

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION

IN RE:)	CHAPTER 11
)	
REGIONAL HOUSING & COMMUNITY)	Jointly Administered Under
SERVICES CORP., et al.,)	CASE NO. 21-41034-pwb
)	
Debtors.)	
_____)		

DEBTORS’ THIRD MOTION FOR INTERIM AND FINAL ORDERS AMENDING FINAL DIP AND CASH COLLATERAL ORDER AUTHORIZING (1) THE DEBTORS TO EXTEND AND INCREASE CURRENT POSTPETITION FINANCING FACILITY, AND (2) THE DEBTORS’ CONTINUED USE OF CASH COLLATERAL

COME NOW the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”),¹ in the above-styled jointly administered case (the “**Case**”), by and through the undersigned counsel, and pursuant to Sections 105, 361, 362, 363, 364 and 507 of Title 11 of the United States Code (the “**Bankruptcy Code**”), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), hereby move the Court for entry of an interim order, substantially in the form of Exhibit A attached hereto, and a final order after opportunity for parties to object, authorizing the Debtors to extend and increase their current post-petition financing facility (the “**DIP Facility**”), the terms of which DIP Facility are set forth in that certain *Final Order (I) Authorizing (A) Secured Postpetition Financing; (B) Granting Security Interests to the Bondholders; (C) Superpriority Claims and Other Adequate Protection to the Bond*

¹ The Debtors in these Chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.



Trustee; and (II) Authorizing the Use of Cash Collateral by the Debtors dated October 15, 2021 [Dkt. No. 80] (the “**Final DIP Order**”), as amended by (i) that certain *Final Order (A) Extending Maturity Date of DIP Facility; and (B) Increasing Borrowing Authority Thereunder* dated May 11, 2022 [Dkt. No. 146] (the “**Amended Final DIP Order**”), and (ii) that certain *Final Order (A) Further Extending Maturity Date of DIP Facility; and (B) Further Increasing Borrowing Authority Thereunder* dated August 18, 2022 [Dkt. No. 181] (the “**Second Amended Final DIP Order**”), together with those certain Priming Secured DIP Promissory Notes dated as of October 18, 2021 previously approved by the Court in the Final DIP Order (the “**DIP Notes**”) from Ecofin Direct Municipal Opportunities Fund, LP and Ecofin Tax-Advantaged Social Impact Fund, Inc. (collectively, the “**DIP Lender**”), and the continued use of cash collateral. In support of this Motion (the “**DIP Motion**”), the Debtors respectfully represent as follows:

Background

1.

On August 26, 2021 (the “**Petition Date**”), the Debtors each filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Northern District of Georgia, Rome Division (the “**Court**”). The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2.

No committee, trustee or examiner has been requested or appointed in this Case.

3.

On or about October 7, 2021, the Debtors each filed their Statement of Financial Affairs and Schedules of Assets and Liabilities (collectively, the “**Schedules**”) with the Court.

4.

On October 15, 2021, the Court entered the Final DIP Order, authorizing the Debtors to borrow up to \$2,350,000 from the DIP Lender, with an original maturity date of January 15, 2022, which date has been extended by stipulation between the DIP Lender and the Debtors to May 14, 2022.

5.

On May 11, 2022, the Court entered the Amended Final DIP Order, authorizing the Debtors to borrow up to \$3,150,000 from the DIP Lender, with an original maturity date of July 2, 2022.

6.

On July 1, 2022, pursuant to the terms of the Amended Final DIP Order, the DIP Lender and the Debtors filed a *Stipulation (I) Extending Maturity Date for Secured Postpetition Financing, (II) Increasing Borrowing Authority and (III) Authorizing Continued Use of Cash Collateral* [Dkt. No. 163], which extended the maturity date of the DIP Facility to August 6, 2022 and increased the borrowing limit by \$320,000.

7.

On August 18, 2022, the Court entered the Second Amended Final DIP Order, authorizing the Debtors to borrow up to \$4,170,000 from the DIP Lender, with an original maturity date of October 1, 2022.

8.

