



IT IS ORDERED as set forth below:

Date: September 19, 2024

Paul W. Bonapfel
U.S. Bankruptcy Court Judge

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.)	

ORDER (I) APPROVING THE SALE OF CERTAIN OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, (II) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, AND (III) GRANTING RELATED RELIEF

Pursuant to that certain *Order Establishing Notice and Objection Procedures with Respect to Debtors' Motion for Authority to Sell Assets Free and Clear of Liens, Claims, and Encumbrances* dated August 5, 2022 (the "**Sale Procedures Order**") [Docket No. 173], this court (the "**Bankruptcy Court**") ordered that it would consider on an expedited basis executed asset purchase agreements for some or all of the Debtors' assets presented to the Bankruptcy Court for approval on the terms set forth in the Sale Procedures Order. On September 3, 2024, the above-



captioned debtors and debtors-in-possession (the “**Debtors**”) filed with the Bankruptcy Court an Asset Purchase Agreement (as it may be amended, modified or supplemented in accordance with its terms, the “**Agreement**”)¹ between (i) Highlands Senior Living Rome LLC (the “**Buyer**”) and (ii) RHCSC Rome AL Holdings LLC and RHCSC Rome Health Holdings LLC (the “**Rome Debtors**”; and together with the Buyer, the “**Parties**”), two of the Debtors in these Bankruptcy Cases, for the purchase and sale of the Debtors’ facility located in Rome, Georgia and known as The Gardens of Rome. A complete copy of the Agreement is attached to the Notice of Filing Asset Purchase Agreement (the “**Notice of APA**”) [Dkt. No. 308].

Upon consideration of the *Debtors’ First Motion (A) for Authority to Sell Assets Free and Clear of Liens, Claims, and Encumbrances; (B) to Assume and Assign Certain Executory Contracts, Leases and Licenses and Establish Cure Costs in Connection Therewith; (C) to Establish Procedures with Respect to Such Sale and the Assumption and Assignment of Executory Contracts and Leases; (D) to Consider Approval of Breakup Fee, and (E) to Shorten and Limit Notice* (the “**Sale Motion**”) [Docket No. 141], the Sale Procedures Order, the Notice of Filing APA, and the Notice of Proposed Sale, Hearing and Deadline to Object (the “**Notice of Sale Hearing**”) [Dkt. No. 309]; and this Court having reviewed and considered the Agreement and the Sale Motion and any objections thereto; and this Court having provided parties an opportunity to be heard with respect to the Agreement and the Sale Motion and to present any objections thereto at a hearing (the “**Sale Hearing**”); and upon the full record of these Chapter 11 Cases; it appearing no other notice need be given; it further appearing the legal and factual bases set forth in the Sale Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause therefor:

¹ Except as otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Agreement.

THE COURT FINDS AND DETERMINES THAT:

Jurisdiction, Final Order, and Statutory Predicates

A. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

C. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). The Debtors have confirmed their consent to the entry of a final order by this Court in connection with the Sale Motion to the extent it is later determined the Court, absent the consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

D. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

E. The bases for the relief requested in the Sale Motion are sections 105(a), 363, 365, 503, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), Bankruptcy Rules 2002, 6004, 6006, 9007, and 9014.

F. This order (the “**Sale Order**”) constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds there is no just reason for delay in the implementation of this Sale Order, and waives any stay and expressly directs entry of judgment as set forth herein.

Retention of Jurisdiction

G. It is necessary and appropriate for the Court to retain jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Sale Order and the Agreement, including its related documents, all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith to which the Debtors (including the Rome Debtors) are a party or which has been assigned by the Debtors (including the Rome Debtors) to the Buyer, and to adjudicate, if necessary, any and all disputes involving the Debtors (including the Rome Debtors) concerning or relating in any way to, or affecting, the sale contemplated by the Agreement (the “Sale”) or the transactions contemplated in the Agreement, and related documents.

Corporate Authority; Consents and Approvals

H. Each of the Rome Debtors has, to the extent necessary or applicable, (a) the full corporate power and authority to execute and deliver the Agreement and all other documents contemplated thereby, (b) all corporate authority necessary to consummate the transaction contemplated by the Agreement, and (c) taken all corporate action necessary to authorize and approve the Agreement and the consummation of the transactions contemplated thereby. The Sale has been duly and validly authorized by all necessary corporate action. No consents or approvals, other than those expressly provided for in the Agreement, are required for the Rome Debtors to consummate the Sale, the Agreement, or the transactions contemplated thereby.

**Notice of Sale, Sale Hearing,
Agreement, and Assumption and Assignment**

I. Actual written notice of the Sale Motion, the Sale, the Sale Hearing, and the transactions contemplated thereby, and a reasonable opportunity to object or be heard with respect to the Sale Motion (as it pertains to the Agreement and the Sale) and the relief requested therein,

including pursuant to the Sale Procedures Order and at the Sale Hearing, has been afforded to all required interested entities and parties.

J. The Debtors have articulated good and sufficient reasons for this Court to grant the relief requested in the Sale Motion as to the Agreement and the Sale.

