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RON BENDER (SBN 143364)
MONICA Y. KIM (SBN 180139)
JACQUELINE L. RODRIGUEZ (SBN 198838)
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Proposed Attorneys for Chapter 11
Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:) Main Case No. LA 07-12312-EC
PLEASANT CARE CORPORATION, a)
California corporation,) Case No. LA 07-12322-EC
_____) Case No. LA 07-12319-EC
In re:) Case No. LA 07-12326-EC
SNF PROPERTIES INCORPORATED,) Case No. LA 07-12316-EC
a California corporation,) Chapter 11
_____)
In re:) **SECOND SUPPLEMENT TO DEBTORS'**
PCC HEALTH SERVICES, INC., a) **EMERGENCY MOTION FOR ORDER**
California corporation,) **AUTHORIZING DEBTORS TO INCUR**
_____) **POST-PETITION SECURED**
In re:) **INDEBTEDNESS AND GRANTING**
ATLAS CARE ENTERPRISES,) **SECURITY INTERESTS AND PRIORITY**
INC., a California) **AND PROVIDING ADEQUATE**
corporation,) **PROTECTION ALL PURSUANT TO**
_____) **SECTIONS 361, 362 AND 364 OF THE**
In re:) **BANKRUPTCY CODE; MEMORANDUM OF**
EMBER CARE CORPORATION, a) **POINTS AND AUTHORITIES;**
California corporation,) **DECLARATIONS OF FERNANDO PEDRAJA**
_____) **AND HERB SALTZMAN**
Date: April 5, 2007
Time: 3:00 p.m.
Place: Courtroom 1639
255 E. Temple St.
Los Angeles, CA
Debtors.)
_____)

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Pleasant Care Corporation, SNF Properties Incorporated, PCC Health Services, Inc., Atlas Care Enterprises, Inc., and Ember Care Corporation, California corporations, Chapter 11 debtors and debtors in possession herein (collectively, the "Debtors"), hereby file this Second Supplement to the Debtors' emergency motion to obtain post-petition financing.

1. On March 22, 2007 (the "Petition Date"), the Debtors filed voluntary petitions under Chapter 11 of the Bankruptcy Code. Since the commencement of these cases, the Debtors have been operating their businesses as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

2. The Debtors are principally engaged in the business of owning and operating 30 skilled nursing facilities and residential care facilities. A skilled nursing facility cares for patients who require a higher level of nursing care, most of whom remain there permanently. A residential care facility cares for patients who require a lesser level of care. Both types of facilities generally involve patients who remain at the facilities on a long term basis.

3. The Debtors currently have approximately 3,000 residents at the Debtors' various facilities and approximately 3,500 employees.

4. As the Court is aware, the Debtors' bankruptcy filings were prompted by the decision made by the Debtors' senior secured creditor, Bridge Healthcare Finance, LLC ("Bridge"), on

1 Wednesday, March 21, 2007, to stop funding the Debtors. Under
2 the Debtors' financing agreement with Bridge, all of the
3 Debtors' collections were paid into a lock box controlled by
4 Bridge and then swept by Bridge on a daily basis, and then
5 Bridge would make daily advances back to the Debtors. Once
6 Bridge made the decision to stop advancing funds back to the
7 Debtors, the Debtors had absolutely no ability to continue
8 operating outside of Chapter 11, even for one day, because the
9 Debtors had no source of funding with which to pay the Debtors'
10 most basic operating expenses, including payroll for the
11 Debtors' approximately 3,500 employees and food and care for the
12 Debtors' approximately 3,000 residents.

14 5. The Debtors have had three of their facilities
15 decertified, which meant the government stopped paying the
16 Debtors for resident care at those facilities. The Debtors made
17 the business decision to leave those three decertified
18 facilities open and operating, including funding their operating
19 expenses, while attempting to have those three facilities
20 recertified. During this process, the Debtors have lost a
21 significant amount of money and incurred a significant amount of
22 debt. During this process, Bridge and the various governmental
23 agencies lost confidence in the Debtors' principal, Emmanuel I.
24 Bernabe.
25

26 6. It was clear from the outset that in order to restore
27 the confidence of Bridge (so it would continue to finance the
28 Debtors' operations) and the various governmental agencies in

1 the Debtors, the Debtors would need to employ new management
2 whose competency and skill were without question.

