsel and the records in these cases; and the Court having found that proper notice has been given under the circumstances of these cases, and based thereon and good cause appearing, the Court makes the following Order:

**IT IS HEREBY FOUND THAT:**

**A. Bankruptcy Filings**

1. On October 6, 2016 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code and has continued to operate as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On October 21, 2016, an official committee of unsecured creditors (the “Committee”) was appointed in these Bankruptcy Cases.

**B. Pre-Petition Loan Documents and Pre-Petition Obligations of MidCap.** The Debtors acknowledge and admit the following:

2. In connection with the confirmation and implementation of the Second Amended Plan of Reorganization for Spectrum Healthcare, LLC, Spectrum Healthcare Torrington, LLC, Spectrum Healthcare Derby, LLC Spectrum Healthcare Hartford, LLC and Spectrum Healthcare

Manchester, LLC (the “Plan”), which was confirmed by Order entered on May 7, 2013, MidCap Financial, LLC (“MidCap Financial”) for itself and as agent for other lenders, made available to the Debtors, except for Spectrum Derby (the “Spectrum Borrowers”), a revolving credit facility in the aggregate principal amount of up to \$5,000,000 pursuant to a Credit and Security Agreement dated as of June 13, 2013 (the “June 13, 2013 Credit and Security Agreement”). In connection with the June 13, 2013 Credit and Security Agreement, the Spectrum Borrowers executed and delivered a Revolving Credit Note in favor of MidCap Financial in the amount of \$5,000,000 and dated as June 13, 2013 (the “June 13, 2013 Note”).

3. The obligations under the June 13, 2013 Credit and Security Agreement and the June 13, 2013 Note were secured by duly perfected security interests in substantially all assets of the Spectrum Borrowers, including all accounts receivable, proceeds thereof and deposit accounts.

4. By Amended and Restated Credit and Security Agreement dated as of August 27, 2014 (the “August 27, 2014 Credit and Security Agreement”), the June 13, 2013 Credit and Security Agreement was amended whereby, *inter alia*, MidCap Funding was substituted for MidCap Financial as its successor-by-assignment and the terms and conditions of the June 13, 2013 Credit and Security Agreement were modified in certain respects.

5. The Spectrum Borrowers and MidCap Funding thereafter entered into two amendments to the August 27, 2014 Amended Credit and Security Agreement: (i) Amendment No. 1 to Amended and Restated Credit and Security Agreement dated as of March 14, 2016, pursuant to which the Spectrum Borrowers executed and delivered to MidCap Funding an Amended and Restated Revolving Loan Note in the amount of \$6,250,000 and dated as March 14, 2016; and (ii) Amendment No. 2 to Amended and Restated Credit and Security Agreement dated as of September 30, 2016, pursuant to which the Spectrum Borrowers executed and

delivered to MidCap Funding an Amended and Restated Revolving Loan Note in the amount of \$7,500,000 and dated as of September 30, 2016.

6. The obligations under the August 27, 2014 Credit and Security Agreement, the amendments thereto and the Revolving Notes executed and delivered pursuant to such amendments (the “Spectrum Borrowers Revolving Credit Obligations”) are secured by duly perfected security interests in substantially all of the assets of the Spectrum Borrowers, including all accounts receivable, proceeds thereof and deposit accounts. As of the Petition Date, the amount owing on account of the Spectrum Borrowers Revolving Credit Obligations was \$4,073,230 for Spectrum, Spectrum Hartford and Spectrum Torrington and \$2,211,198 for Spectrum Manchester.

7. As part of their lending relationship with MidCap Funding, the Spectrum Borrowers, as well as Spectrum Derby, have a lockbox arrangement whereby the funds they receive for services provided to their patients, typically from Medicare, Medicaid and insurance companies (the “Collections”), are paid into accounts (“Collection Accounts”) maintained at Wells Fargo Bank, N.A. (the “Bank”). The Collection Accounts are governed by a Deposit Account Control Agreement as to non-governmental receivables and a Collection Account Agreement as to governmental receivables. The Deposit Account Control Agreement and the Collection Account Agreement direct the funds in the Collection Accounts to be swept each business day, into one or more payment or destination accounts ( the “Payment Accounts”), whereupon the funds are then used by MidCap Funding to reduce the amounts extended under the revolving lines of credit.

8. In connection with the confirmation and implementation of the Plan, MidCap Financial made available to Spectrum Derby a revolving credit facility in the aggregate principal amount of up to \$1,250,000 pursuant to a Credit and Security Agreement dated as of June 13,

2013, as amended, restated or otherwise modified from time to time (the “Spectrum Derby June 13, 2013 Credit and Security Agreement”). In connection with the Spectrum Derby June 13, 2013 Credit and Security Agreement, Spectrum Derby executed and delivered a Revolving Loan Note in favor of MidCap Financial in the amount of \$1,250,000 and dated as of June 13, 2013 (the “Spectrum Derby June 13, 2013 Note”).

9. The obligations under the Spectrum Derby June 13, 2013 Credit and Security Agreement and Spectrum Derby June 13, 2013 Note (the “Spectrum Derby Revolving Credit Obligations”) are secured by duly perfected security interests in substantially all assets of Spectrum Derby, including all accounts receivable, proceeds thereof and deposit accounts. As of the Petition Date, the amount owing on account of the Spectrum Derby Revolving Credit Obligations was \$1,244,879.

10. The Spectrum Borrowers are also obligated to MidCap Financial or MidCap Funding, as successor-by-assignment to MidCap Financial, under certain guarantees of affiliate entities. Pursuant to a Cross-Collateralization, Cross Default and Cross-Guaranty Agreement dated as of June 13, 2013, the Spectrum Borrowers guaranteed the obligations of Spectrum Manchester Realty, LLC under a Credit and Security Agreement dated as of February 22, 2011 (as amended, restated, or otherwise modified from time to time), in relation to a term loan to Spectrum Manchester Realty, LLC in the amount of \$10,500,000. Pursuant to a Payment Guaranty executed and delivered to MidCap Financial and dated as of June 13, 2013, the Spectrum Borrowers guaranteed the obligations of Spectrum Derby for a loan and other revolving credit accommodations to Spectrum Derby in the amount of \$1,250,000 pursuant to a Credit and Security Agreement between Spectrum Derby and MidCap Financial, dated as of June 13, 2013.

