

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:)
) Chapter 11
MIDWEST CHRISTIAN VILLAGES,)
INC., *et al.*,) Case No. 24-42473-659
) Jointly Administered
Debtors.)
) Related Docket Nos. 11, 60 & 160
)

**THIRD INTERIM ORDER (1) AUTHORIZING DEBTORS IN POSSESSION
TO OBTAIN POST-PETITION FINANCING; (2) AUTHORIZING DEBTORS IN
POSSESSION TO USE CASH COLLATERAL; (3) PROVIDING ADEQUATE
PROTECTION; (4) GRANTING LIENS, SECURITY INTERESTS AND
SUPERPRIORITY CLAIMS; AND (5) SCHEDULING A FINAL HEARING**

This Third Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing (this “Third Interim Order”) is entered by this Court after adequate notice of and hearings, held July 17, 2024, August 14, 2024 and September 11, 2024, upon the Debtors’ *Motion for Interim Order and Final Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims and (5) Scheduling a Final Hearing* (the “Motion”),¹ and upon the terms agreed to by and among the above-captioned debtors and debtors-in-possession (the “Debtors”), UMB Bank, N.A., as successor bond trustee (in such capacity, the “Bond Trustee”) under the Bond Indentures (as defined below), UMB Bank, N.A., as successor master trustee (the “Master Trustee” and together with the Bond Trustee, the

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion, the First Interim Order, the Bond Documents or the DIP Credit Agreement, as applicable.



“Trustee”) under the Master Indenture (as defined below), and UMB Bank, N.A., in its capacity as Trustee, as lender (the “DIP Lender”) with respect to the DIP Credit Agreement (as defined below). Upon the terms of the Motion, the stipulations, acknowledgements and agreements of the Debtors, the DIP Lender, and the Trustee (collectively, the “Parties”), the Declarations of Kathleen (Kate) Bertram and Shawn O’Conner submitted in support of the Motion, the statements of the Parties and their counsel at the hearings on the Motion, and the record of the proceedings, the Court makes the following findings of fact and rulings of law:

FINDINGS OF FACT

Procedural Background; Jurisdiction and Notice

A. The Court held a hearing to consider granting the relief requested in the Motion on an interim basis on July 17, 2024. Following such hearing, the Court entered its the *Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing* on July 19, 2024 [Docket No. 60] (the “First Interim Order”), granting such relief on interim basis.

B. On August 8, 2024, the Office of the United States Trustee (the “United States Trustee”) appointed an official committee of unsecured creditors in the Chapter 11 Cases (the “Committee”). No request has been made for the appointment of a trustee or examiner in the Chapter 11 Cases.

C. On August 14, 2024, the Court held a hearing to consider extending the relief requested in the Motion and granted in the First Interim Order on a further interim basis. Following such hearing, the Court entered its the *Second Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority*

Claims; and (5) Scheduling a Final Hearing on August 16, 2024 [Docket No. 160] (the “Second Interim Order,” and together with the First Interim Order and this Third Interim Order, the “Interim Orders”), granting such relief on a further interim basis.

D. The Court has jurisdiction over the Chapter 11 Cases and the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue of the Chapter 11 Cases and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

E. The Debtors have properly served notice of the Motion and the hearings thereon pursuant to sections 102, 105, 361, 362, 363 and 364 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, 6003 and 6004, and Local Bankruptcy Rules 2002-1, 9013-1 and 9013-2, which notice was sent to, among others (i) the Office of the United States Trustee; (ii) the Trustee; (iii) the Debtors’ other prepetition secured lenders; (iv) the DIP Lender; (v) the Internal Revenue Service; (vi) the parties included on the Debtors’ consolidated list of their 30 largest unsecured creditors; (vii) the United States Attorney for the Eastern District of Missouri; (viii) the Committee; (ix) the state attorneys general in each state where the Debtors conduct their business; and (x) all parties entitled to notice pursuant to Bankruptcy Rule 2002 (the “Notice Parties”). Such notice is sufficient under the Bankruptcy Code and the applicable Bankruptcy Rules and Local Rules with respect to the relief requested, and no further notice of the relief sought in the Motion is necessary.

F. The Parties seek entry of this Third Interim Order to, among other things: further extend the term of the First Interim Order and the Second Interim Order; further update the budget appended to the Second Interim Order; and extend the date by which the Final Order must be entered.

Incorporation of Prior Findings of Fact; Full Force and Effect

G. Each of the findings of fact set forth in the First Interim Order and in the Second Interim Order, including, without implied limitation, each of the admissions, stipulations and agreements of the Debtors set forth therein, are hereby reaffirmed and are incorporated into this Third Interim Order as if set forth in full herein.

H. All terms, conditions, and requirements set forth in the First Interim Order and in the Second Interim Order remain in full force and effect, except as may be expressly modified hereby.

Good Faith

I. Pursuant to the First Interim Order and as reaffirmed in the Second Interim Order, the Debtors admitted, stipulated, and agreed, and now further reaffirm, that the terms of the Initial DIP Loans were negotiated in good faith and at arm's length among the Debtors and the DIP Lender; that the terms of the Initial DIP Loans were at least as favorable to the Debtors as those available from alternative sources, under all of the circumstances; that given the current market conditions and under the particular circumstances of the Chapter 11 Cases, no other sources of funding were available on better overall terms; and that given the exigencies of the case, the Debtors believed the Initial DIP Loans were the best and only option.