3 7. It was equally clear that the ability of the Debtors
4 to survive long enough to effectuate a restructuring or asset
5 sale is entirely dependent upon the Debtors, Bridge and the
6 Creditors' Committee working collaboratively to make this
7 happen. All of the parties understand that. The Debtors must
8 have continued financing from Bridge and continued supply and
9 trade support from the Debtors' key suppliers, who effectively
10 make up the members of the Creditors' Committee.

11 8. The Debtors, Bridge and the Creditors' Committee
12 (along with their respective professionals) have literally been
13 working around-the-clock from the commencement of these Chapter
14 11 cases to keep the Debtors operating effectively, protect the
15 residents and maintain the going concern value of the Debtors'
16 facilities. Based upon the prices obtained from the recent sale
17 of four of the Debtors' facilities, the price offers the Debtors
18 are currently receiving for their existing 30 facilities, and
19 the sales that occur in the marketplace, it is clear that as
20 long as the going concern value of the Debtors' facilities is
21 maintained, which will occur only from their continued
22 operation, the unsecured creditors in these cases, who are owed
23 more than \$20 million, will receive a significant dividend, and
24 may even be paid in full.

25 9. Based upon the Debtors' most recent cash flow
26 projections, which are attached as an exhibit to the Debtors'

1 most recent motion for Court approval of the Debtors' continued
2 use of cash collateral and dip financing from Bridge, it is clear
3 that the Debtors cannot continue operating, including keeping the
4 facilities open, caring and feeding the Debtors' approximately
5 3,000 residents, and paying the Debtors' approximately 3,500
6 employees, without a significant amount of dip financing and
7 trade credit from the Debtors' key suppliers.
8

9 10. Bridge has agreed to provide the Debtors with the
10 necessary continued dip financing, and the Debtors' key suppliers
11 have agreed to provide the Debtors with the necessary trade
12 credit, provided the Debtors employ a new, experienced, talented
13 and professional President and Chief Operating Officer to assume
14 control of the Debtors' business operations and Chief Clinical
15 Officer to assume control of the Debtors' clinical matters. The
16 Debtors are also hopeful that turning control over the Debtors'
17 business operations and clinical matters to new, experienced and
18 talented people, coupled with Bridge's dip financing commitment,
19 will satisfy the various governmental agencies involved with the
20 Debtors, including the Department of Health Services (the "DHS")
21 and the Office of the United States Trustee (the "OUST").
22

23 11. Throughout the day on March 29 and March 30, 2007, the
24 Debtors, the Creditors' Committee and Bridge all worked
25 collaboratively to find people and companies with excellent
26 credentials and reputations to serve as the Debtors' President
27 and COO, and CCO, and to make themselves available to be
28 interviewed on extremely short notice.

1 12. On March 30, 2007, the Debtors, the Creditors'
2 Committee and Bridge conducted in-person interviews of four
3 extremely talented people and companies to serve as the Debtors'
4 President and COO with support. Those four companies consist of
5 The Tutera Group; XRoads Solutions Group; Alvarez & Marsal; and
6 Bridge Associates LLC (no relationship with Bridge the secured
7 creditor in these cases). All four of those companies had
8 representatives appear in person in Los Angeles on March 30, 2007
9 to be interviewed in person.
10

11 13. After analyzing all of the credentials and
12 qualifications of the four companies, the Debtors, the Creditors'
13 Committee and Bridge all agreed that employing Joseph Tutera
14 ("JT") as the Debtors' President and Chief Operating Officer
15 (along with having the significant resources of LTC Services
16 behind him) was in the best interests of these estates.
17