11. The obligations of the Debtors to MidCap that are described in the foregoing paragraphs 1-10 are hereinafter referred to as the “MidCap Prepetition Obligations”.

**C. Pre-Petition Loan Documents and Pre-Petition Obligations of NHP and CCP Landlords**

The Debtors acknowledge and admit the following:

12. Spectrum Hartford and Spectrum Torrington (collectively, the “Spectrum Tenants”) are parties to a certain Master Lease dated June 13, 2013 (the “NHP Lease”), pursuant to which the Spectrum Tenants leased from NHP two skilled nursing facilities from which they operate their businesses. The NHP Lease has been assigned to the CCP Landlords.

13. Pursuant to the NHP Lease, the Spectrum Tenants granted NHP a security interest in “Tenant Property” and the product and proceeds thereof, which grant continues the security interest previously granted to NHP under the previous Master Lease between the parties.

14. The Spectrum Tenants also have loan obligations to NHP pursuant to a Fifth Amendment to Amended and Restated Loan and Security Agreement, dated June 13, 2013, which, with intervening amendments, relates back to that certain Amended and Restated Loan and Security Agreement dated January 1, 2005 (the “NHP Loan”). The NHP Loan is evidenced by that certain Amended and Restated Secured Promissory Note, dated March 28, 2006, as amended, in the original principal amount of \$900,000. To secure the obligations relating to the NHP Loan and accompanying note, as amended, the Spectrum Tenants granted NHP a security interest in substantially all of their assets and all products and proceeds thereof.

15. Pursuant to an Intercreditor Agreement dated June 13, 2013 (the “NHP Intercreditor Agreement”), between MidCap Financial, MidCap Funding II, LLC, NHP and the Spectrum Borrowers, NHP subordinated its security interest in the assets of the Spectrum Tenants, except for certain deposits under the Lease and insurance policies, to the security

interests of MidCap Financial and MidCap Funding II, LLC. Thus, as to cash collateral assets such as accounts receivable, the proceeds thereof, deposit accounts and cash, MidCap Financial and its successor-by-assignment, MidCap Funding, have a prior secured position relative to NHP's secured position and the CCP Landlords' secured position by assignment.

16. NHP duly perfected the security interests it was granted by the Spectrum Tenants for the NHP Loan and the NHP Lease by filing of financing statements under the Uniform Commercial Code as adopted in Connecticut.

17. As of the Petition Date, CCP Finance, as assignee of NHP, was owed the sum of approximately \$825,000 on account of the NHP Loan. The CCP Landlords are also owed certain prepetition obligations under the NHP Lease.

18. The obligations of the Spectrum Tenants to CCP Finance under the NHP Loan are hereinafter referred to as the "NHP Prepetition Obligations" and the obligations of the Spectrum Tenants to the CCP Landlords under the NHP Lease are hereinafter referred to as the "CCP Landlords' Prepetition Obligations").

**D. Pre-Petition Loan Documents and Pre-Petition Obligations of Midland, as Assignee of LFC.**

The Debtors acknowledge and admit the following:

19. LFC made loans and/or extensions of credit to or for the benefit of Spectrum Derby Realty, LLC ("Spectrum Derby Realty"), which are secured by a mortgage against real estate which is leased by Spectrum Derby Realty to Spectrum Derby and used by Spectrum Derby to operate a skilled nursing facility.

20. To further secure the loans made by LFC to Spectrum Derby Realty, Spectrum Derby granted to LFC a security interest in certain collateral that includes collateral which is the

subject of the security interest granted to MidCap Financial by Spectrum Derby. HUD is identified as an additional secured party with LFC.

21. By Intercreditor Agreement dated June 13, 2013 (the “LFC Intercreditor Agreement”), LFC subordinated its security interest of MidCap Financial for all of what is defined as “AR Lender Priority Collateral,” which includes all present and future accounts, government contracts, money, deposit accounts and the proceeds and product of the foregoing. Midland is the assignee of LFC. LFC thereafter assigned its secured position to Midland. Thus, as to cash collateral assets such as Accounts, the proceeds thereof, deposit accounts and cash, MidCap Financial and its successor-by-assignment, MidCap Funding, have a prior secured position relative to Midland’s secured position by assignment from LFC.

22. The obligations of Spectrum Derby to Midland based on its grant of a security interest to LFC are hereinafter referred to as the “Midland Prepetition Obligations.”

**E. Pre-Petition Obligations to DRS**

23. DRS asserts a statutory right to setoff Debtors’ unpaid pre-petition provider taxes against the Debtors’ pre-petition Medicaid Receivables.

**F. Pre-Petition Collateral**

24. The Debtors acknowledge and admit that as of the Petition Date, and subject to ¶5, *infra*, of this Order and without prejudice to the right of any creditor or committee to assert otherwise, (a) the MidCap Prepetition Obligations were secured by liens and security interests (the “MidCap Prepetition Liens”) in substantially all assets of the Debtors, including accounts receivable, the proceeds thereof and cash, as set forth in the agreements and ancillary documents executed by the Debtors in favor of MidCap and which evidence and/or are related to the MidCap Prepetition Obligations (the “MidCap Prepetition Collateral”), (b) the NHP Prepetition Obligations were secured by liens and security interests (the “NHP Prepetition Liens”) in



virtually all personal property of the Spectrum Tenants as set forth in the NHP Loan and any security agreement executed in connection therewith (the “NHP Prepetition Collateral”), (c) the CCP Landlords’ Prepetition Obligations were secured by liens and security interests (the “CCP Landlords Prepetition Liens”) in certain personal property of the Spectrum Tenants’ as set forth in the NHP Lease (the “CCP Landlord’s Prepetition Collateral”), (d) the Midland Prepetition Obligations were secured by liens and security interests (the “Midland Prepetition Liens”) in the property of Spectrum Derby as set forth in the security agreement executed by Spectrum Derby in favor of LFC (the “Midland Prepetition Collateral”), (e) the MidCap Prepetition Liens constitute perfected first and senior priority liens in and upon the MidCap Prepetition Collateral, except as otherwise provided in the NHP Intercreditor Agreement and the LFC Intercreditor Agreement, (f) the NHP Prepetition Liens constitute perfected second priority liens in and upon the NHP Prepetition Collateral, except as otherwise provided in the NHP Intercreditor Agreement, (g) the CCP Landlords’ Prepetition Liens constitute perfected second priority liens in and upon the CCP Landlords’ Prepetition Collateral, except as otherwise provided in the NHP Intercreditor Agreement, (h) the Midland Prepetition Liens constitute perfected third priority liens in and upon the Midland Prepetition Collateral, except as otherwise provided in the LFC Intercreditor Agreement, and (i) HUD has the same position as Midland as additional secured party with LFC.

