

ORIGINAL

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9 Proposed Attorneys for Chapter 11
10 Debtors and Debtors in Possession

11 UNITED STATES BANKRUPTCY COURT
12 CENTRAL DISTRICT OF CALIFORNIA
13 LOS ANGELES DIVISION

FILED
MAR 27 2007
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

ENTERED
MAR 27 2007
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

14 In re:) Main Case No. LA 07-12312-EC
15 PLEASANT CARE CORPORATION, a)
16 California corporation,) Case No. LA 07-12322-EC
17) Case No. LA 07-12319-EC
18) Case No. LA 07-12326-EC
19 In re:) Case No. LA 07-12316-EC
20 SNF PROPERTIES INCORPORATED, a)
21 California corporation,)
22) Chapter 11
23 In re:) INTERIM ORDER PURSUANT TO 11 U.S.C.
24 PCC HEALTH SERVICES, INC., a) §§ 361, 362 AND 364 (i) AUTHORIZING
25 California corporation,) DEBTORS TO INCUR POST-PETITION
26) SECURED INDEBTEDNESS AND
27) GRANTING SECURITY INTERESTS AND
28 In re:) PRIORITY AND (ii) SCHEDULING FINAL
29 ATLAS CARE ENTERPRISES, INC., a) HEARING
30 California corporation,)
31)
32) Date: March 27, 2007
33 In re:) Time: 1:30 p.m.
34 EMBER CARE CORPORATION, a) Place: Courtroom 1639
35 California corporation,) 255 E. Temple St.
36) Los Angeles, CA
37)
38 Debtors.)
39)
40)
41)

1 This matter came before the Court on the Debtors' Emergency Motion and Supplement to
2 Emergency Motion (collectively, the "Motion") dated March 23, 2007 for the initial Emergency
3 Motion and March 27, 2007 for the Supplement seeking the entry of an Interim Order (the "Interim
4 Order"); (a) authorizing, pursuant to 11 U.S.C. §§ 361, 362 and 364(c) and (d) on an emergency
5 basis, the Debtors' to incur post-petition secured indebtedness and granting security interests and
6 priority, and (b) requesting that a final hearing (the "Final Hearing") be scheduled, to consider entry
7 of a final order authorizing the Motion; the Preliminary Hearing having been held before the Court
8 on March 27, 2007; due and sufficient notice of the Motion under the circumstances having been
9 given; and the Court having found good and sufficient cause appearing therefore,

10 **THE DEBTORS AND LENDER STIPULATE THAT:**

11 A. The Debtors have an immediate need to incur the Secured Financing (as defined
12 below) set forth in this Order in order to, inter alia, pay wages and generally conduct their business
13 affairs so as to avoid immediate and irreparable harm to their estates and the value of their assets,
14 and to afford the Debtors adequate time to negotiate and seek approval for additional cash collateral
15 use and post-petition financing.

16 B. Given the Debtors' current financial condition, financing arrangements and capital
17 structure, the Debtors cannot obtain sufficient unsecured credit allowable under 11 U.S.C.
18 § 503(b)(1) as an administrative expense to enable the Debtors to pay all of their necessary operating
19 expenses. Financing on a postpetition basis is not otherwise available without the Debtors
20 (i) granting, pursuant to 11 U.S.C. § 364(c)(1), claims having priority over any and all administrative
21 expenses of the kinds specified in 11 U.S.C. §§ 503(b) and 507(b), and (ii) securing, pursuant to 11
22 U.S.C. §§ 364(c) and (d), such indebtedness and obligations with security interests in and liens on all
23 of the Debtors' personal property, real property and the Post-Petition Collateral as described below.