On September 30, 2022, pursuant to the terms of the Second Amended Final DIP Order, the DIP Lender and the Debtors filed a *Stipulation (I) Extending Maturity Date for Secured Postpetition Financing, (II) Increasing Borrowing Authority and (III) Authorizing Continued Use*

of *Cash Collateral* [Dkt. No. 195], which extended the maturity date of the DIP Facility to November 12, 2022.

Jurisdiction

9.

This Court has jurisdiction of this Motion pursuant to 28 U.S.C. § 1334. Venue of this proceeding is proper pursuant to 28 U.S.C. § 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested are Bankruptcy Code Sections 105, 361, 362, 363, 364 and 507 and Bankruptcy Rules 2002, 4001 and 9014.

Relief Requested

10.

By this DIP Motion, the Debtors seek the authority (i) to further extend the DIP Facility until January 7, 2023, (ii) to increase the borrowing limits thereunder \$4,570,000 on an interim basis and \$4,920,000 on a final basis, and (iii) to allow the Debtors and the DIP Lender to extend the maturity date thereof and/or increase the borrowing limits thereunder by stipulation between the Debtors and the DIP Lenders which will be filed with the Court, all under the terms set forth in the proposed Interim Order granting this DIP Motion attached hereto as Exhibit A, and subject to the budget attached hereto as Exhibit B. The terms of the Interim Order, and a final order, when entered, shall control in the event of any inconsistency between the terms of the Interim Order or final order and this DIP Motion.

Basis for Relief

11.

The Debtors submit that the extension of the DIP Facility, and the increase in the borrowing limit, are necessary under the circumstances of this case. As the Court is aware, the Debtors have

been marketing their assets for sale, and have sought approval from this Court to sell substantially all of their assets. However, given the state of the senior living industry and the economy in general, the sale process has taken longer than expected, and therefore the Debtors need additional time to further market their assets.

12.

The Debtors require an order of this Court authorizing an extension of the DIP Facility, and authorizing the continued use of cash collateral beyond November 12, 2022, and an increase in the borrowing limit of no less than \$750,000 so as to enable the Debtors to obtain further post-petition financing to pay their normal and ordinary operating expenses (such as payroll, utilities and payments to suppliers) as they come due in the ordinary course of the Debtors' business and to make those purchases necessary to preserve the going concern value of their businesses, assets pending any sale or reorganization efforts. On an interim basis, the Debtors need an increase in the borrowing limit by \$400,000 in order to meet short-term expenses.

13.

Pursuant to Bankruptcy Code Sections 364(c) and (d), the Debtors request authority to extend the DIP Facility to January 7, 2023, and to increase the borrowing limit thereunder to \$4,570,000 on an interim basis and \$4,920,000 on a final basis (subject to the Debtors' ability to further extend the maturity and/or increase the borrowing limit by stipulation with the DIP Lender), and thereby incur post-petition financing allowable as an administrative expense, having priority over other administrative expenses and secured by a senior lien on substantially all of the property of the Debtors' estates, on otherwise substantially the same terms and conditions as the previously approved by the Court by the Final DIP Order, the Amended Final DIP Order and the Second Amended DIP Order. As noted previously, the Debtors need cash to meet ongoing obligations

necessary to operate their businesses, administer their Chapter 11 estates and maintain the going concern value of their businesses as they conclude an asset sale or reorganize so as to achieve the highest values possible for their creditors. The Debtors need to use their cash receipts and the proceeds of the DIP Facility to pay insurance, payroll, payroll expenses, utility charges, professionals and general overhead, to purchase necessary materials, and otherwise continue their businesses and operations. The Debtors believe that the DIP Facility will provide funds sufficient to permit them to operate their businesses pending the sales and reorganization efforts.

14.

For all the reasons set forth in the original motion seeking approval of the DIP Facility, and based on the entire record of this case, the Debtors believe that the relief requested in this DIP Motion is appropriate.

WHEREFORE, the Debtors respectfully request that this Court amend the Final DIP Order, the Amended Final DIP Order and the Second Amended DIP Order as set forth in the proposed order attached hereto as Exhibit A, and grant the Debtors such other and further relief as may be just and proper.