25. The Debtors’ further stipulate and admit that, without prejudice to the right of any creditor or committee to assert otherwise, (i) the MidCap Prepetition Obligations and the Prepetition Obligations of the CCP Landlords constitute legal, valid, and binding obligations of the Debtors; (ii) the MidCap Prepetition Obligations and the Prepetition Obligations of the CCP Landlords are not subject to avoidance, subordination, recharacterization, recovery, attack, offset, counterclaim, defense, challenge, or Claim (as defined in section 101(5) of the

Bankruptcy Code) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law; and (iii) that the Debtors have granted valid, binding, perfected, and enforceable first priority liens upon and security interest in substantially all of the personal property of the Debtors to MidCap to secure the MidCap Prepetition Obligations and to the CCP Landlords to secure the Prepetition Obligations of the CCP Landlords, subject only to the NHP Intercreditor Agreement and the specific permitted exceptions in the August 27, 2014 Credit and Security Agreement and the Spectrum Derby June 13, 2013 Credit and Security Agreement.

**G. Use of Cash Collateral and Motion**

26. *Request for Use of Cash Collateral.* Pursuant to the Motion, the Debtors have requested the use of cash collateral (as that term is defined in section 363(a) of the Bankruptcy Code) ("Cash Collateral") excluding the Retained Funds (as defined and provided for below), and the Court is prepared to authorize such use of such Cash Collateral upon the admissions, agreements, terms and conditions in this Order, and certain findings of fact and conclusions of law in support of this Order.

27. *Need for Use of Cash Collateral.* Debtors have an immediate need to use Cash Collateral in order to permit, among other tasks, the orderly continuation of the operation of their businesses, to minimize the disruption of their business operations, and to manage and preserve the assets of their estates.

28. *Adequate Protection.* The Cash Collateral constitutes "cash collateral" of MidCap, CCP Finance, the CCP Landlords and LFC within the meaning of section 363(a) of the Bankruptcy Code, and pursuant to sections 361 and 363(e), MidCap, CCP Finance, the CCP Landlords and Midland ("Secured Parties") are entitled to adequate protection of their interests therein.

29. *Immediate Entry.* Sufficient cause exists for immediate entry of this Order pursuant to Bankruptcy Rule 4001(c)(2).

30. *Notice.* Notice of the Motion and the relief granted pursuant to this Order is adequate and sufficient under the circumstances.

Having considered this Motion, and certain papers filed with the Court relating thereto, and finding the notice of the Motion was sufficient under the circumstances, the Court makes the following Order:

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted in part subject to the specific terms and conditions set forth herein.

2. The Debtors are authorized to pay only their current expenses as reflected in the budget attached hereto (the "Budget"). If the payment of any line item in the Budget is more than 5% of the budgeted item or the item is not included in the Budget, then in that event, the Debtors shall not pay same unless the following procedure is followed: (1) The Debtors shall notify by fax or e-mail the Secured Parties of the item to be paid and an explanation; if no objection is received by the Debtors from any of the Secured Parties within one (1) business day from receipt of notice, their consent shall be deemed to be given for the expenditure. If any of the Secured Parties do object, then in that event, a conference shall be set up before the Court or such other person as designated by the Court to resolve the objection and its decision shall be binding. The Debtors shall provide and make available to Secured Parties any and all reports, income statements and balance sheets within 30 days after the end of the month, weekly cash reports showing inflows and outflows in reasonable detail, budgets, occupancy rates per facility on a weekly and monthly basis, payroll and tax information per facility any other reasonable requests for financial or operational information. Unless stated otherwise in this paragraph, all

requested information shall be sent via email to counsel for Secured Parties within two business days after the request is made.

3. All collections (whether paid by wire or check) shall continue to be paid into the Collection Accounts. The funds in the Collection Accounts shall be swept, each business day, into the Payment Accounts (the “Funds”). The Funds shall continue to constitute Cash Collateral and shall not be applied by MidCap to the Revolver. The Funds shall be promptly (within two business days) remitted to the Debtors’ operating accounts for use in connection with their operations in accordance with paragraph 2 hereof.

4. The Debtors shall be and they hereby are authorized to adequately protect Secured Parties by (a) granting to them replacement liens on the Collection Accounts and the debtor-in-possession accounts of the Debtors, *nunc pro tunc* to the Petition Date, subject to the Exclusion and Carve-Out as contained herein, to the same extent (if any) and with the same validity, enforceability and priority as the MidCap Prepetition Liens, the NHP Prepetition Liens, the CCP Landlords’ Prepetition Liens and the Midland Prepetition Liens (along with HUD’s lien as additional secured party) had (and after application of the terms and conditions of the NHC Intercreditor Agreement and the LFC Intercreditor Agreement, collectively the “IC Agreements”) against the Debtors’ deposit accounts and other assets prior to the Petition Date, (b) making weekly payments of \$10,000 to MidCap beginning on Friday, October 14, 2016 and continuing weekly through the duration of this Interim Order, and (c) remittance to MidCap of that certain workers’ compensation insurance refund due in February 2017, with respect to which the related workers’ compensation insurance premium was paid using an overadvance from MidCap and which the Debtors have previously agreed shall be payable to MidCap, to be applied to the principal balance owed to MidCap under the MidCap Prepetition Obligations. The payments to be made pursuant to subsections (b) and (c) of this ¶4 shall be applied to the

principal of the MidCap Prepetition Obligations, but may be recharacterized as payments of interest (along with reasonable fees, costs, or other charges provided for under the August 27, 2014 Credit and Security Agreement and the Spectrum Derby June 13, 2013 Credit and Security Agreement and the other Financing Documents, as defined in each of the August 27, 2014 Credit and Security Agreement and the Spectrum Derby June 13, 2013 Credit and Security Agreement) in the event it is determined that MidCap is an oversecured creditor, in accordance with section 506(b) of the Bankruptcy Code. Nothing herein shall be deemed an adjudication that MidCap is oversecured or undersecured or an admission by any party that MidCap is oversecured or undersecured.