24 C. From time to time prior to the Petition Date, Bridge Healthcare Finance, LLC and
25 Bridge Opportunity Finance, LLC (collectively, "Bridge" or "Lenders") loaned money to or for the
26
27

1 benefit of the Debtors, pursuant to the terms and conditions of (a) that certain Loan and Security
2 Agreement dated November 5, 2005, among Bridge as lender and Pleasant Health Care Corporation
3 and PCC Health Services, Inc. as borrowers, as amended and supplemented from time to time (the
4 "Pleasant and PCC Loan Agreement"); and (b) that certain Loan and Security Agreement dated
5 November 5, 2005, among Bridge as lender and SNF Properties, Inc., Ember Care Corporation and
6 Atlas Care Enterprises, Incorporated as borrowers, as amended and supplemented from time to time
7 (the "SNF, Ember and Atlas Loan Agreement" and collectively with the Pleasant and PCC Loan
8 Agreement, the "Loan Agreements"); and as further documented, recorded and evidenced by various
9 other agreements, instruments, financing statements, and documents entered into in connection with
10 the Loan Agreements, all as may have been amended, modified or restated from time to time
11 (collectively, the "Prepetition Loan Agreements").

with the interest rate to
be the non-default rate.

14 **IT IS HEREBY ORDERED THAT:**

- 15 1. The Motion is granted on an interim basis, pursuant to the terms and conditions set
16 forth in this Interim Order.
- 17 2. Subject to the terms and conditions of this Interim Order, the Debtors are hereby
18 authorized to obtain the Secured Financing from Bridge in the aggregate amount not to exceed
19 \$1,700,000 (the "Secured Financing") pursuant to the terms and conditions of this Order and the
20 Prepetition Loan Agreements, as modified hereby. The Secured Financing shall be used to pay
21 when due only the actual and necessary expenses set forth in the Budget attached as Exhibit A to the
22 Interim Order Pursuant to 11 U.S.C. §§ 361, 363, and 364 (I) Authorizing Use of Cash Collateral,
23 (II) Granting Adequate Protection, and (III) Scheduling a Final Hearing, entered by the Court on
24 March 27, 2007 (the "Interim Cash Collateral Order").¹ The Secured Financing shall be used to pay
25 the expenses set forth in the Budget only after the application of all available Cash Collateral.
- 26 3. As security for the Secured Financing, the Lenders shall have and are hereby granted
27 (effective upon the date of this Order and without the necessity of the recordation of mortgages,

¹ Capitalized terms not otherwise defined herein shall have the definitions set forth in the Interim Cash Collateral Order.

1 security agreements, pledge agreements, financing statements or otherwise), valid and perfected
2 security interests in, and liens on (collectively, the "Liens"), all assets of the Debtors of any nature
3 whatsoever and wherever located, tangible or intangible (except for causes of action and any
4 avoidance actions under 11 U.S.C. §§ 544, 545, 547, 548, 549, 550 or 553 and the proceeds thereof),
5 whether now or hereafter acquired, including, without limitation, accounts, inventory, instruments,
6 investment property, documents, equipment, fixtures, general intangibles, and any and all proceeds
7 of the foregoing and in which any of the Debtors have an interest and the stock of all of the Debtors'
8 subsidiaries, investment property, leases and all substitutions thereto, accessions, rents and proceeds
9 and products of the foregoing, wherever located, including insurance and other proceeds (the "Post-
10 Petition Collateral"). Bridge shall have the senior lien on all Postpetition Collateral pursuant to 11
11 U.S.C. s 364(c) and (d) to secure the Secured Financing, senior in priority to all Replacement Liens
12 or any other liens that may be granted with respect to the Postpetition Collateral.

13 4. In accordance with 11 U.S.C. § 364(c)(1), the Secured Financing shall constitute a
14 claim (the "Superpriority Claims") with priority in payment over any and all administrative expenses
15 of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including,
16 without limitation, Bankruptcy Code §§ 105, 326, 328, 330, 331, 503(b), 507(a) and 507(b), and
17 shall at all times be senior to the rights of the Debtors, and any successor trustee or any creditor in
18 these Chapter 11 Cases. ^{chapter 11} No cost or expense of administration under Bankruptcy Code §§ 105,
19 503(b), 507(b) or otherwise, shall be senior to, or pari passu with, the Superpriority Claims of the
20 Lenders arising out of the Secured Financing.