J. The Debtors and the DIP Lender have represented to the Bankruptcy Court that they have negotiated at arm's length and have acted in good faith in the negotiation and preparation of the DIP Credit Agreement and the Interim Orders, have been represented by counsel, and intend to be and are bound by their respective terms. Pursuant to the First Interim Order and as reaffirmed in the Second Interim Order, the Debtors admitted, stipulated, and agreed, and now further reaffirm, that the terms and conditions of the Interim Orders, the DIP Documents and the Initial

DIP Loans are fair and commercially reasonable under the circumstances, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, are supported by reasonably equivalent value and fair consideration, and are enforceable in accordance with applicable law, and the Debtors reaffirm such admission, stipulation and agreement with respect to this Third Interim Order. As such, the funds advanced, and to be advanced, should be deemed to have been extended by the DIP Lender in "good faith" as that term is used in section 364(e) of the Bankruptcy Code and based upon the express reliance of the protections offered by section 364(e) of the Bankruptcy Code and the Post-Petition Liens and the Superpriority Claim (defined below) should be entitled to the full protection of section 364(e) of the Bankruptcy Code, including in the event that the Interim Orders or any provision thereof is vacated, reversed or modified, on appeal or otherwise.

K. Good cause has been shown for the entry of this Third Interim Order. The terms of this Third Interim Order, inclusive of the adequate protection provided to the Trustee relating to the Pre-Petition Liens and the adequate protection provided to Lument, HUD and IHDA, are fair and commercially reasonable, reflect the Debtors' prudent business judgment consistent with their fiduciary duties and constitute reasonable equivalent value and fair consideration. Entry of this Third Interim Order is in the best interest of the Debtors, their creditors, including the holders of the Bonds, and their estates.

L. To the extent any portion of the foregoing constitute rulings of law, they shall constitute this Court's rulings with respect to the matters so stated.

NOW THEREFORE, THE COURT ORDERS AS FOLLOWS:

1. The Motion is hereby **GRANTED** in accordance with the terms and conditions set forth in this Third Interim Order. Any objections to the Motion with respect to the entry of this

Third Interim Order that have not been withdrawn, waived, or settled, and all reservation of rights included therein, are hereby denied and overruled with respect to this Third Interim Order.

2. Good Faith. The DIP Facility and DIP Loan Documents have been negotiated in good faith and at arm's length among the Debtors and the DIP Lender, and the Initial DIP Loans shall be deemed to have been extended by the DIP Lender in good faith (as that term is used in section 364(e) of the Bankruptcy Code) and in express reliance upon, and with the full benefit of the protections afforded by, section 364(e) of the Bankruptcy Code, whether or not the Interim Orders or any provision thereof is vacated, reversed, or modified, on appeal or otherwise.

3. Updated Budget. The DIP Facility and DIP Loan Documents were approved, and such approval is hereby ratified, on an interim basis. Subject to the terms and conditions set forth in the Interim Orders, the Debtors were authorized to borrow, and are hereby authorized to continue to borrow, the Initial DIP Loans pursuant to the DIP Loan Documents, to be used in accordance with the updated budget attached as Exhibit 1, which Updated Budget may be further amended at the request of the Debtors and with the written consent of the DIP Lender and the Trustee and incorporated herein by reference (as updated, and as may be further amended, supplemented, replaced or otherwise modified from time to time solely with the consent of the DIP Lender and the Trustee, in their sole discretion, the "Updated Budget")

4. Amendment and Modification of First Interim Order. The First Interim Order, as previously modified by the Second Interim Order, is hereby further amended and modified as follows:

(i) Clause (v) of paragraph 22 of the First Interim Order shall be deleted and replaced in its entirety with the following:

(v) On or before September 20, 2024, the Final Order on the Motion shall be entered.

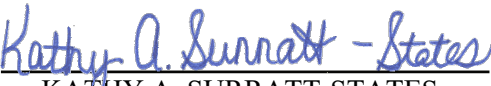
5. No Further Modifications. Unless expressly amended or modified in this Third Interim Order, the First Interim Order and the Second Interim Order and all terms, conditions, and requirements set forth therein shall remain in full force and effect.

6. Reaffirmation. All admissions, stipulations, and agreements made by the Debtors, the DIP Lender, the Trustee, Lument, HUD and/or IHDA in the First Interim Order or the Second Interim Order are hereby reaffirmed through this Third Interim Order.

7. Effectiveness. The findings of fact and conclusions of law contained in the Interim Orders shall be deemed effective immediately upon the entry of each of the Interim Orders, as applicable. The liens and claims granted to the DIP Lender, the Trustee, Lument and HUD under the Interim Orders, and the priority thereof, and any payments made pursuant to the Interim Orders, shall be binding (subject to the terms of the Interim Orders) on the Debtors, any successor trustee or examiner, and all creditors of the Debtors, as provided in section 364(e) of the Bankruptcy Code.

8. Reservation of Rights. Notwithstanding anything to the contrary in this Third Interim Order, nothing in this Third Interim Order is intended to, or shall, prejudice any entity's position in connection with any request for a stay pending appeal or any appeal from the Final Order, once entered.

No later than two (2) business days after the date of this Order, the Debtors shall serve a copy of the Order on the Notice Parties and shall file a certificate of service no later than 24 hours after service.


KATHY A. SURRATT-STATES
U.S. Bankruptcy Judge

DATED: September 14, 2024
St. Louis, Missouri
jjh

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Exhibit 1

Updated Budget

Cash Flow Budget

Weekly Summary - Bankruptcy Format

[illegible]