K. Proper, timely, adequate, and sufficient notice of the Sale Motion, the Sale Hearing, the Sale, and the transactions contemplated thereby has been provided in accordance with the Sale Motion and the Sale Procedures Order, the Notice of Debtors' Intent to Assume and Assign Certain Unexpired Leases and Executory Contracts and Setting Forth the Cure Amounts [Docket No. 153], the Notice of APA, the Notice of Sale Hearing, and Bankruptcy Code sections 105(a), 363, and 365 and Bankruptcy Rules 2002, 6004, 6006, 9007, 9008, and 9014. The notices described herein were good, sufficient, and appropriate under the circumstances, and no other or further notice of the Sale Motion, the Sale Hearing, the Sale, or the assumption and assignment of contracts and leases to be assumed and assigned to the Buyer pursuant to the Agreement (the "**Assigned Contracts**") is or shall be required.

L. The disclosures made by the Debtors concerning the Sale Motion, the Agreement, the Sale Hearing, the Sale, and the assumption and assignment of the Assigned Contracts to the Buyer were good, complete, and adequate.

M. A reasonable opportunity to object and be heard with respect to the Sale and the Sale Motion, and the relief requested therein (including, without limitation, the assumption and assignment of the Assigned Contracts to the Buyer and any Cure Amounts relating thereto), has been afforded to the applicable notice parties.

Good Faith of the Buyer

N. The Agreement and each of the transactions contemplated therein were negotiated, proposed, and entered into by the Rome Debtors and the Buyer in good faith and without collusion in that, *inter alia*: (i) the Debtors fully marketed the assets of the Rome Debtors to allow prospective buyers the opportunity to purchase such assets in amounts greater than the consideration provided by the Buyer; (ii) the Buyer recognized the Debtors were free to deal with any other party interested in purchasing such assets; and (iii) the Buyer has not violated Bankruptcy Code section 363(n) by any action or inaction.

O. No party has objected to the Sale or the Agreement on the grounds of fraud or collusion.

P. Accordingly, the Buyer is purchasing the assets purchased pursuant to the Agreement (the “**Assets**”) in good faith and is a good-faith buyer within the meaning of Bankruptcy Code section 363(m). The Buyer is therefore entitled to all of the protections afforded under Bankruptcy Code section 363(m). Effective upon the Closing, it shall be judicially determined that neither the Debtors (including the Rome Debtors) nor the Buyer have engaged in any conduct what would cause or permit the Agreement to be avoided or costs and damages to be imposed under section 363(n) of the Bankruptcy Code.

Highest and Best Offer

Q. The Debtors marketed the Assets through their professionals. The terms set forth in the Agreement constitute the highest and best offer for the Assets, and will provide a greater recovery for the Debtors’ estates than would be provided by any other available alternative. The Debtors’ determination that the Agreement constitutes the highest and best offer for the Assets constitutes a valid and sound exercise of the Debtors’ business judgment.

R. The Agreement represents a fair and reasonable offer to purchase the Assets under the circumstances of these Chapter 11 Cases.

S. Approval of the Sale Motion and the Agreement and the consummation of the transactions contemplated thereby are in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

T. The Debtors have demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the Sale of the Assets prior to, and outside of, a plan of reorganization.

U. Entry of an order approving the Agreement and all the provisions thereof is a necessary condition precedent to Buyer's consummation of the Sale, as set forth in the Agreement.

No Fraudulent Transfer

V. The consideration provided for the Assets under the Agreement is (a) is fair and reasonable, (b) is the highest or best offer for the Assets, and (c) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, and under the laws of the United States, any state, territory, possession, or the District of Columbia.

Validity of Transfer

W. The Agreement was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any of its states, territories, or possessions, or the District of Columbia. Neither the Rome Debtors nor the Buyer are entering into the transactions contemplated by the Agreement fraudulently, for the purposes of statutory and common law fraudulent conveyance and fraudulent transfer claims.

X. The Rome Debtors are the sole and lawful owner of the Assets. Subject to Bankruptcy Code section 363(f) (addressed below), the transfer of the Assets to the Buyer will be, as of the Closing Date, a legal, valid, and effective transfer of the Assets, which transfer vests or will vest the Buyer with all right, title, and interest of the Debtors to the Assets free and clear of:

(i) all liens (including any liens as that term is defined in Bankruptcy Code section 101(37)) and encumbrances relating to, accruing, or arising any time prior to the Closing Date (collectively, the “**Liens**”), and