21 ~~5. Until the Prepetition Loan Obligations have been repaid in full, the protections~~
22 ~~afforded to the Lender under this Interim Order shall survive the entry of any order confirming a~~
23 ~~plan of reorganization and the Lender's prepetition liens and Replacement Liens in and to the~~
24 ~~Collateral and the 507(b) Claim shall continue in these proceedings, and the Lender's prepetition~~
25 ~~liens and Replacement Liens and 507(b) Claim shall maintain their priority as provided by this~~
26 ~~Interim Order until the Prepetition Loan Obligations have been repaid in full.~~

27 6. The Secured Financing shall be due and payable in full upon the earlier of (a) the
Expiration Date under the Interim Cash Collateral Order, (b) the occurrence of any Event of Default

Notwithstanding the foregoing, the Superpriority Claims shall not have priority over any allowed administrative claims in any chapter 7 to which any or all of these cases may be converted.

1 of this Interim Order or under the Interim Cash Collateral Order, or (c) the date scheduled for any
2 subsequent hearing pursuant to paragraph 8 of this Interim Order (the "Maturity Date"). In no event
3 shall the Debtors be authorized to use the Secured Financing except strictly in compliance with the
4 terms and conditions of this Interim Order and the Interim Cash Collateral Order. After the Secured
5 Financing becomes due and payable, the Lender may immediately apply any Cash Proceeds against
6 this outstanding indebtedness, but shall take no further action against the Debtors or their assets as a
7 result therefrom except in accordance with a prior order of the Bankruptcy Court after notice and a
8 hearing .

9 7. Any default of the terms and conditions of this Interim Order or under the Interim
10 Cash Collateral Order shall constitute ^{the only} ~~an~~ "Event of Default" hereunder.

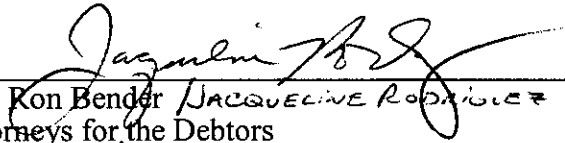
11 8. A final hearing on the Debtors' authorization to incur the Secured Financing shall be
12 heard before this Court on April 5, 2007 at 3:00 p.m. at the United States Bankruptcy Court
13 located at 255 E. Temple St., Los Angeles, California. Any party-in-interest objecting to the relief
14 sought in the final order shall be made in writing and filed with the Court (with a courtesy copy to
15 chambers) and served (so as to be received) no later than April 4, 2007 at ¹²4:00 p.m. pacific daylight
16 time, on: (i) Levene, Neale, Bender, Rankin & Brill, L.L.P. (ATTN: Ron Bender and Monica Y.
17 Kim), bankruptcy counsel to the Debtors; (ii) Vedder, Price, Kaufman & Kammholz, P.C., 222
18 North LaSalle Street, Suite 2600, Chicago, Illinois 60601 (ATTN: Eric S. Prezant) and Frandzel
19 Robins Bloom & Csato, L.C., 6500 Wilshire Boulevard, Seventeenth Floor, Los Angeles, California
20 90048-4920 (ATTN: Michael Gerard Fletcher and Marshall J. August), counsel to the Lender ⁵ and
21 (iii) the United States Trustee.

