

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

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

NOTICE OF HEARING ON DEBTORS’ MOTION TO AMEND 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

PLEASE TAKE NOTICE the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”),¹ have filed the Debtors’ Motion to Amend 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 (the “**Motion**”). A copy of the Motion is available upon request to the undersigned counsel, or by downloading at <http://www.kccllc.net/RegionalHousing>.

PLEASE TAKE FURTHER NOTICE that the Court will hold a hearing on the Motion at **11:00 a.m. on May 10, 2022**. The hearing will 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.

PLEASE TAKE FURTHER NOTICE that your rights may be affected by the Court’s ruling on this Motion. You should read this Motion carefully and discuss it with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.) If you do not want the Court to grant the relief sought in the Motion, or if you want the Court to consider your views, then you and/or your attorney should attend the hearing. You may

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.



also file a written response to the Motion with the Clerk at the address stated below, but you are not required to do so. If you file a written response, it must be received by May ____, 2022, and you must attach a certificate stating when, how and on whom (including addresses) you served the response. The address of the Clerk's Office is: Clerk, U.S. Bankruptcy Court, 600 East First Street, Room 339, Rome, Georgia 30161-3187. You should also mail a copy of your response to the undersigned at the address stated below.

This 22nd day of April, 2022.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

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Counsel for the Debtors

IN THE UNITED STATES BANKRUPTCY COURT
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DEBTORS’ MOTION TO AMEND 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”),² 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 a final order, substantially in the form of Exhibit A attached hereto, 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 Trustee; and (II) Authorizing the Use of Cash Collateral*

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by the Debtors dated October 15, 2021 [Dkt. No. 80] (the “**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, 2022, 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.

Jurisdiction

5.

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

6.

By this DIP Motion, the Debtors seek the authority (i) to extend the DIP Facility until July 2, 2022, (ii) to increase the borrowing limits thereunder to \$3,150,000, and (iii) to allow the Debtors and the DIP Lender to increase further the borrowing limit by an additional \$500,000 and extend the maturity date thereof 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 Final Order granting this DIP Motion attached hereto as Exhibit A, and subject to the budget attached hereto as Exhibit B. The terms of the Final Order shall control in the event of any inconsistency between the terms of the Final Order and this DIP Motion.

Basis for Relief

7.

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 recently retained SLIB II, Inc. d/b/a Senior Living Investment Brokerage to act as its broker and market its assets for sale. The Debtors anticipate seeking approval to sell substantially all of their assets by the end of June, 2022.

8.

The Debtors require an order of this Court authorizing an extension of the DIP Facility, and authorizing the continued use of cash collateral, beyond May 14, 2022 and an increase in the borrowing limit by \$800,000³ 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.

9.

Pursuant to Bankruptcy Code Sections 364(c) and (d), the Debtors request authority to extend the DIP Facility to July 2, 2022, and to increase the borrowing limit thereunder to \$3,150,000 (subject to the Debtors' ability to further increase the borrowing limit and extend the maturity 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. 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

³ To be clear, the Debtors and the DIP Lender could agree to extend the maturity date beyond May 14, 2022 by stipulation, but extension of the maturity date without a corresponding increase in the borrowing limit would do the Debtors little good.

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.

10.

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 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 22nd day of April, 2022.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

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Exhibit A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
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IN RE:)	CHAPTER 11
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REGIONAL HOUSING & COMMUNITY)	Jointly Administered Under
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**FINAL ORDER (A) EXTENDING MATURITY DATE OF DIP FACILITY;
AND (B) 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 April 22, 2022, for an order seeking entry of a final order authorizing the Debtors to extend the maturity date of the DIP Facility and to increase 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 at the final hearing on the Motion held on May 10, 2022; and the Bankruptcy Court having entered on October 15, 2022 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 by the Debtors* [Dkt. No. 80] (the “**Final DIP**”

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

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 July 2, 2022.
4. The Debtors are authorized to borrow up to \$3,150,000 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.
5. The Debtors and the DIP Lender are authorized to increase further the borrowing limit by an additional \$500,000 and extend the maturity date thereof by stipulation between the parties which shall be filed with the Court.
6. 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.
7. 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.

8. To the extent not addressed above, all other terms of the DIP Facility, the DIP Notes and the Final DIP Order remain unchanged. To the extent of any inconsistency between the 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.

9. 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 and/or this Order.

[END OF DOCUMENT]

Prepared and presented by:

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Counsel for the Debtors

Exhibit B

Budget