(ii) all debts (as that term is defined in Bankruptcy Code section 101(12)) arising under, relating to, or in connection with any act of the Debtors or claims (as that term is defined in Bankruptcy Code section 101(5)), liabilities, obligations, demands, guaranties, options in favor of third parties, rights, contractual commitments, restrictions, interests, mortgages, hypothecations, charges, indentures, loan agreements, instruments, collective bargaining agreements, leases, licenses, deeds of trusts, security interests or similar interests, conditional sale or other title retention agreements and other similar impositions, restrictions on transfer or use, pledges, judgments, claims for reimbursement, contribution, indemnity, exoneration, infringement, products liability, alter ego liability, suits, defenses, credits, allowances, options, limitations, causes of action, choses in action, rights of first refusal or first offer, rebate, chargeback, credit, or return, proxy, voting trust or agreement or transfer restriction under any shareholder or similar agreement or encumbrance, easements, rights of way, encroachments, liabilities, and matters of any kind and nature, whether arising prior to or subsequent to the Petition Date, whether known or unknown, legal or equitable, mature or unmatured, contingent or noncontingent, liquidated or unliquidated, asserted or unasserted, whether imposed by agreement, understanding, law, equity, or otherwise (including, without limitation, rights with respect to Claims (as defined below) and Liens (A) that purport to give any party a right or option to effect a setoff or recoupment against, or a right or option to effect any forfeiture, modification, profit sharing interest, right of first refusal, purchase or repurchase right or option, or termination of, any of the Debtors’ or the Buyer’s interests in the Assets, or any similar rights, if any, or (B) in respect of taxes, restrictions, rights of first refusal, charges of interests of any kind or nature, if any, including without limitation, any restriction of use, voting, transfer, receipt of income, or other exercise of any attribute of ownership), collectively, as defined in this clause (ii) relating to, accruing or arising any time prior to the entry of this Sale Order, with the exception of the Assumed Liabilities and the Permitted Exceptions (each as defined in the Agreement for conveyance purposes) to the extent set forth in the Agreement, and any covenants set forth in the Agreement (the “**Claims**”)

Together, Liens and Claims are referred to herein as the “**Interests**”.

Y. For the further avoidance of doubt, the Buyer is expressly assuming responsibility for the Assigned Contracts, including payment of the Cure Amounts and any obligations arising at or after the Closing Date under the Assigned Contracts, as set forth in the Agreement.

Bankruptcy Code Section 363(f) Is Satisfied

Z. The conditions of Bankruptcy Code section 363(f) have been satisfied in full; therefore, the Debtors (including the Rome Debtors) may sell the Assets free and clear of any Interests in the property other than any Permitted Exceptions and Assumed Liabilities.

AA. As described more fully in this Court's October 15, 2021 *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* [Docket No. 80] (as amended, the "**DIP Order**"), the Assets are subject to: (i) the Post-Petition Liens (as defined in the DIP Order) in favor of Ecofin Direct Municipal Opportunities Fund, LP (f/k/a Tortoise Direct Municipal Opportunities Fund, LP) and Ecofin Tax-Advantaged Social Impact Fund, Inc. (the "**DIP Lender**"); and (ii) the liens of UMB Bank, N.A., as successor trustee (the "**Bond Trustee**") with respect to those certain Public Finance Authority Revenue Refunding Bonds (RHCSC The Gardens of Rome Project) Series 2018A, Public Finance Authority Revenue Refunding Bonds (RHCSC The Gardens of Rome Project) Taxable Series 2018B, Public Finance Authority Revenue Bonds (RHCSC The Gardens of Rome Project) Series 2018C, and Public Finance Authority Revenue Bonds (RHCSC The Gardens of Rome Project) Series 2018D (Taxable) (collectively, the "**Rome Bonds**"). As of the date of this Order, the DIP Lender has advanced not less than \$8,351,884 (the "**DIP Advanced Amount**") to the Debtors.

BB. The Buyer would not have entered into the Agreement, and would not consummate the transactions contemplated thereby, if the Sale of the Assets to the Buyer and the assumption of any Assumed Liabilities by the Buyer were not free and clear of all Interests, other than Permitted Exceptions and the Assumed Liabilities, or if the Buyer would, or in the future could, be liable for any of such Interests (other than the Permitted Exceptions and the Assumed Liabilities).

CC. The Debtors (including the Rome Debtors) may sell the Assets free and clear of all Interests in such property of any entity other than the Debtors' estates, including, without limitation, any Liens and Claims against the Debtors, their estates, or any of the Assets (other than the Permitted Exceptions and Assumed Liabilities) because, in each case, one or more of the standards set forth in Bankruptcy Code section 363(f)(1)-(5) has been satisfied. Specifically, the Bond Trustee and the DIP Lender have each consented to the sale of the Assets free and clear of their Liens and Claims, subject to the terms and conditions of this Sale Order, including but not limited to the distribution of the Sale Proceeds as set forth herein. Those holders of Interests in the Assets, including, without limitation, holders of Liens and Claims against the Debtors, their estates, or any of the Assets, who did not object, or who withdrew their objections, to the Sale or the Sale Motion are deemed to have consented pursuant to Bankruptcy Code section 363(f)(2).

Assumption and Assignment of the Assigned Contracts

DD. The assumption and assignment of the Assigned Contracts pursuant to the terms of this Sale Order is integral to the Agreement and is in the best interest of the Debtors and their estates, their creditors, and all of the parties in interest, and represents the reasonable exercise of sound and prudent business judgment by the Debtors.

EE. Unless otherwise agreed and stated on the record at the Sale Hearing, the respective amounts set forth under the "Cure Amount" on **Exhibit A** attached hereto reflects the sole amounts

necessary under Bankruptcy Code section 365(b) to cure all monetary defaults and pay all pecuniary losses under the Assigned Contracts (collectively, the “**Cure Amounts**”), and no other amounts are or shall be due in connection with the assumption by the Debtors (including the Rome Debtors) and the assignment to the Buyer of the Assigned Contracts.