18 14. The Tutera Group, an affiliate of LTC Services, by and
19 through various affiliates and subsidiaries (collectively,
20 "Tutera"), is a nationally recognized health care management
21 and restructuring company based in Kansas City, Missouri. Tutera
22 currently owns, operates or manages in excess of 40 skilled
23 nursing, assisted living, or retirement facilities in 10 states
24 and has operated as many as 90+ facilities at any given time over
25 the past several years. Tutera is one of the largest privately
26 owned health care management companies in the United States. JT
27 is the President and Chief Executive Officer of Tutera.
28

1 15. After analyzing her impressive qualifications and
2 interviewing her, the Debtors, the Creditors' Committee and
3 Bridge all agreed that employing Carol Van Horst ("CVH") as
4 Chief Clinical Officer ("CCO"), to work in conjunction with LTC
5 Services and JT, was in the best interests of these estates.

6 16. The Debtors have filed an emergency motion with the
7 Court seeking the approval of the court to employ JT as the
8 Debtors' President and Chief Operating Officer and to employ CVH
9 as the Debtors Chief Clinical Officer. The necessity of the
10 emergency is that the Debtors' employment of new management
11 acceptable to Bridge is a condition of Bridge's agreement to
12 consent to the Debtors' continued use of cash collateral and to
13 providing the Debtors with continued financing.

14 17. At a hearing held on March 27, 2007, the Court approved
15 a stipulated financing order entered into between the Debtors,
16 Bridge and Omnicare, the junior secured creditor, which
17 authorized the Debtors to borrow up to \$1.7 million from Bridge
18 to enable the Debtors to pay their operating expenses. This
19 borrowing from Bridge was in addition to the Debtors' use of cash
20 collateral from their own collections, since the Debtors' own
21 collection were not sufficient to enable the Debtors to operate.

22 18. The Debtors, Bridge and Omnicare have engaged in
23 extensive negotiations and discussions regarding Bridge's
24 continued financing of the Debtors. The Debtors, Bridge and
25 Omnicare have all reached an agreement on the form of a second
26 interim financing order, a copy of which is attached hereto as
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1 Exhibit "1". A copy of the budget that is referenced in the
2 second interim financing order is attached hereto as Exhibit "2"
3 (the "Budget"). Given the 5:00 p.m. deadline of April 2, 2007
4 imposed by the Court, the Debtors did not have time to obtain the
5 signatures of the other parties to the second interim financing
6 order, but counsel to the Debtors has received written
7 confirmation from both Bridge and Omnicare of their approval of
8 the second interim financing order and the Budget.
9

10 19. Now that the Creditors' Committee has been formed, and
11 some semblance of order has been brought to these cases, the
12 parties hope and intend on being able to reach an agreement on
13 the form of a final financing order which would be presented to
14 the Court, presumably at a further hearing held in late April,
15 2007 (but not later than April 27, 2007, since that is when the
16 continued use of cash collateral and financing will expire).

17 20. As set forth in Section B of the Budget entitled
18 "Additional Bridge Funding", the Debtors project needing to
19 borrow from Bridge \$3,271,000 during the week of April 13, 2007,
20 and \$1,526,000 during the week of April 27, 2007, both of which
21 are in addition to the approximately \$1,700,000 that the Debtors
22 have already borrowed from Bridge, post-petition, pursuant to the
23 first interim financing order. As set forth in Section F of the
24 Budget entitled "Re-Payment to Bridge for DIP Revolver", the
25 Debtors project that they will repay \$1,473,000 to Bridge during
26 the week of April 6, 2007, and repay \$2,798,000 to Bridge during
27 the week of April 20, 2007. When all of these figures are
28

1 totaled together, the Debtors project borrowing a total of
2 \$4,797,000 from Bridge, and repaying a total of \$4,271,000 to
3 Bridge, during the period covered by the second interim financing
4 order.