5. Excluded from any replacement lien granted by this Order shall be any lien on the Debtors' claims, causes of claim or proceeds from "avoidance actions" under sections 544, 545, 547, 548, 549 and 553 of the Bankruptcy Code and a carve-out for payment of the Debtors' professional fees in the amount of \$70,000 and for payment of the professionals of any Committee appointed in the Bankruptcy Cases in the amount of \$40,000 (the "Carve-Out"). Debtors stipulate and agree that merely providing for the Carve-Out in this Order or the Budget does not prejudice the right of any Secured Creditor, any committee appointed in this case or the United States Trustee's Office to subsequently object to the allowance of fees and expenses to any professional of the Debtors or the Committee for whose benefit the Carve-Out has been provided. In exchange for the Carve-Out, the Debtors and the Committee stipulate that for the duration of this Order, they shall not seek any surcharge of any Secured Creditors collateral (whether granted prepetition or postpetition under this Order), including under section 506(c) of the Bankruptcy Code.

6. Any replacement lien granted herein is subordinate to any fees due to the U.S. Trustee and costs due the Clerk of the Court (the "Exclusion").

7. The Secured Parties are hereby granted, subject to the Exclusion and Carve-Out, an additional replacement lien in Cash Collateral, Accounts including (without limitation) health-care insurance receivables and governmental healthcare receivables and all proceeds thereof whether deposited in the Collections Accounts, any payment account or elsewhere, and other collateral in which each of the Secured Parties held a security interest pre-petition, whether acquired before or after the Petition Date, whether now owned or hereafter acquired, created or arising, and all product and proceeds thereof, to the extent of any diminution of the value of the prepetition security interest, tax lien or setoff or recoupment rights the Secured Parties may claim in the Cash Collateral Accounts or other collateral (including accounts receivable) for the MidCap Prepetition Obligations, the NHP Prepetition Obligations, the CCP Landlords' Prepetition Obligations or the Midland Prepetition Obligations (whether by setoff, or security interest or tax warrant, or otherwise), arising out of the use of such accounts and proceeds by Debtors pursuant to this Order. Such additional replacement liens shall be effective to the same extent and with same validity, enforceability and priority as the MidCap Prepetition Liens, the NHP Prepetition Liens, the CCP Landlords' Prepetition Liens, the Midland Prepetition Liens, and any rights of setoff claimed by DRS as against the Debtors' assets prior to the Petition Date. To the extent the adequate protection provided herein to MidCap, the CCP Landlords or CCP Finance proves to be inadequate and such inadequacy gives rise to a claim allowable under section 507(a)(2) of the Bankruptcy Code, such claim shall constitute an allowed administrative expense claim against each of the Debtors on a joint and several basis with priority over all other administrative claims in the Bankruptcy Cases (other than the Carve-Out and the Exclusion), including all claims of the kind specified in section 503(b) and 507(b) of the Bankruptcy Code.

8. In the event a Secured Party is determined not to have a lien position in any of the Debtors' Accounts or other collateral, the replacement liens granted herein to such Secured Party

shall be ineffective. Otherwise, the replacement liens, or payments to MidCap or any of the other Secured Parties provided under this Interim Order, shall not be rescinded or disgorged by subsequent court order. Although the Debtors have stipulated that they have no claim, defense or offset against any obligation or collateral of any Secured Creditor, this stipulation does not bind any creditor or committee appointed in this case.

9. Nothing contained herein shall preclude any committee appointed under section 1102 of the Bankruptcy Code, any individual creditors or any subsequent Trustee from challenging the MidCap Prepetition Liens, the NHP Liens, the CCP Prepetition Liens or the Midland Prepetition Liens. Likewise, nothing herein shall bind the Secured Parties on an individual basis from challenging the enforceability and priority of the prepetition liens of any other creditors or of one of the Secured Parties claiming to have liens or a priority to payment in the assets of the Debtors. In the event a Secured Party is determined not to have a lien position in any of the Debtors' Accounts or other collateral, the replacement liens granted herein to such Secured Party shall be ineffective. A person or entity, including the Committee, must commence, as appropriate, a contested matter or adversary proceeding raising any objection or challenge, including, without limitation, any claim against the Secured Parties in the nature of a setoff, counterclaim or defense to the applicable obligations, or a claim, related in any manner to the obligations, that seeks an affirmative recovery from the Secured Parties or any objection or challenge that contests the scope, validity, perfection or priority of any Secured Party's liens and/or amount of any Secured Party's claim (each, a "Challenge") within the earlier of: (i) with respect to the Committee or any other statutory committee, sixty (60) calendar days from the effective date of retention of counsel to such committee, and (ii) with respect to other parties in interest with requisite standing other than the Debtors or any statutory committee, seventy-five (75) calendar days following the date of entry of the First Interim Order, in each case subject to

extension by agreement of the Debtors, MidCap, CCP Finance, and the CCP Landlords (together, the “Challenge Period”). Upon the expiration of the Challenge Period, (the “Challenge Period Termination Date”), without further action by the Court: (A) any and all such Challenges by any person or entity (including, without limitation, the Committee, any other statutory committee, any receiver, any administrator, any responsible officer, any Chapter 11 trustee, and/or any examiner or other estate representative appointed in the Bankruptcy Cases, and any Chapter 7 trustee and/or examiner or other estate representative appointed in any successor cases or in any jurisdiction), shall be deemed to be forever waived, released and barred; (B) all of the Debtors’ waivers, releases, affirmations and other stipulations as to the priority, extent, validity, amount and secured status as to each Secured Party’s claims, liens, and interests shall be of full force and effect and forever binding upon the Debtors, the Debtors’ bankruptcy estates and all creditors, interest holders, and other parties in interest in these Bankruptcy Cases and any successor case and the prepetition obligations to each Secured Party shall be deemed to be allowed in full as a secured claim within the meaning of Section 506 of the Bankruptcy Code for all purposes in connection with the Bankruptcy Cases or any successor cases, provided, however, that nothing contained in this Interim Order shall constitute a determination of the secured status of MidCap under Section 506(a) of the Bankruptcy Code based on the value of its collateral; and (C) any repayment, whether prior or subsequent to the Petition Date, of the obligations to each Secured Party shall be deemed final and indefeasible, not subject to subordination or disgorgement and otherwise unavoidable.

10. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection and validity of all of the security interests in and liens upon the property of the Debtors’ estates granted to Secured Parties as set forth herein, without the necessity of control over any deposit account, filing, recording or serving any financing statements or other



documents which may otherwise be required under federal or state law in any jurisdiction or the taking of any other action to validate or perfect the security interests and liens granted to Secured Parties in this Interim Order. If the Secured Parties shall, in their discretion, elect for any reason to file any such financing statements or other documents with respect to such security interests and liens, Debtors are authorized and directed to execute, or cause to be executed, all such financing statements or other documents upon Secured Parties' request and the filing, recording or service thereof (as the case may be) of such financing statements or similar documents shall be deemed to have been made at the time of and on the Petition Date. In the event Debtors fail to execute and/or deliver any such documents, the Secured Parties are authorized as Debtors' attorney-in-fact to execute and deliver any such documents in Debtors' name. Secured Parties may, in their discretion, file or record a copy of this Interim Order and any other document in any filing or recording office in any country or other jurisdiction in which Debtors have an interest in personal property and, in such event, the subject filing or recording officer is authorized and directed to file or record such copy of this Interim Order or any other document in accordance with applicable law.

11. Notwithstanding anything to the contrary herein, nothing in this Interim Order or in any agreement between the Secured Creditors and any of the Debtors shall (i) impair, modify or affect State of Connecticut's Medicaid programs and the United States Department of Health and Human Services ("HHS") Medicare programs, rights to make reductions or otherwise withhold any Medicaid or Medicare receivables arising from services provided by Debtors through recoupment, setoff under section 553 of the Bankruptcy Code or otherwise, any amounts due to the State of Connecticut's Medicaid program or HHS's Medicare Program, including, but not limited to, any recoupment on account of prior advances by the State of Connecticut or HHS; and (ii) be construed, as to the Debtors, only, to impair, modify or effect The State of

Connecticut's Department of Social Services' ("DSS") or HHS's process of administering the Medicaid and Medicare provider agreements to which each Debtor is a party, the Medicaid program or the Medicare program as it relates to the Debtors. As used herein, "State of Connecticut's Medicaid program" shall be defined to include any agent, carrier, administrator or intermediary of DSS. Debtors agree that any notice of recoupment they receive from DSS will be forwarded within twenty-four (24) hours to counsel for MidCap.

12. The occurrence of any of the following events shall constitute a default under this Interim Order (a "Cash Collateral Default"):

- (a) The Debtors' failure to file a motion (the "CRO Retention Motion") to approve the retention of a Chief Restructuring Officer (a "CRO"), which CRO and CRO Retention Motion shall be satisfactory to MidCap, CCP Finance, the CCP Landlords, and the Committee, along with a motion to expedite consideration of the CRO Retention Motion, on or before November 9, 2016;
- (b) The Debtors' failure to have the CRO Retention Motion approved by the Court on or before November 21, 2016; and
- (c) The Debtors' failure to include sale milestones reasonably satisfactory to MidCap, CCP Finance, the CCP Landlords, and the Committee in a final order approving the use of cash collateral, which order must be approved by the Court on or before November 22, 2016.
- (d) The Debtors' failure to comply with the provisions of subparagraphs (i), (ii) or (iii) hereinafter within this paragraph 13.

MidCap, CCP Finance, and the CCP Landlords will provide a list of acceptable CRO candidates to the Debtors so that the Debtors may interview and select a CRO. MidCap, CCP Finance, and the CCP Landlords shall have the right to participate in any interviews of CRO candidates. The Debtors shall (i) promptly and fully cooperate and comply with all reasonable due diligence requests or site visit requests by potential buyers, (ii) promptly and fully take all acts reasonably requested by MidCap, CCP Finance, the CCP Landlords, or any potential buyer in furtherance of a potential sale or sales, and (iii) promptly execute, acknowledge, and deliver all reasonably

requested documents, including, without limitation, non-disclosure agreements, in furtherance of a potential sale or sales. Nothing herein is intended to or shall be construed as requiring a sale of the Debtors' assets to one buyer. Upon the occurrence of a Cash Collateral Default, the Debtors' use of cash collateral shall terminate three (3) business days after MidCap's delivery of a notice of a Cash Collateral Default to the Debtors and the State of Connecticut, absent further order of the Court.

13. Except as expressly provided herein, nothing contained in this Interim Order (including, without limitation, the authorization of the use of any Cash Collateral) shall impair or modify any rights, claims or defenses available in law or equity to the Secured Parties, including but not limited to, the right to seek relief from the automatic stay or dismissal of these proceedings, the right to compel payment of rent, or the right to request further or different adequate protection. None of the facts or statements contained in this Interim Order shall be construed as an admission by the Secured Parties as to the truth, accuracy or validity of such facts or statements and the Secured Parties reserve all rights with respect to such facts or statements.

14. The provisions of this Interim Order and any actions taken pursuant thereto shall survive entry of any order which may be entered: (a) confirming any plan of reorganization in the Debtors' bankruptcy case; (b) appointing any examiner or trustee in the Bankruptcy Cases; (c) converting any of the Bankruptcy Cases to a Chapter 7 case; or (d) dismissing any of the Debtors' Bankruptcy Cases, and the terms and provisions of this Interim Order as well as the liens granted pursuant to this Interim Order shall continue in full force and effect notwithstanding the entry of such order, and shall maintain their priority and enforceability as provided by this Interim Order until all of the Obligations are indefeasibly satisfied in full.

15. The provisions of this Interim Order shall inure to the benefit of Debtors and Secured Parties shall be binding upon Debtors and Secured Parties and their respective successors and assigns including any Chapter 11 trustee, Chapter 7 trustee, any Committee, or other fiduciary hereafter appointed as a legal representative of the Debtors or with respect to property of the estate of the Debtors and shall also be binding upon all creditors of Debtors and other parties in interest.

16. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

17. The further hearing on the Motion shall be held on **November 21, 2016 at 2:30 p.m.** before the undersigned Bankruptcy Judge at the Bankruptcy Court, 450 Main Street, Hartford, Connecticut. Service of a copy of this order shall be made by the Debtors by mail on or before **November 8, 2016** on the same entities who were served copies of the Motion.

18. This Interim Order is without prejudice to the Committee's rights and arguments with regard to the sufficiency of the Carve-Out in this Interim Order.