This 4th day of November, 2022.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Ashley R. Ray

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Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION

IN RE:)	CHAPTER 11
)	
REGIONAL HOUSING & COMMUNITY)	Jointly Administered Under
SERVICES CORP., et al.,)	CASE NO. 21-41034-pwb
)	
Debtors.)	
_____)	

**THIRD INTERIM ORDER (A) FURTHER EXTENDING MATURITY DATE
OF DIP FACILITY; AND (B) FURTHER INCREASING
BORROWING AUTHORITY THEREUNDER**

This matter is before the Court on the Motion filed by the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”),¹ dated November [___], 2022, seeking entry of an interim and final order authorizing the Debtors to extend further the maturity date of the DIP Facility and to increase further the borrowing authority thereunder, as well as authorizing the continued use of cash collateral [Dkt. No. ___] (the “**Motion**”).²

The Court has considered the Motion and the record in the case; and the Bankruptcy Court having entered on October 15, 2021 a *Final Order (I) Authorizing (A) Secured Postpetition Financing; (B) Granting Security Interests to the Bondholders; (C) Superpriority Claims and Other Adequate Protection to the Bond Trustee; and (II) Authorizing the Use of Cash Collateral*

¹ The Debtors in these Chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.

² Capitalized terms used, but not defined herein, shall have the meanings ascribed to such terms in the Motion.

by the Debtors [Dkt. No. 80] (the “**Final DIP Order**”); and the Bankruptcy Court having entered on May 11, 2022 a *Final Order (A) Extending Maturity Date of DIP Facility; and (B) Increasing Borrowing Authority Thereunder* dated May 11, 2022 [Dkt. No. 146] (the “**Amended Final DIP Order**”); and the Bankruptcy Court having entered on August 18, 2022 a *Final Order (A) Further Extending Maturity Date of DIP Facility; and (B) Further Increasing Borrowing Authority Thereunder* [Dkt. No. 181] (the “**Second Amended Final DIP Order**”); and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

ACCORDINGLY, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Motion is GRANTED as set forth herein.
2. All objections to the relief sought in the Motion to the extent not previously withdrawn, overruled or resolved are hereby overruled on the merits and denied with prejudice.
3. The Maturity Date of the DIP Facility is hereby extended to January 7, 2023.
4. On an interim basis, the Debtors are authorized to borrow up to \$4,570,000 pursuant to the terms of the DIP Facility and related loan documents, the Final DIP Order, the Amended Final DIP Order, and the Second Amended Final DIP Order, as modified by the terms of this Order.
5. The Debtors and the DIP Lender are authorized to extend the maturity date thereof by stipulation between the parties which shall be filed with the Court.
6. The Debtors and the DIP Lender are authorized to increase the borrowing limit by stipulation between the parties which shall be filed with the Court.
7. The Debtors are further authorized to continue to use cash collateral pursuant to the terms of the DIP Facility and related loan documents, and the Final DIP Order, as modified by the terms of this Order.

8. Subject to the Carve-Out (as such term is used in the Final DIP Order), and following payment or reserve of amounts sufficient to pay any liens senior to UMB Bank, as successor trustee for certain bonds (the “**Bond Trustee**”), taxes that are senior to the liens of the Bond Trustee, any fees owed to the broker in connection with such sale, and other amounts agreed to by the Bond Trustee, all proceeds derived from the closing of a sale of one or more of the facilities shall be payable to the DIP Lender at such closing, up to the amount of the DIP Loan.

9. To the extent not addressed above, all other terms of the DIP Facility, the DIP Notes the Final DIP Order and the Amended Final DIP Order remain unchanged. To the extent of any inconsistency between the Final DIP Order or the Amended Final DIP Order and this Order, the terms of this Order shall control. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 and 9024 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Order. The requirements set forth in Bankruptcy Rule 6003(b) have been satisfied. The requirements of Bankruptcy Rule 6004(a) are waived.