5 21. This would result in total net borrowing from Bridge of
6 \$526,000 during the period covered by the second interim
7 financing order, which would result in total post-petition
8 borrowing from Bridge of approximately \$2,226,000 through April
9 27, 2007.

10
11 23. The Debtors understand that their total outstanding
12 debt to Bridge on the Petition Date was approximately \$8.5
13 million (which takes into account the fact the Bridge's debt was
14 paid down nearly \$1 million the day of or the day prior to the
15 Petition Date). If additional net borrowing of \$2,226,000 occurs
16 through April 27, 2007 as the Budget projects, the Debtors will
17 owe Bridge the total sum of approximately \$10.7 million by April
18 27, 2007.

19 24. This projected indebtedness is still substantially
20 below the \$27 million maximum indebtedness allowed under the pre-
21 petition Bridge financing facility and is substantially less than
22 the value of the Debtors' assets. As set forth in the annexed
23 Declarations of Fernan Pedraja and Herb Saltzman, the Debtors'
24 assets have value well in excess of the secured debt owing to
25 Bridge and the secured debt owing to Omnicare (which the Debtors
26 understand is in the amount of approximately \$3 million). The
27 Debtors understand that Omnicare also holds a substantial amount
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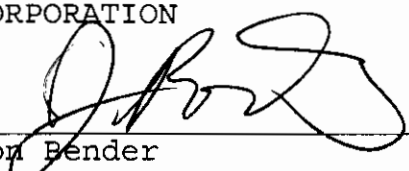
1 of unsecured debt owing by the Debtors. In fact, the Debtors are
2 hopeful that if the program they have implemented is approved by
3 the Court, the unsecured creditors will receive a sizeable
4 distribution in these cases, and possibly even be paid in full.

5 25. The Debtors would have no ability to operate their
6 businesses, care for their residents, pay their employees, and
7 pay their other operating expenses without the ability to borrow
8 the additional funds from Bridge, coupled with their continued
9 use of cash collateral.

10 WHEREFORE, the Debtors respectfully request the Court to
11 approve and enter the second interim financing order attached
12 hereto as Exhibit "1" at the hearing to be held on April 5,
13 2007, at 3:00 p.m.

14 Dated: April 2, 2007

15 PLEASANT CARE CORPORATION; SNF
16 PROPERTIES INCORPORATED; PCC
17 HEALTH SERVICES, INC.; ATLAS CARE
18 ENTERPRISES, INC.; AND EMBER
19 CARE CORPORATION

20 By: 
21 Ron Bender
22 Monica Y. Kim
23 Jacqueline L. Rodriguez
24 Levene, Neale, Bender,
25 Rankin & Brill L.L.P.
26 Proposed Attorneys for
27 Debtors and Debtors
28 in Possession

1 my prior experience with the Debtors that these records are
2 accurate and trustworthy.

3 4. In my capacity as the controller, I have been required
4 to and have become extremely familiar with the manner in which
5 the Debtors' documents, books, records and files are created and
6 stored. I have personally examined all documents relating to
7 the preparation of this declaration and I believe in information
8 in those documents, books and records to be accurate.
9

10 5. In addition, to the value of the Debtors' facilities,
11 which will not be discussed in this declaration, the Debtors'
12 primary assets are its accounts receivables, a deposit (the
13 "Insurance Deposit") with American Insurance Guaranty ("AIG")
14 for workers compensation claims, certain lease deposits (the
15 "Lease Deposits"), and the real property where the Debtors'
16 corporate office is located (the "Real Property").
17

18 6. As of February 28, 2007, Debtors had accounts
19 receivable totaling approximately \$24.2 million recorded on
20 their books. Of this amount, approximately \$14.3 million is due
21 and owing from Medi-Cal, approximately \$4.7 million is due and
22 owing from Medi-Care, and the remaining balance of approximately
23 \$5.2 million is due and owing from private insurance companies
24 (including HMOs) and/or individuals. Attached hereto as Exhibit
25 "A" is an aging report of the Debtors' accounts receivable as of
26 February 28, 2007.
27