FF. Pursuant to the terms of the Agreement, prior to the Closing Date the Debtors (including the Rome Debtors) (as compensated by the Buyer) shall to the extent necessary, cure any default existing prior to the date hereof with respect to the Assigned Contracts, within the meaning of Bankruptcy Code sections 365(b)(1)(A) and 365(f)(2)(A).

GG. As of the Closing Date, subject only to the Debtors’ (including the Rome Debtors’) payment of the Cure Amounts, as determined in accordance with the procedures identified in the Sale Motion and its accompanying and related documents, each of the Assigned Contracts will be in full force and effect and enforceable by the Buyer against any counterparty to an Assigned Contract thereto in accordance with its terms.

HH. The Debtors have, to the extent necessary, satisfied the requirements of Bankruptcy Code sections 365(b)(1) and 365(f) in connection with the Sale, the assumption and assignment of the Assigned Contracts, and shall upon assignment thereto on the Closing Date, be relieved from any liability for any breach thereof.

II. The Buyer has demonstrated it has the financial wherewithal to fully perform and satisfy the obligations under the Assigned Contracts as required by Bankruptcy Code sections 365(b)(1)(C) and 365(f)(2)(B). Pursuant to Bankruptcy Code section 365(f)(2)(B), the Buyer has provided adequate assurance of future performance of the obligations under the Assigned Contracts.

JJ. The Debtors' (including the Rome Debtors') payment of the Cure Amounts, together with Buyer's promise to perform the obligations under the Assigned Contracts after the Closing Date shall constitute adequate assurance of future performance within the meaning of Bankruptcy Code sections 365(b)(1)(C) and 365(f)(2)(B).

KK. Any objections to the assumption and assignment of any of the Assigned Contracts to the Buyer are hereby overruled or withdrawn. Any objections to the Cure Amounts are hereby overruled or withdrawn. To the extent any counterparty to an Assigned Contract failed to timely object to its Cure Amount or to the assumption and assignment of its Assigned Contracts to the Buyer, such counterparty to an Assigned Contract is deemed to have consented to such Cure Amount and the assignment of its Assigned Contract(s) to the Buyer and waived any other defaults under the Assigned Contracts.

LL. No sections or provisions of the Assigned Contracts that purport to (a) prohibit, restrict or condition the Debtors' (including the Rome Debtors') assignment of the Assigned Contracts, including, but not limited to, the conditioning of such assignment on the consent of the non-debtor parties to such Assigned Contracts; (b) authorize the termination, cancellation or modification of the Assigned Contracts based on the filing of a bankruptcy case, the financial condition of any of the Debtors (including the Rome Debtors) or similar circumstances; or (c) declare a breach or default or otherwise give rise to a right of termination as a result of any change in control in respect of any of the Debtors (including the Rome Debtors), shall have any force and effect, and such provisions constitute unenforceable anti-assignment provisions under Bankruptcy Code section 365(f) and/or are otherwise unenforceable under Bankruptcy Code section 365(e). The (i) transfer of the Assets to the Buyer and (ii) assignment to the Buyer of the Assigned Contracts, will not subject the Buyer or any of its affiliates or designees to any liability whatsoever

that arises prior to the Closing or by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based, in whole or in part, directly or indirectly, on any theory of antitrust, successor, transferee, derivative, or vicarious liability or any similar theory and/or applicable state or federal law or otherwise.

Sound Business Purpose for the Sale

MM. Good and sufficient reasons for approval of the Agreement and the Sale have been articulated. The relief requested in the Sale Motion is in the best interests of the Debtors (including the Rome Debtors), their estates, their creditors, and other parties in interest.

NN. The Debtors have demonstrated both (a) good, sufficient, and sound business purposes and justifications for approving the Agreement and (b) compelling circumstances for the Sale outside the ordinary course of business, pursuant to Bankruptcy Code section 363(b) before, and outside of, a plan of reorganization, in that, among other things, the immediate consummation of the Sale to the Buyer is necessary and appropriate to maximize the value of the Debtors' estates, and the Sale will provide the means for the Debtors to maximize distributions to creditors.

Compelling Circumstances for an Immediate Sale

OO. To maximize the value of the Assets and preserve the viability of the business to which the Assets relate, it is essential the Sale of the Assets occur promptly. Therefore, time is of the essence in effectuating the Agreement and consummating the Sale. As such, the Rome Debtors and the Buyer intend to close the Sale of the Assets as soon as reasonably practicable. The Debtors have demonstrated compelling circumstances and a good, sufficient and sound business purpose and justification for immediate approval and consummation of the Agreement. Accordingly, there is sufficient cause to waive the stay provided in Bankruptcy Rules 6004(h) and 6006(d).

PP. Given all of the circumstances of these Chapter 11 Cases and the adequacy and fair value of the Purchase Price under the Agreement, the proposed Sale of the Assets to the Buyer constitutes a reasonable and sound exercise of the Debtors' business judgment and should be approved.