22 **IT IS SO ORDERED THIS 27th DAY OF MARCH , 2007.**

23 
24 _____
25 ELLEN CARROLL
26 UNITED STATES BANKRUPTCY JUDGE
27

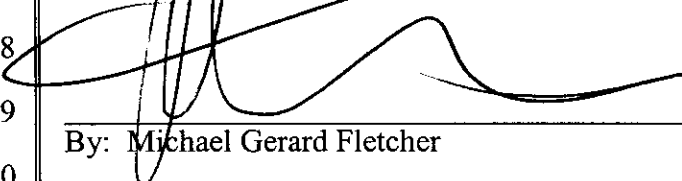
1 Approved as to form and content by:


2 LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.

3
4 
5 By: Ron Bender *JACQUELINE RODRIGUEZ*
Attorneys for the Debtors

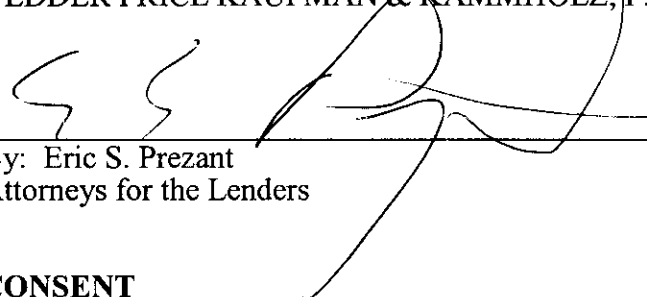
6 and

7 FRANDZEL ROBINS BLOOM & CSATO, L.C.

8 
9 By: Michael Gerard Fletcher

Stutman, Treister & Batt PC

By Theodore B. Stutman,
Counsel for OMNICEP

11 VEDDER PRICE KAUFMAN & KAMMHOLZ, P.C.


12 
13 By: Eric S. Prezant
14 Attorneys for the Lenders

15 **CONSENT**

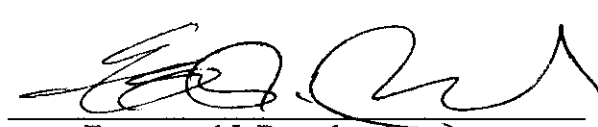
16 The Parties hereto consent and agree to the foregoing:

17 PLEASANT CARE CORPORATION.,
18 PCC HEALTH SERVICES, INC.,
19 EMBER CARE CORPORATION,
20 SNF PROPERTIES, INC.,
ARBOR CARE ENTERPRISES, Incorporated
As Debtors

BRIDGE HEALTHCARE FINANCE, LLC, and
BRIDGE OPPORTUNITY FINANCE, LLC as
Lender

21 
22 By: Emmanuel I. Bernabe
President

By: 
Shawn Andrews
Managing Director

23
24 
25 Emmanuel I. Bernabe, Guarantor

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

In re:

In re:
PLEASANT CARE CORPORATION, a California
corporation,

) Main Case No. LA 07-12312-EC

) Case No. LA 07-12322-EC

In re:
SNF PROPERTIES INCORPORATED, a California
corporation,

) Case No. LA 07-12319-EC

) Case No. LA 07-12326-EC

) Case No. LA 07-12316-EC

In re:
PCC HEALTH SERVICES, INC., a California
corporation,

In re:
ATLAS CARE ENTERPRISES, INC., a California
corporation,

In re:
EMBER CARE CORPORATION, a California
corporation,

Debtors.

NOTICE OF ENTRY JUDGMENT OR ORDER
AND CERTIFICATE OF MAILING

TO ALL PARTIES IN INTEREST ON THE FOLLOWING SERVICE LIST:

- 1. You are hereby notified that a judgment or order entitled (specify):

INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 361, 362 AND 364 (i) AUTHORIZING DEBTORS TO INCUR POST-PETITION SECURED INDEBTEDNESS AND GRANTING SECURITY INTERESTS AND PRIORITY AND (ii) SCHEDULING FINAL HEARING

was entered on (specify date): 3-27-07

- 2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment of the persons and entities on the attached service list on (specify date):

See Attached Service List: 3-28-07

Dated: 3-28-07

JON D. CERETTO
Clerk of the Bankruptcy Court

by: [Signature]
Deputy Clerk

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.

Consolidated – Request for Special Notice

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