28 ///

1 7. The aging of these receivables were as follows:

2 In Millions

3

Total A/R	Current	31-60	61-90	91-120	Over 120
24.20	11.87	5.23	1.89	1.16	4.05

4

5

6 8. Based on my experience with the Debtors, I believe
7 that virtually all of the current accounts receivable can and
8 will be collected. I estimate that approximately 11% of the
9 Debtors' accounts receivable is aged 6 months or more; however,
10 most of these accounts are invoices owed by private insurance
11 companies, which historically take longer to pay. Therefore,
12 based on my experience, as long as the Debtors continue to take
13 all steps necessary to process the insurance claims, these
14 accounts will ultimately be paid to the Debtors. As a result, I
15 believe that the fair market value of the accounts receivable is
16 approximately \$24.2 million.
17

18 9. The Debtors' records reflect that the Insurance
19 Deposit is in the amount of approximately \$6.8 million and that
20 there is a total of only approximately \$1.8 million of claims
21 that have been asserted against the Insurance Deposit. As I
22 result, there is equity in the Insurance Deposit in the amount
23 of approximately \$5 million.
24

25 10. The Debtors' books and records reflect that the
26 Debtors have approximately \$1.5 million in Lease Deposits. As
27 the books and records reflect that there is nothing currently
28

1 owing against the Lease Deposits, there is equity in the Lease
2 Deposits in the amount of approximately \$1.5 million.

3
4 11. The Debtors own the commercial Real Property located
5 at 2258 Foothill Blvd., La Canada, California 91011. Pleasant
6 Care Corporation purchased the Real Property in February 2004
7 for approximately \$2.0 million. I believe that the Real
8 Property has a value of at least \$3 million. To my knowledge,
9 the only secured claim against the Real Property, with the
10 exception of any possible secured claim that Bridge Healthcare
11 Finance, LLC and/or Bridge Opportunity Finance, LLC and/or
12 Omnicare, Inc. may have against the Real Property, is a first
13 trust deed in the amount of approximately \$1.2 million in favor
14 of East West Bank. Thus, I believe that the equity in the Real
15 Property totals approximately \$1.0 million.

16
17 12. At a hearing held on March 27, 2007, the Court
18 approved a stipulated financing order entered into between the
19 Debtors, Bridge and Omnicare, the junior secured creditor,
20 which authorized the Debtors to borrow up to \$1.7 million from
21 Bridge to enable the Debtors to pay their operating expenses.
22 This borrowing from Bridge was in addition to the Debtors' use
23 of cash collateral from their own collections, since the
24 Debtors' own collection were not sufficient to enable the
25 Debtors to operate.

26
27 13. The Debtors, Bridge and Omnicare have engaged in
28 extensive negotiations and discussions regarding Bridge's

1 continued financing of the Debtors. The Debtors, Bridge and
2 Omnicare have all reached an agreement on the form of a second
3 interim financing order, a copy of which is attached hereto as
4 Exhibit "1". A copy of the budget that is referenced in the
5 second interim financing order is attached hereto as Exhibit "2"
6 (the "Budget").

7
8 14. The Budget was prepared by me, with the assistance of
9 Michael Janda of Citra Capital Management, the Debtors'
10 financial advisors, and has been approved by Bridge and
11 Omnicare. In preparing the Budget, I reviewed all relevant
12 financial documents of the Debtors, including, without
13 limitation, the Debtors' financial statements and aging reports.
14 I believe that the Budget is reasonable, consistent with the
15 Debtors' books and records, and reflect only those expenses that
16 the Debtors must pay in order to avoid immediate and irreparable
17 harm to the Debtors and their businesses.