QQ. The consummation of the Sale and the assumption and assignment of the Assigned Contracts is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation Bankruptcy Code sections 105(a), 363(b), 363(f), 363(m), and 365, and all of the applicable requirements of such sections have been complied with in respect of the transaction.

RR. The Sale does not constitute a *sub rosa* or *de facto* chapter 11 plan for which approval has not been sought without the protections a disclosure statement would afford. The Sale neither impermissibly restructures the rights of the Debtors' creditors, nor impermissibly dictates a liquidating chapter 11 plan for the Debtors.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

General Provisions.

1. **Relief Granted.** The relief requested in the Sale Motion as to the Sale and the Agreement, and the transactions contemplated thereby, and by the Agreement are approved for the reasons set forth in this Sale Order and on the record of the Sale Hearing, which is incorporated herein as if fully set forth in this Sale Order.

2. **Objections Overruled.** All objections, statements, and reservations of rights to the Sale Motion and the relief requested therein that have not been withdrawn, waived, or settled, including, without limitation, any and all reservations of rights included in such objections or

otherwise, are hereby denied and overruled on the merits, with prejudice. Those parties who did not object, or withdrew their objections, to the Sale Motion are deemed to have consented pursuant to Bankruptcy Code section 363(f)(2).

3. **Sale Order and Agreement Binding on All Parties.** This Sale Order and the Agreement shall be binding in all respects upon all creditors of and holders of equity interests in the Debtors (whether known or unknown), agents, trustees and collateral trustees, holders of Interests in, against, or on the Assets, or any portion thereof, all counterparties to Assigned Contracts and any other non-debtor parties to any contracts with the Rome Debtors (whether or not assigned), all successors and assigns of the Debtors (including the Rome Debtors), and any subsequent trustees appointed in the Chapter 11 Cases or upon a conversion of the Chapter 11 Cases to one or more cases under chapter 7 of the Bankruptcy Code and shall not be subject to rejection or unwinding. Nothing in any chapter 11 plan confirmed in the Chapter 11 Cases, the confirmation order confirming any such chapter 11 plan, any order approving the wind down or dismissal of the Chapter 11 Cases, or any order entered upon the conversion of the Chapter 11 Cases to one or more cases under chapter 7 of the Bankruptcy Code or otherwise shall conflict with or derogate from the provisions of the Agreement or this Sale Order.

Approval of the Agreement

4. **Agreement Approved.** The Agreement and all other ancillary documents, and all of the terms and conditions thereof, are hereby approved.

5. **Authorization to Consummate Transactions.** Pursuant to Bankruptcy Code sections 363(b) and (f), the Debtors are authorized, empowered, and directed to use their reasonable best efforts to take any and all actions necessary or appropriate to (a) consummate the Sale pursuant to and in accordance with the terms and conditions of the Agreement, (b) close the

Sale as contemplated in the Agreement and this Sale Order, and (c) execute and deliver, perform under, consummate, implement, and fully close the Agreement, including the assumption and assignment to the Buyer of the Assigned Contracts, together with additional instruments and documents that may be reasonably necessary or desirable to implement the Agreement and the Sale.

Transfer of the Assets

6. **Transfer of the Assets Authorized.** Pursuant to Bankruptcy Code sections 105(a), 363(b), 363(f), and 365 the Debtors are authorized and directed to (a) take any and all actions necessary or appropriate to perform, consummate, implement, and close the Sale in accordance with the terms and conditions set forth in the Agreement and this Sale Order, (b) assume and assign any and all Assigned Contracts, and (c) take all further actions and execute and deliver the Agreement and other related ancillary transaction documents and any and all additional instruments and documents that may be necessary or appropriate to implement the Agreement and the other related documents and consummate the Sale in accordance with the terms thereof, all without further order of the Court. At Closing, all of the Debtors' (including the Rome Debtors') right, title, and interest in and to, and possession of, the Assets shall be immediately vested in the Buyer (or its designee). Such transfer shall constitute a legal, valid, enforceable, and effective transfer of the Assets.

7. **Transfer Free and Clear of Interests.** Upon the Closing, and other than Permitted Exceptions and Assumed Liabilities specifically set forth in the Agreement, the transfer of the Assets to the Buyer shall be free and clear of all Interests of any kind or nature whatsoever, including, without limitation, (a) successor or successor-in-interest liability, (b) Claims in respect of the Excluded Liabilities, and (c) any and all Contracts not assumed and assigned to the Buyer

pursuant to the terms of the Agreement. For the avoidance of doubt, the Assets shall be sold to the Buyer free and clear of any Liens and Claims of (i) the Bond Trustee and/or holders of the Rome Bonds; (ii) the DIP Lender; and (iii) Hitachi Capital America Corp, 7808 CreekrIDGE Circle, Suite 250, Edina, MN 55439, and the Liens and Claims of such entities to the extent asserted against the Rome Debtors, shall be extinguished and disallowed. If any person or entity that has filed financing statements, mortgages, mechanic's liens, *lis pendens* or other documents or agreements evidencing encumbrances against or in the Assets shall not have delivered to the Debtors prior to the Closing of the Sale in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction or releases of all encumbrances that the person or entity has with respect to such Assets, then only with regard to the Assets that are purchased by the Buyer pursuant to the Agreement and this Sale Order, the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Assets. Notwithstanding the foregoing, the liens and other adequate protection granted to the DIP Lender in the DIP Order, the DIP Order shall continue to be in effect and enforceable against any of the assets of the Debtors not being sold pursuant to the Agreement. To the extent the Debtors receive any proceeds from the Sale, the Liens of the DIP Lender and the Bond Trustee shall attach to such proceeds.