19.

Dated: November 4, 2016

BY THE COURT

*James J. Tancredi*  
United States Bankruptcy Judge  
District of Connecticut

10/30/16-11/26/16	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7
	10/6/2016	10/16/2016	10/23/2016	10/30/2016	11/6/2016	11/13/2016	11/20/2016
	10/15/2016	10/21/2016	10/29/2016	11/5/2016	11/12/2016	11/19/2016	11/26/2016
Opening Cash Balance	400,000	2,188,000	1,826,000	1,921,000	598,937	2,359,992	1,810,778
Medicaid	2,000,000	-	175,000	25,000	2,000,000	-	-
Insurance	355,000	110,000	165,000	15,000	355,000	110,000	165,000
Medicare	-	-	480,000	116,595	-	-	-
Private/Other	50,000	90,000	105,000	273,000	90,000	90,000	90,000
Working Capital Loan	-	-	-	-	-	-	-
Medicaid Order to Repay	-	-	-	-	-	-	-
Management Fee/Debt Repayment	-	-	-	-	-	-	-
Applied Income	-	-	-	-	-	-	-
Total Cash Inflows	2,405,000	200,000	925,000	429,595	2,445,000	200,000	255,000
Cash Available for payments	2,805,000	2,388,000	2,751,000	2,350,595	3,043,937	2,559,992	2,065,778
Cash Disbursements							
Payroll & Taxes	425,000	458,000	457,000	490,000	457,000	490,000	457,000
Provider Taxes Reserve	-	-	-	-	61,250	61,250	61,250
Rent/Insurance Payment-HUD	60,000	-	-	4,000	-	60,000	-
Workers Comp	-	-	110,000	-	-	-	110,000
Union Welfare Fund/health ins	-	-	-	296,000	-	-	-
Union Payments-Pension Fund	-	-	-	68,000	-	-	-
Union Payments-Training Fund	-	-	-	-	-	-	-
Chapter 11 Professionals	-	-	-	-	-	-	-
Chapter 11 US Trustee	-	-	-	-	-	-	-
Utilities-Gas-CT Natural Gas	-	-	-	7,650	-	-	-
Utilities-Gas-Yankee Gas	-	-	4,000	-	3,383	-	4,000
Utilities-Gas-GDF Suez Energy	-	-	-	11,650	-	-	-
Utilities-Electric-CLP	-	-	-	75,935	13,596	-	-
Utilities-Telephone -Cable-Comcast	-	-	2,000	9,748	-	-	2,000
Utilities-Water	-	-	-	23,175	-	-	-
Utilities-Rubbish Removal	-	-	2,000	6,000	-	-	2,000
Utilities-Directv	-	-	1,000	3,000	-	-	1,000
Utilities-Willimantic Waste	-	-	-	2,000	-	-	-
Utilities - United Illuminating	-	-	-	15,000	-	-	-
Chapter 11 Plan Payments	-	-	-	-	-	-	-
Pharmacy-Omnicare	-	-	-	172,000	-	-	-
Insurance	-	21,000	-	-	-	21,000	-
Nursing supplies - Medline	-	-	-	84,000	-	-	-
Foremost Rehab	-	-	-	-	-	-	-
The Nurse Network	40,000	10,000	15,000	5,000	8,500	8,500	8,500
Healthpro Rehab	-	-	-	264,000	-	-	-
Food-HPC	27,000	28,000	27,000	27,000	27,000	27,000	27,000
Food-Milk-Maple Hill Farms Inc.	-	-	-	-	-	-	-
Food-Fowler	-	-	-	-	-	-	-
Food- Bakery-Bread	-	-	-	-	-	-	-
Other AP-Wound care	-	-	-	-	-	-	-
Other AP-Oxygen	-	-	-	53,000	-	-	-
Other AP-Medical Director	-	-	-	22,000	-	-	-
Other Ancillary	-	-	-	-	-	-	-
Other AP-Collaborative Labs	-	-	-	8,000	-	-	-
Other AP-Xray	-	-	-	21,000	-	-	-
Repairs and Maintenance	-	-	-	20,000	-	-	-
Management Fee/Debt Repayment	-	-	-	-	-	-	-
Recreation and Social Non Salary	-	-	-	1,000	-	-	-
Laundry and House Non Salary	-	-	70,156	-	87,695	38,964	38,964
Data Processing/IT	20,000	-	-	20,000	-	-	-
Property Insurance	-	-	-	-	-	-	-
Real Estate Taxes	-	-	-	-	-	-	-
Bank Service Charges	-	-	-	-	-	-	-
Adequate Protection	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Interest							
Other AP	35,000	35,000	37,500	32,500	15,521	32,500	32,500
Total Cash Disbursements	617,000	562,000	735,656	1,751,658	683,945	749,214	754,214
Funds escrowed by lender	-	-	-	-	-	-	-
Transfer To/(From) Corporate Consolidation Acct	-	-	-	-	-	-	-
Credit Line Advance (repayment)	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>	<b>2,188,000</b>	<b>1,826,000</b>	<b>2,015,344</b>	<b>598,937</b>	<b>2,359,992</b>	<b>1,810,778</b>	<b>1,311,564</b>