18 15. As set forth in Section B of the Budget entitled
19 "Additional Bridge Funding", the Debtors project needing to
20 borrow from Bridge \$3,271,000 during the week of April 13, 2007,
21 and \$1,526,000 during the week of April 27, 2007, both of which
22 are in addition to the approximately \$1,700,000 that the Debtors
23 have already borrowed from Bridge, post-petition, pursuant to the
24 first interim financing order. As set forth in Section F of the
25 Budget entitled "Re-Payment to Bridge for DIP Revolver", the
26 Debtors project that they will repay \$1,473,000 to Bridge during
27 the week of April 6, 2007, and repay \$2,798,000 to Bridge during
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1 the week of April 20, 2007. When all of these figures are
2 totaled together, the Debtors project borrowing a total of
3 \$4,797,000 from Bridge, and repaying a total of \$4,271,000 to
4 Bridge, during the period covered by the second interim financing
5 order.

6
7 16. This would result in total net borrowing from Bridge of
8 \$526,000 during the period covered by the second interim
9 financing order, which would result in total post-petition
10 borrowing from Bridge of approximately \$2,226,000 through April
11 27, 2007.

12 17. The Debtors understand that their total outstanding
13 debt to Bridge on the Petition Date was approximately \$8.5
14 million (which takes into account the fact the Bridge's debt was
15 paid down nearly \$1 million the day of or the day prior to the
16 Petition Date). If additional net borrowing of \$2,226,000 occurs
17 through April 27, 2007 as the Budget projects, the Debtors will
18 owe Bridge the total sum of approximately \$10.7 million by April
19 27, 2007.

20
21 18. This projected indebtedness is still substantially
22 below the \$27 million maximum indebtedness allowed under the pre-
23 petition Bridge financing facility and is substantially less than
24 the value of the Debtors' assets.

25 19. The Debtors would have no ability to operate their
26 businesses, care for their residents, pay their employees, and
27 pay their other operating expenses without the ability to borrow
28

1 the additional funds from Bridge, coupled with their continued
2 use of cash collateral.

3 I declare under penalty of perjury that the foregoing is
4 true and correct to the best of my knowledge.

5 Executed on this 2nd day of April, 2007, at La Canada,
6 California.

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9 _____
10 FERNANDO PEDRAJA

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1 Bridge Healthcare Finance, LLC ("Bridge"), the Debtors' current
2 lender.

3 4. In 2005, given my vast experience and knowledge with
4 the healthcare industry in general and the Debtors' business,
5 the Debtors and I entered into an arrangement whereby I would
6 assist the Debtors in their efforts to sell certain of their
7 facilities.

8 5. With my assistance, over the past year, the Debtors
9 have sold 4 facilities. Specifically, the Debtors sold one
10 facility located in Las Vegas, NV with approximately 99 beds in
11 June, 2006 for \$27,000 per bed. The Debtors sold two facilities
12 in January, 2007, one for approximately \$14,200 per bed (located
13 in Sylmar, CA with approximately 141 beds), and the other for
14 approximately \$15,000 per bed (located in Bakersfield, CA with
15 approximately 184 beds). The Debtors sold a fourth facility
16 with approximately 299 beds in March, 2007 for approximately
17 \$18,000 per bed (located in San Jose, CA). The total sale price
18 for these four facilities was approximately \$12,817,200.

19 6. Pre-petition, the Debtors and I were also in
20 negotiations with a number of prospective buyers with respect to
21 the sale of additional facilities of the Debtors. The following
22 is a description of the status of those negotiations with
23 respect to eight of the Debtors' facilities.

24 7. Paradise is a facility that has 136 beds. The Debtors
25 have received a Letter of Intent ("LOI") from a buyer to
26 purchase that location for \$1,060,000. I believe that the buyer
27
28

1 is legitimate and that this sale can likely be closed within
2 approximately 75 days.

3 8. Riverside is a facility that has 188 beds. The
4 Debtors are in serious discussions with multiple buyers
5 regarding a sale of this location at an expected purchase price
6 of approximately \$1,880,000 (i.e., \$10,000 per bed). I believe
7 that a sale of this facility could close within approximately 90
8 days.