8. **Legal, Valid, and Marketable Transfer with Permanent Injunction.** The transfer of the Assets to the Buyer pursuant to the Agreement constitutes a legal, valid, and effective transfer of good and marketable title of the Assets, and vests, or will vest, the Buyer with all right, title, and interest to the Assets, free and clear of all Interests except as otherwise expressly stated as obligations of the Buyer under the Agreement. All persons holding interests or claims of any kind or nature whatsoever against the Debtors (including the Rome Debtors) or the Assets as

a result of the operation of the Assets prior to the Closing Date, or otherwise are hereby and forever barred, estopped, and permanently enjoined from asserting against the Buyer, its successors or assigns, its property, or the Assets, any claim, interest or liability existing, accrued, or arising prior to the Closing.

9. **Recording Offices and Releases of Interests.** A certified copy of this Sale Order may be: (a) filed with the appropriate clerk; (b) recorded with the recorder; and/or (c) filed or recorded with any other governmental agency to act to cancel any Interests against the Assets, other than the Permitted Exceptions and Assumed Liabilities.

Assumption and Assignment of Contracts

10. **Authorization to Assume and Assign.** Upon the Closing, the Debtors (including the Rome Debtors) are authorized and directed, in accordance with Bankruptcy Code sections 105(a), 363 and 365, to assume and assign each of the Assigned Contracts to the Buyer free and clear of all Interests as of the Closing Date. The payment of the applicable Cure Amounts (if any) by the Debtors (as compensated by the Buyer) shall (a) effect a cure of all defaults existing thereunder as of the Closing Date and (b) compensate for any actual pecuniary loss to such counterparty to an Assigned Contract resulting from such default. The Buyer shall then have assumed the Assigned Contracts and, pursuant to Bankruptcy Code section 365(f), the assignment by the Debtors (including the Rome Debtors) of such Assigned Contracts shall not be a default thereunder. After the payment of the relevant Cure Amounts, neither the Debtors, nor the Buyer shall have any further liabilities to the counterparties of the Assigned Contracts other than the Buyer's obligations under the Assigned Contracts, that accrue and become due and payable on or after the Closing Date.

11. **Consent to Assign.** The Contract Counterparties to each Assigned Contract shall be and hereby are deemed to have consented to such assumption and assignment under Bankruptcy Code section 365(c)(1)(B) or this Court has determined that no such consent is required, and the Buyer shall enjoy all of the rights and benefits under each such Assigned Contract as of the Closing Date without the necessity of obtaining the written consent of a counterparty to an Assigned Contract to the assumption and assignment thereof.

12. **Adequate Assurance Provided.** The requirements of Bankruptcy Code sections 365(b)(1) and 365(f)(2) are hereby deemed satisfied with respect to the Assigned Contracts based on the Buyer's evidence of its financial condition and wherewithal and without any further action by the Buyer, including but not limited to any other or further deposit. Pursuant to Bankruptcy Code section 365(f), the Buyer has provided adequate assurance of future performance of the obligations under the Assigned Contracts.

13. **No Fees.** There shall be no rent accelerations, assignment fees, increases or any other fees charged to the Buyer or the Debtors as a result of the assumption and assignment of the Assigned Contracts.

Prohibition of Actions Against the Buyer

14. **No Successor Liability.** Except for the Permitted Exceptions and Assumed Liabilities set forth in the Agreement, or as otherwise expressly provided for in this Sale Order or the Agreement, the Buyer shall not have any liability or other obligation of the Debtors arising under or related to any of the Assets. Without limiting the generality of the foregoing, and except as otherwise expressly provided herein or in the Agreement, the Buyer shall not be liable for any Claims against the Debtors or any of their predecessors or affiliates, and the Buyer shall have no successor or vicarious liabilities of any kind or character, including, without limitation, under any

theory of antitrust, environmental, successor, or transfer reliability, labor law, *de facto* merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing Date, now existing, or hereafter arising, whether fixed or contingent, whether asserted or unasserted, whether legal or equitable, whether liquidated or unliquidated, including, without limitation, liabilities on account of warranties, intercompany loans, receivables among the Debtors and their affiliates, environmental liabilities, and any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of any of the Assets prior to the Closing.