	Week 4	Week 5	Week 6	Week 7
10/30/16-11/26/16	10/30/2016	11/6/2016	11/13/2016	11/20/2016
	11/5/2016	11/12/2016	11/19/2016	11/26/2016
Opening Cash Balance	1,514,000	1,461,000	1,456,000	1,397,000
Draws on line (less prov tax reserve)				
Overadvances				
Private/Other				
Working Capital Loan				
Medicaid Order to Repay				
Management Fee/Debt Repayment				
Applied Income				
Total Cash Inflows	-	-	-	-
Cash Available for payments	<b>1,514,000</b>	<b>1,461,000</b>	<b>1,456,000</b>	<b>1,397,000</b>
Cash Disbursements				
Payroll & Taxes	33,000		33,000	
Provider Taxes Reserve				
Rent/Insurance Payment-HUD	4,000			
Workers Comp				110,000
Union Payments-Welfare Fund	11,000			
Union Payments-Pension Fund				
Union Payments-Training Fund				
Chapter 11 Professionals				
Chapter 11 US Trustee				
Utilities-Gas-CT Natural Gas				
Utilities-Gas-Yankee Gas				
Utilities-Gas-GDF Suez Energy				
Utilities-Electric-CLP				
Utilities-Cable-Comcast				
Utilities-Water				
Utilities-Rubbish Removal				
Utilities-Directv				
Utilities-Willimantic Waste				
Utilities - United Illuminating				
Chapter 11 Plan Payments				
Pharmacy-Omicare				
Insurance			21,000	
Nursing supplies - Medline				
Foremost Rehab				
The Nurse Network				
Healthpro Rehab				
Food-HPC				
Food-Milk-Maple Hill Farms Inc.				
Food-Fowler				
Food- Bakery-Bread				
Other AP-Wound care				
Other AP-Oxygen				
Other AP-Medical Director				
Other AP Ancillary				
Other AP-Collaborative Labs				
Other AP-Xray				
Repairs and Maintenance				
Management Fee/Debt Repayment				
Other AP	5,000	5,000	5,000	5,000
Total Cash Disbursements	53,000	5,000	59,000	115,000
Funds escrowed by lender				
Transfer To/(From) Corporate Consolidation Acct				
Credit Line Advance (Repayment)				
<b>Ending Cash Balance</b>	<b>1,461,000</b>	<b>1,456,000</b>	<b>1,397,000</b>	<b>1,282,000</b>

Spectrum Healthcare Derby					
Cash Forecast					
10/30/16-11/26/16	Week 1	Week 2	Week 3	Week 6	Week 7
	10/30/2016	11/6/2016	11/13/2016	11/20/2016	
	11/5/2016	11/12/2016	11/19/2016	11/26/2016	
Opening Cash Balance	208,000	(81,989)	373,663	205,220	
Medicaid		500,000			
Insurance		125,000	45,000	45,000	
Medicare	47,224				
Private/Other	75,000				
Working Capital Loan					
Medicaid Order to Repay					
Management Fee/Debt Repayment					
Applied Income					
Total Cash Inflows	122,224	625,000	45,000	45,000	
Cash Available for payments	330,224	543,011	418,663	250,220	
Cash Disbursements					
Payroll & Taxes	111,000	111,000	111,000	111,000	
Provider Taxes Reserve		15,000	15,000	15,000	
Rent			60,000		
Workers Comp					
Union Payments-Welfare Fund/Health Ins.	75,000				
Union Payments-Pension Fund	24,000				
Union Payments-Training Fund					
Chapter 11 Professionals					
Chapter 11 US Trustee					
Utilities-Gas-CT Natural Gas					
Utilities-Gas-eversource		3,383		4,000	
Utilities-Gas-GDF Suez Energy					
Utilities-Electric-CLP	7,935				
Utilities-Telephone	1,278			2,000	
Utilities-Water	1,000				
Utilities-Rubbish Removal				2,000	
Utilities-Directv				1,000	
Utilities-Willimantic Waste					
Utilities - United Illuminating	15,000				
Chapter 11 Plan Payments					
Pharmacy-Omnicare	60,000				
Metro Exchange, LLC					
Nursing supplies - geriatric	21,000				
Foremost Rehab					
The Nurse Network	5,000	2,500	2,500	2,500	
Healthpro Rehab	54,000				
Food-HPC	7,000	7,000	7,000	7,000	
Food-Milk-Maple Hill Farms Inc.					
Food-Fowler					
Food- Bakery-Bread					
Other AP-Wound care					
Other AP-Oxygen	6,000				
Other AP-Medical Director	5,000				
Other Ancillary					
Other AP-Collaborative Labs	2,000				
Other AP-Xray	1,000				
Repairs and Maintenance	5,000				
Management Fee/Debt Repayment					
Recreation and Social Non Salary	1,000				
Laundry and House Non Salary		28,848	12,943	12,943	
Data Processing	5,000				
Property Insurance					
Bank Service Charge					
Adequate Protection					
Other AP	5,000	1,617	5,000	5,000	
Other					
Total Cash Disbursements	412,213	169,348	213,443	162,443	
Funds escrowed by lender					
Transfer To/(From) Corporate Consolidation Acct					
Credit Line Advance (repayment)					
<b>Ending Cash Balance</b>	<b>(81,989)</b>	<b>373,663</b>	<b>205,220</b>	<b>87,777</b>	

	Week 4	Week 5	Week 6	Week 7
	10/30/2016	11/6/2016	11/13/2016	11/20/2016
	11/5/2016	11/12/2016	11/19/2016	11/26/2016
Opening Cash Balance	100,000	(187,280)	366,028	209,070
Medicaid	25,000	750,000		
Insurance	15,000		20,000	75,000
Medicare	35,000			
Private/Other	60,000			
Working Capital Loan				
Medicaid Order to Repay				
Management Fee/Debt Repayment				
Applied Income				
Total Cash Inflows	135,000	750,000	20,000	75,000
Cash Available for payments	235,000	562,720	386,028	284,070
Cash Disbursements				
Payroll & Taxes	125,000	125,000	125,000	125,000
Provider Taxes Reserve		20,000	20,000	20,000
Rent				
Workers Comp				
Union Payments-Welfare Fund/Health	93,000			
Union Payments-Pension Fund	24,000			
Union Payments-Training Fund				
Chapter 11 Professionals				
Chapter 11 US Trustee				
Utilities-Gas-CT Natural Gas	3,650			
Utilities-Gas-Yankee Gas				
Utilities-Gas-GDF Suez Energy				
Utilities-Electric-CLP	26,000	6,825		
Utilities-Telephone	1,830			
Utilities-Water	10,300			
Utilities-Rubbish Removal	2,000			
Utilities-Directv	1,000			
Utilities-Willimantic Waste	2,000			
Utilities - United Illuminating				
Chapter 11 Plan Payments				
Pharmacy-Omnicare	30,000			
Metro Exchange, LLC				
Nursing supplies - Medline	25,000			
Foremost Rehab				
The Nurse Network		2,000	2,000	2,000
Healthpro Rehab	42,000			
Food-HPC	7,000	7,000	7,000	7,000
Food-Milk-Maple Hill Farms Inc.				
Food-Fowler				
Food- Bakery-Bread				
Other AP-Wound care				
Other AP-Oxygen	3,000			
Other AP-Medical Director	5,000			
Other Ancillary				
Other AP-Collaborative Labs	2,000			
Other AP-Xray	2,000			
Repairs and Maintenance	5,000			
Management Fee				
Recreation and Social Non Salary				
Laundry and House Non Salary		35,192	15,458	15,458
Data Processing/IT	5,000			
Property Insurance				
Real Estate Taxes				
Bank Service Charge				
Interest				
Other AP	7,500	675	7,500	7,500
Other				
Total Cash Disbursements	422,280	196,692	176,958	176,958
Funds escrowed by lender				
Transfer To/(From) Corporate Consolidation Acct				
Credit Line Advance (repayment)				
<b>Ending Cash Balance</b>	<b>(187,280)</b>	<b>366,028</b>	<b>209,070</b>	<b>107,112</b>