9
10 9. Bakersfield is a facility that has 151 beds. The
11 Debtors have received a LOI from a buyer to purchase this
12 facility at a purchase price of \$2,250,000 (i.e., approximately
13 \$15,000 per bed). The buyer is the same buyer that recently
14 purchased three of the Debtors other locations, so I believe
15 that this buyer is serious. I believe that a sale of this
16 facility could close within approximately 60 days.

17 10. There are two facilities in Corona that share the same
18 building. One is a convalescent facility, and the other is a
19 board and care facility. The convalescent facility has 99 beds,
20 and the board and care facility has 125 beds. I believe that
21 the Debtors could sell the convalescent facility for
22 approximately \$10,000 per bed (for a purchase price of
23 approximately \$990,000) with the board and care to be acquired
24 with no, or very little, additional money to the Debtors.
25 Because the two facilities share one building, I believe that
26 for practical purposes they most likely must be acquired by the
27 same buyer.
28

1 Bridge Healthcare Finance, LLC ("Bridge"), the Debtors' current
2 lender.

3 4. In 2005, given my vast experience and knowledge with
4 the healthcare industry in general and the Debtors' business,
5 the Debtors and I entered into an arrangement whereby I would
6 assist the Debtors in their efforts to sell certain of their
7 facilities.
8

9 5. With my assistance, over the past year, the Debtors
10 have sold 4 facilities. Specifically, the Debtors sold one
11 facility located in Las Vegas, NV with approximately 99 beds in
12 June, 2006 for \$27,000 per bed. The Debtors sold two facilities
13 in January, 2007, one for approximately \$14,200 per bed (located
14 in Sylmar, CA with approximately 141 beds), and the other for
15 approximately \$15,000 per bed (located in Bakersfield, CA with
16 approximately 184 beds). The Debtors sold a fourth facility
17 with approximately 299 beds in March, 2007 for approximately
18 \$18,000 per bed (located in San Jose, CA). The total sale price
19 for these four facilities was approximately \$12,817,200.
20

21 6. Pre-petition, the Debtors and I were also in
22 negotiations with a number of prospective buyers with respect to
23 the sale of additional facilities of the Debtors. The following
24 is a description of the status of those negotiations with
25 respect to eight of the Debtors' facilities.

26 7. Paradise is a facility that has 136 beds. The Debtors
27 have received a Letter of Intent ("LOI") from a buyer to
28 purchase that location for \$1,060,000. I believe that the buyer

1 is legitimate and that this sale can likely be closed within
2 approximately 75 days.

3 8. Riverside is a facility that has 188 beds. The
4 Debtors are in serious discussions with multiple buyers
5 regarding a sale of this location at an expected purchase price
6 of approximately \$1,880,000 (i.e., \$10,000 per bed). I believe
7 that a sale of this facility could close within approximately 90
8 days.

9
10 9. Bakersfield is a facility that has 151 beds. The
11 Debtors have received a LOI from a buyer to purchase this
12 facility at a purchase price of \$2,250,000 (i.e., approximately
13 \$15,000 per bed). The buyer is the same buyer that recently
14 purchased three of the Debtors other locations, so I believe
15 that this buyer is serious. I believe that a sale of this
16 facility could close within approximately 60 days.