15. Other than as expressly set forth in the Agreement, the Buyer shall not have any responsibility for (a) any liability or other obligation of the Debtors or related to the Assets or (b) any claims against the Debtors or any of their predecessors or affiliates. Except as expressly provided in the Agreement with respect to the Buyer, the Buyers shall not have any liability whatsoever with respect to the Debtors' (or their predecessors' or affiliates') respective businesses or operations or any of the Debtors' (or their predecessors' or affiliates') obligations (as defined herein, "**Successor or Transferee Liability**") based, in whole or in part, directly or indirectly, on any theory of successor or vicarious liability of any kind of character, or based upon any theory of antitrust, environmental, successor, or transferee liability, *de facto* merger or substantial continuity, labor and employment or products liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated, including, without limitation, liabilities on account of (a) any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the Assets or the Assumed Liabilities prior to the Closing or in respect of pre-Closing periods or (b) any plan, agreement, practice, policy, or program, whether written or unwritten, providing for pension, retirement, health, welfare, compensation, or other employee benefits which is or has been

sponsored, maintained, or contributed to by any Debtor or with respect to which any Debtor has any liability, whether or not contingent, including, without limitation, any “multiemployer plan” (as defined in Section 3(37) of ERISA) or “pension plan” (as defined in Section 3(2) of ERISA) to which any Debtor has at any time contributed, or had any obligation to contribute. Except to the extent expressly included in the Assumed Liabilities with respect to the Buyer or as otherwise expressly set forth in the Agreement, the Buyer shall not have any liability or obligation under any applicable law, including, without limitation, (a) the WARN Act, 29 U.S.C. §§ 2101 *et seq.*, (b) the Comprehensive Environmental Response Compensation and Liability Act, (c) the Age Discrimination and Employment Act of 1967 (as amended), (d) the Federal Rehabilitation Act of 1973 (as amended), (e) the National Labor Relations Act, 29 U.S.C. §§ 151 *et seq.*, or (f) any foreign, federal, state, or local labor, employment or environmental law, by virtue of the Buyer’s purchase of the Assets, assumption of the Assumed Liabilities, or hiring of certain employees of the Debtors pursuant to the terms of the Agreement. Without limiting the foregoing, the Buyer shall not have any liability or obligation with respect to any environmental liabilities of the Debtors or any environmental liabilities associated with the Assets except to the extent they are Assumed Liabilities set forth in the Agreement.

Application of Sale Proceeds and Cash on Hand

16. Upon receipt of the proceeds received from the Buyer at the Closing (the “**Sale Proceeds**”) on the terms set forth in the Agreement, the Debtors are authorized and directed to pay the following amounts at Closing:

- (i) \$83,125 to Senior Housing Services, LLC on account of the Transaction Advisory Fee (as defined in the Advisory Services Listing Agreement attached as Exhibit B to the Application for Authority to Retain Senior Housing Services, LLC as Exclusive Broker Agent to the Debtors [Docket No. 226]) authorized by this Court’s Order Granting Application for

Authority to retain Senior Housing Services, LLC as Exclusive Broker Agent to the Debtors [Docket No. 236];

- (ii) \$15,000 to the Bond Trustee on account of fees and charges;
- (iii) \$150,000 to Greenberg Traurig, LLP as counsel to the Bond Trustee;
- (iv) \$70,000 (the “**Rome Reserve**”) to the Rome Debtors, which amount is reserved to fund certain operating administrative expenses of the Rome Debtors as set forth in **Exhibit B**. All other operating administrative expenses are set forth in and shall be funded pursuant to the budget attached to the Stipulation (I) Extending Maturity Date for Secured Postpetition Financing, (II) Increasing Borrower Authority and (III) Authorizing Continued Use of Cash Collateral. The Rome Reserve shall remain subject to the continuing lien of the DIP Lender and the Bond Trustee.

The amounts transferred to the DIP Lender pursuant to (ii) and (iii) above shall reduce the amounts owed to the DIP Lender authorized by the DIP Order. Other than items (i) – (iv) above, the Debtors are authorized and directed to pay all Sale Proceeds (including any deposits or earnest money provided in connection with the Sale) to the DIP Lender at Closing.

Other Provisions

17. **LURAs.** The Assets being sold are subject to the following Land Use Restriction Agreement:

- (i) Land Use Restriction Agreement by and among Public Finance Authority, as Issuer, RHCSC Rome Health Holdings LLC and RHCSC Rome AL Holdings LLC as Borrowers and The Huntington National Bank, as Trustee;

(the “**LURA**”). Section 12 of the LURA provides that the LURA shall terminate and be of no further force and effect in the event of, among other things, a foreclosure or delivery of a deed in lieu of foreclosure whereby a third party shall take possession of the respective property and the Rome Bonds are retired within a reasonable period. Given (i) the Debtors’ events of default, that the Bond Trustee could have commenced foreclosure proceedings prior to the Petition Date, and (ii) as set forth in section 18 below, that the Rome Bonds are to be cancelled at the same time as

the Closing (or shortly thereafter), the LURA is terminated. This Sale Order may be filed in the applicable land records to evidence the release and discharge of the LURA.