	Week 4	Week 5	Week 6	Week 7
	10/30/2016	11/6/2016	11/13/2016	11/20/2016
	11/5/2016	11/12/2016	11/19/2016	11/26/2016
Opening Cash Balance	20,000	(315,754)	88,996	(1,254)
Medicaid		400,000		
Insurance		115,000	20,000	20,000
Medicare	19,371			
Private/Other	98,000	50,000	50,000	50,000
Working Capital Loan				
Medicaid Order to Repay				
Management Fee/Debt Repayment				
Applied Income				
Total Cash Inflows	117,371	565,000	70,000	70,000
Cash Available for payments	137,371	249,246	158,996	68,746
Cash Disbursements				
Payroll & Taxes	120,000	120,000	120,000	120,000
Provider Taxes Reserve		13,750	13,750	13,750
Rent				
Workers Comp				
Union Payments-Welfare Fund/Health	57,000			
Union Payments-Pension Fund				
Union Payments-Training Fund				
Chapter 11 Professionals				
Chapter 11 US Trustee				
Utilities-Gas-CT Natural Gas	4,000			
Utilities-Gas-Yankee Gas				
Utilities-Gas-GDF Suez Energy				
Utilities-Electric-CLP	17,000	2,338		
Utilities-Cable-Telephone	5,000			
Utilities-Water	7,625			
Utilities-Rubbish Removal	2,000			
Utilities-Directv	1,000			
Utilities-Willimantic Waste				
Utilities - United Illuminating				
Chapter 11 Plan Payments				
Pharmacy-Omnicare	47,000			
Metro Exchange, LLC				
Nursing supplies - Medline	22,000			
Foremost Rehab				
The Nurse Network		2,000	2,000	2,000
Healthpro Rehab	93,000			
Food-HPC	7,000	7,000	7,000	7,000
Food-Milk-Maple Hill Farms Inc.				
Food-Fowler				
Food- Bakery-Bread				
Other AP-Wound care				
Other AP-Oxygen	26,000			
Other AP-Medical Director	5,000			
Other Ancillary				
Other AP-Collaborative Labs	2,000			
Other AP-Xray	10,000			
Repairs and Maintenance	5,000			
Management Fee				
Recreation and Social Non Salary				
Laundry and House Non Salary				
Data Processing/IT	5,000			
Property Insurance				
Real Estate Taxes				
Bank Service Charge				
Adequate Protection	10,000	10,000	10,000	10,000
Interest				
Other AP	7,500	5,162	7,500	7,500
Other				
Total Cash Disbursements	453,125	160,250	160,250	160,250
Funds escrowed by lender				
Transfer To/(From) Corporate Consolidation Acct				
Credit Line Advance (repayment)				
<b>Ending Cash Balance</b>	<b>(315,754)</b>	<b>88,996</b>	<b>(1,254)</b>	<b>(91,504)</b>

CASH Forecast	Page 26 of 26			
	Week 4	Week 5	Week 6	Week 7
10/30/16-11/26/16	10/30/2016	11/6/2016	11/13/2016	11/20/2016
	11/5/2016	11/12/2016	11/19/2016	11/26/2016
Opening Cash Balance	79,000	(277,040)	75,305	742
Medicaid		350,000		
Insurance		115,000	25,000	25,000
Medicare	15,000			
Private/Other	40,000	40,000	40,000	40,000
Working Capital Loan				
Medicaid Order to Repay				
Management Fee/Debt Repayment				
Applied Income				
Total Cash Inflows	55,000	505,000	65,000	65,000
Cash Available for payments	134,000	227,960	140,305	65,742
Cash Disbursements				
Payroll & Taxes	101,000	101,000	101,000	101,000
Provider Taxes Reserve		12,500	12,500	12,500
Rent				
Workers Comp				
Union Payments-Welfare Fund/Health	60,000			
Union Payments-Pension Fund	20,000			
Union Payments-Training Fund				
Chapter 11 Professionals				
Chapter 11 US Trustee				
Utilities-Gas-CT Natural Gas				
Utilities-Gas-Yankee Gas				
Utilities-Gas-Hocon	11,650			
Utilities-Electric-CLP	25,000	4,433		
Utilities-Telephone	1,640			
Utilities-Water	4,250			
Utilities-Rubbish Removal	2,000			
Utilities-Directv	1,000			
Utilities-Willimantic Waste				
Utilities - United Illuminating				
Chapter 11 Plan Payments				
Pharmacy-Omnicare	35,000			
Metro Exchange, LLC				
Nursing supplies - Medline	16,000			
Foremost Rehab				
The Nurse Network		2,000	2,000	2,000
Healthpro Rehab	75,000			
Food-HPC	6,000	6,000	6,000	6,000
Food-Milk-Maple Hill Farms Inc.				
Food-Fowler				
Food- Bakery-Bread				
Other AP-Wound care				
Other AP-Oxygen	18,000			
Other AP-Medical Director	7,000			
Other Ancillary				
Other AP-Collaborative Labs	2,000			
Other AP-Xray	8,000			
Repairs and Maintenance	5,000			
Management Fee				
Recreation and Social Non Salary				
Laundry and House Non Salary		23,655	10,563	10,563
Data Processing/IT	5,000			
Property Insurance				
Real Estate Taxes				
Bank Service Charge				
Interest				
Other AP	7,500	3,067	7,500	7,500
Other				
Total Cash Disbursements	411,040	152,655	139,563	139,563
Funds escrowed by lender				
Transfer To/(From) Corporate Consolidation Acct				
Credit Line Advance (repayment)				
<b>Ending Cash Balance</b>	<b>(277,040)</b>	<b>75,305</b>	<b>742</b>	<b>(73,821)</b>