17 10. There are two facilities in Corona that share the same
18 building. One is a convalescent facility, and the other is a
19 board and care facility. The convalescent facility has 99 beds,
20 and the board and care facility has 125 beds. I believe that
21 the Debtors could sell the convalescent facility for
22 approximately \$10,000 per bed (for a purchase price of
23 approximately \$990,000) with the board and care to be acquired
24 with no, or very little, additional money to the Debtors.
25 Because the two facilities share one building, I believe that
26 for practical purposes they most likely must be acquired by the
27 same buyer.
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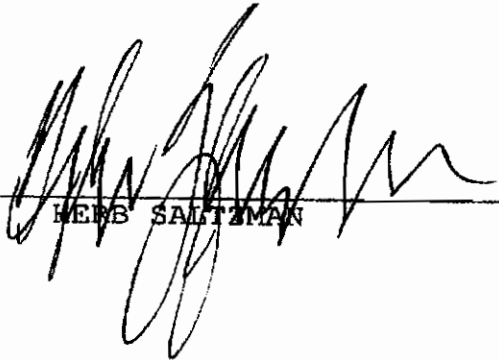
11. San Diego is a facility that has 305 beds that could be sold for approximately \$20,000 per bed. The Debtors are in serious negotiations with a buyer for a sale at a purchase price of approximately \$6 million, which includes \$5 million of cash plus a \$1 million note.

12. Vista is a facility that has 187 beds that could be sold for approximately \$10,000 per bed (for a total purchase price of approximately \$1,870,000). The Debtors are in serious negotiations with a buyer for a sale of this facility.

13. The Perris facility has 109 beds. The Debtors have received a LOI from a serious buyer for a purchase price of approximately \$11,000 per bed (for a total purchase price of approximately \$1,200,000).

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on this 2ND day of April 2007, at Los Angeles, California.


HERB SALTZMAN

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PROOF OF SERVICE
STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am an employee in the County of Los Angeles, State of California. I am over the age of 18 and am not a party to the within action; my business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, California 90067.

On April 2, 2007 I served the foregoing document(s) described as:

SECOND SUPPLEMENT TO DEBTORS' EMERGENCY MOTION FOR ORDER AUTHORIZING DEBTORS TO INCUR POST-PETITION SECURED INDEBTEDNESS AND GRANTING SECURITY INTERESTS AND PRIORITY AND PROVIDING ADEQUATE PROTECTION ALL PURSUANT TO SECTIONS 361, 362 AND 364 OF THE BANKRUPTCY CODE; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF FERNANDO PEDRAJA AND HERB SALTZMAN

on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Los Angeles, California, addressed as follows:

SEE ATTACHED SERVICE LIST

(By Mail) I caused such envelope with postage thereon, fully prepaid to be placed in the United States mail. Executed on April __, 2007, at Los Angeles, California.

(By Facsimile) I caused said document to be sent via facsimile transmission to the party(ies) so designated on attached list. Executed on April __, 2007, at Los Angeles, California.

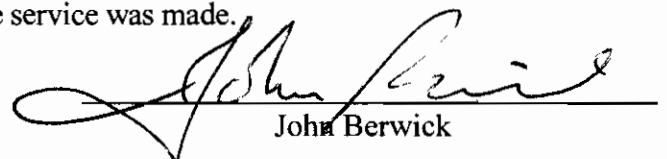
(By E-mail) I caused such document to be delivered via email to the addressees on the attached list. Executed on April 2, 2007, at Los Angeles, California.

(By Personal Service) I caused such envelope to be delivered by hand to the offices of the addressees so delineated on the attached list. Executed on April __, 2007, at Los Angeles, California.

(By Federal Express **and** Express Mail) I caused said document to be sent via Federal Express **or** for next business morning delivery to the attached list. Executed on April 2, 2007, at Los Angeles, California.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(Federal) I declare that I am an employee in the offices of a member of the State Bar of this Court at whose direction the service was made.


John Berwick

EMAIL SERVICE LIST

Re: In re Pleasant Care Corporation, In re Ember Care Corporation, In re PCC Health Services, Inc., In re SNF Properties Incorporated, In re Atlas Care Enterprises, Inc.

Date: April 2, 2007

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In re PCC Health Services, Inc.
In re SNF Properties Incorporated
In re Atlas Care Enterprises, Inc.
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In re Ember Care Corporation
In re PCC Health Services, Inc.
In re SNF Properties Incorporated
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In re Ember Care Corporation
In re PCC Health Services, Inc.
In re SNF Properties Incorporated
In re Atlas Care Enterprises, Inc.
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