10. In the event that an objection is filed to the entry of a final order on the Motion no later than November ___, 2022, a final hearing on the Motion, and any additional funds to be advanced by the Bondholders will be held at _____ .m. on November ___, 2022 (the “**Final Hearing**”). The Final Hearing shall be conducted via Zoom using Judge Bonapfel’s Virtual Hearing Room. A link to connect to Judge Bonapfel’s Virtual Hearing Room is available on his webpage at <https://www.ganb.uscourts.gov/content/honorable-paul-w-bonapfel>. Please join the virtual room 10 minutes prior to the hearing. If you experience difficulty in connection, please contact the law clerk via email at beth_harrill@ganb.uscourts.gov or by telephone at (404) 215-

1020. If no objection is filed by November____, 2022, then the Final Hearing shall be cancelled, and the Court may proceed to enter a final order with regard to the Motion.

11. Promptly after the entry of this Order, the Debtors shall serve a copy of this Order and a notice of the opportunity to object to the Court's entry of a final order with regard to the relief requested in the Motion, upon the parties served with the Motion, and the Debtors shall file a certificate of service regarding same with the Clerk of the Court. Such service shall constitute good and sufficient notice of the Final Hearing.

12. This Court shall retain jurisdiction to hear, determine and, if applicable, enforce the terms of, any and all matters arising from or related to the DIP Facility, the Final DIP Order, the Amended Final DIP Order, the Second Amended DIP Order and/or this Order.

[END OF DOCUMENT]

Prepared and presented by:

SCROGGINS & WILLIAMSON, P.C.