18. **Cancellation of Bonds and Bond Documents.** As of the Closing Date, the Rome Bonds shall be cancelled without further action by any party, and the Rome Bonds and documents related to the Rome Bonds (the “**Rome Bond Documents**”) shall be deemed to continue in effect solely to the extent they relate to and are necessary to (i) allow applicable distributions to the holders of the Rome Bonds (the “**Rome Bondholders**”), (ii) permit the Bond Trustee to be compensated for fees and reimbursed for expenses including expenses of its professionals, assert its charging lien, and enforce its indemnity and other rights and protections with respect to and pursuant to the Rome Bond Documents, (iii) permit the Bond Trustee to set one or more record dates and distribution dates with respect to the distribution of funds to the Rome Bondholders, (iv) permit the Bond Trustee to appear in these Chapter 11 Cases with respect to matters relevant to the Rome Bonds, (v) otherwise continue to govern relationships of the Bond Trustee and the Rome Bondholders; and (vi) permit the Bond Trustee to perform any functions that are necessary in connection with the foregoing clauses (i) through (v). The foregoing shall not in any way limit the rights of the Bond Trustee or the Rome Bondholders, for the benefit of the Rome Bondholders, to the proceeds of any sale, liquidation or other disposition of the remaining assets subject to the liens in favor of Bond Trustee or the Rome Bondholders. Nor shall any of the foregoing limit the rights of the Bond Trustee with respect to the Bonds related to the Debtors other than the Rome Bonds, or the holders of such Bonds.

19. **Effective Immediately.** For cause shown, pursuant to Bankruptcy Rules 6004(h), 6006(d), and 7062(g), this Sale Order shall not be stayed and shall be effective immediately upon entry, and the Debtors (including the Rome Debtors) and the Buyer are authorized to close the Sale

immediately upon entry of this Sale Order. The Debtors (including the Rome Debtors) and the Buyer may consummate the Agreement at any time after entry of this Sale Order by waiving any and all closing conditions set forth in the Agreement that have not been satisfied and by proceeding to Close without any notice to the Court, any pre-petition or postpetition creditor of the Debtors and/or any other party in interest.

20. **Access to Books and Records.** Following the Closing of the Sale, the Rome Debtors shall have, and the Buyer shall provide, reasonable access to their books and records, to the extent they are included in the Assets transferred to the Buyer as part of the Sale as set forth in the Agreement.

21. **Bulk Sales Law.** No bulk sales law or any similar law of any state or other jurisdiction applies in any way to the Sale.

22. **Agreement Approved in Entirety.** The failure specifically to include any particular provision of the Agreement in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of this Court that the Agreement be authorized and approved in its entirety.

23. **Further Assurances.** From time to time, as and when requested, all parties shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as the requesting party may reasonably deem necessary or desirable to consummate the Sale, including such actions as may be necessary to vest, perfect, or confirm or record or otherwise in the Buyer its right, title, and interest in and to the Assets.

24. **Modifications to Agreement.** The Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto

and in accordance with the terms thereof, in a writing signed by such parties, without further order of this Court, provided any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

25. **Standing.** The transactions authorized herein shall be of full force and effect, regardless of any Debtors' lack of good standing in any jurisdiction in which such Debtor is formed or authorized to transact business.

26. **Authorization to Effect Order.** The Debtors (including the Rome Debtors) are authorized to take all actions necessary to effect the relief granted pursuant to this Sale Order in accordance with the Sale Motion.

27. **Automatic Stay.** The automatic stay pursuant to Bankruptcy Code section 362 is hereby modified, lifted, and annulled with respect to the Debtors and the Buyer to the extent necessary, without further order of this Court, to (a) allow the Buyer to deliver any notice provided for in the Agreement and (b) allow the Buyer to take any and all actions permitted under the Agreement in accordance with the terms and conditions thereof. The automatic stay imposed by Bankruptcy Code section 362 is modified solely to the extent necessary to implement the preceding sentence, *provided, however*, that this Court shall retain exclusive jurisdiction over any and all disputes with respect thereto.

28. **No Other Bids.** No further bids or offers for the Assets shall be considered or accepted by the Debtors after the date hereof unless the Sale to the Buyer is not consummated or otherwise does not occur in accordance with the Agreement or its related documents.

29. **Order to Govern.** To the extent this Sale Order is inconsistent with any prior order entered or pleading filed in these Chapter 11 Cases, the terms of this Sale Order shall govern. To the extent there are any inconsistencies between the terms of this Sale Order and the Agreement

(including all ancillary documents executed in connection therewith), the terms of this Sale Order shall govern.

30. **Retention of Jurisdiction.** This Court shall retain exclusive jurisdiction with respect to the terms and provisions of this Sale Order and the Agreement.

END OF ORDER

Prepared and Presented by:

SCROGGINS, WILLIAMSON & RAY, P.C.

/s/ Ashley R. Ray

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Exhibit A to Sale Order

Assigned Contracts

RHCSC Rome AL Holdings LLC

Counterparty	Description	Cure Amount
Hitachi Capital America Corp	Equipment Finance Agreement: Your Laundry Source	\$0.00
RHCSC Rome Health Holdings LLC	Real Property Lease for Facility Located at The Gardens of Rome	\$0.00

RHCSC Rome Health Holdings LLC

Counterparty	Description	Cure Amount
RHCSC Rome AL Holdings LLC	Real Property Lease for Facility Located at The Gardens of Rome	\$0.00

Exhibit B to Sale Order

Rome Reserve

- Record Retention
- Insurance Tail Policy

TOTAL: \$70,000

DISTRIBUTION LIST

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