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Counsel for the Debtors

Exhibit B

Budget

RHSC Cash Flow Budget
 From the Period 09.18.22 through 12.31.22
 Facility: All

EXHIBIT B

Cash Flow WorkSheet	Actual						Budget		Projections							Actual	Actual
	9/18/2022	9/25/2022	10/2/2022	10/9/2022	10/16/2022	10/23/2022	10/30/2022	11/6/2022	11/13/2022	11/20/2022	11/27/2022	12/4/2022	12/11/2022	12/18/2022	12/25/2022	8/29/2021	10/30/2022
	Week 57	Week 58	Week 59	Week 60	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Week 69	Week 70	Week 71	Week 2-62	Week 63-64
Beginning Cash Balance	\$651,919	\$440,414	\$384,057	\$333,257	\$428,296	\$503,854	\$402,747	\$480,279	\$498,827	\$416,827	\$171,723	\$71,983	\$325,824	\$365,138	\$137,274	\$43,064	\$402,747
Cash Receipts	<i>BK Category</i>																
Cash Collections	\$ 24,588	\$ 2,907	\$ 198,686	\$ 195,125	\$ 46,460	\$ 37,689	\$ 128,970	\$ 210,620	\$ 46,460	\$ 29,045	\$ 9,709	\$ 198,686	\$ 195,125	\$ 46,460	\$ 37,689	\$ 6,532,360	\$ 339,589
Draw on DIP	-	-	-	-	240,000	-	-	110,000	400,000	-	-	350,000	-	-	-	4,060,000	110,000
Provider Relief Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,148,404	-
Total Cash Receipts	\$ 24,588	\$ 2,907	\$ 198,686	\$ 195,125	\$ 286,460	\$ 37,689	\$ 128,970	\$ 320,620	\$ 446,460	\$ 29,045	\$ 9,709	\$ 548,686	\$ 195,125	\$ 46,460	\$ 37,689	\$ 11,740,764	\$ 449,589
Cash Disbursements	<i>BK Category</i>																
Payroll & Payroll Tax	(198,405)	(912)	(209,190)	-	(201,788)	(415)	-	(230,000)	-	(220,000)	-	(220,000)	-	(220,000)	-	(6,051,890)	(230,000)
Insurance	-	-	-	-	-	-	-	-	(300,000)	-	(55,492)	-	-	-	-	(993,566)	-
Petty Cash	-	(40)	(20)	(80)	-	-	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(9,138)	(200)
Bank Fees	(3,522)	-	-	-	(2,589)	-	-	-	(2,500)	-	-	-	(2,500)	-	-	(39,569)	-
Management Fee	-	(2,332)	-	(6,008)	-	(40,891)	-	-	(117,827)	-	-	-	(50,000)	-	-	(446,948)	-
<i>Management Fees</i>	-	-	-	-	-	(36,128)	-	-	(35,000)	-	-	-	(35,000)	-	-	(263,631)	-
<i>Manager's Bankruptcy Fees</i>	-	(672)	-	(6,008)	-	-	-	-	(5,000)	-	-	-	(5,000)	-	-	(6,680)	-
<i>Manager's Travel and Expenses</i>	-	(1,660)	-	-	-	(4,763)	-	-	(25,933)	-	-	-	(5,000)	-	-	(26,063)	-
<i>Manager's Legal Fees</i>	-	-	-	-	-	-	-	-	(51,895)	-	-	-	(5,000)	-	-	(10,169)	-
Rental / Lease Equipment	(370)	(893)	(4,585)	(2,338)	(370)	-	(1,875)	(1,875)	(1,875)	(1,875)	(1,875)	(1,875)	(1,875)	(1,875)	(1,875)	(92,663)	(3,750)
Resident Refund	(2,150)	(1,839)	-	-	-	-	(2,579)	(4,212)	(465)	(290)	(97)	(1,987)	(1,951)	(465)	(377)	(84,978)	(6,792)
Food and Other Supplies	(3,468)	(19,264)	(12,448)	(15,762)	(1,445)	(4,519)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(675,837)	(26,867)
Utilities	(2,626)	(17,096)	(4,501)	(31,938)	(710)	(20,851)	(16,348)	(16,348)	(16,348)	(16,348)	(16,348)	(16,348)	(16,348)	(16,348)	(16,348)	(898,176)	(32,695)
Other	(25,549)	(16,889)	(18,742)	(15,390)	(4,000)	(27,120)	(17,103)	(26,103)	(24,603)	(22,103)	(22,103)	(31,103)	(24,603)	(22,103)	(22,103)	(900,650)	(43,206)
Total Cash Disbursements	\$ (236,092)	\$ (59,264)	\$ (249,486)	\$ (71,515)	\$ (210,903)	\$ (93,795)	\$ (51,439)	\$ (292,072)	\$ (477,151)	\$ (274,150)	\$ (109,448)	\$ (284,846)	\$ (110,810)	\$ (274,324)	\$ (54,236)	\$ (10,193,413)	\$ (343,510)
Cash Flow From Operations w DIP	(211,505)	(56,357)	(50,800)	123,609	75,558	(56,107)	77,531	28,548	(30,691)	(245,104)	(99,739)	263,840	84,314	(227,863)	(16,547)	1,547,351	106,079
DIP Lender	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US Trustee	-	-	-	(11,913)	-	-	-	-	-	-	-	-	-	-	-	(55,821)	-
Bankruptcy Professionals	-	-	-	(16,657)	-	(45,000)	-	(10,000)	(51,309)	-	-	(10,000)	(45,000)	-	-	(1,131,847)	(10,000)
Net Cash Flow	\$ (211,505)	\$ (56,357)	\$ (50,800)	\$ 95,039	\$ 75,558	\$ (101,107)	\$ 77,531	\$ 18,548	\$ (82,000)	\$ (245,104)	\$ (99,739)	\$ 253,840	\$ 39,314	\$ (227,863)	\$ (16,547)	\$ 359,683	\$ 96,079
Ending Balance	\$440,414	\$384,057	\$333,257	\$428,296	\$503,854	\$402,747	\$480,279	\$498,827	\$416,827	\$171,723	\$71,983	\$325,824	\$365,138	\$137,274	\$120,727	\$402,747	\$498,827

CERTIFICATE OF SERVICE

This is to certify that on this date a true and correct copy of the within and foregoing **Debtors' Third Motion for Interim and Final Orders Amending Final DIP and Cash Collateral Order Authorizing (1) the Debtors to Extend and Increase Current Postpetition Financing Facility, and (2) the Debtors' Continued Use of Cash Collateral** was served by the Court's CM/ECF system on all counsel of record registered in this case through CM/ECF.

This 4th day of November, 2022.

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