

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SC HEALTHCARE HOLDINGS,
LLC, *et al.*

Debtors.

Chapter 11

Case No. 24-10443 (TMH)

(Jointly Administered)

Related Docket Nos. 264 & 633

**LIMITED OBJECTION OF HEARTLAND BANK AND TRUST COMPANY TO
DEBTORS' MOTION FOR ENTRY OF (A) AN ORDER (I) SCHEDULING A HEARING
ON THE APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS FREE AND CLEAR OF ALL ENCUMBRANCES OTHER THAN
ASSUMED LIABILITIES AND PERMITTED ENCUMBRANCES, AND THE
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND
UNEXPIRED LEASES, (II) APPROVING CERTAIN BIDDING PROCEDURES AND
ASSUMPTION AND ASSIGNMENT PROCEDURES, AND THE FORM AND MANNER
OF NOTICE THEREOF, (III) AUTHORIZING THE DEBTORS TO ENTER INTO THE
STALKING HORSE PURCHASE AGREEMENT, AND (IV) GRANTING RELATED
RELIEF; AND (B) AN ORDER (I) APPROVING ASSET PURCHASE AGREEMENT,
(II) AUTHORIZING THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS FREE AND CLEAR OF ALL ENCUMBRANCES OTHER THAN
ASSUMED LIABILITIES AND PERMITTED ENCUMBRANCES, (III) AUTHORIZING
THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF**

Heartland Bank and Trust Company ("Heartland"), by and through undersigned counsel, hereby submits this limited objection (the "Objection") to *DEBTORS' MOTION FOR ENTRY OF (A) AN ORDER (I) SCHEDULING A HEARING ON THE APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL ENCUMBRANCES OTHER THAN ASSUMED LIABILITIES AND PERMITTED ENCUMBRANCES, AND THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, (II) APPROVING CERTAIN BIDDING PROCEDURES AND ASSUMPTION AND ASSIGNMENT PROCEDURES, AND THE FORM AND MANNER OF NOTICE THEREOF, (III) AUTHORIZING THE DEBTORS TO ENTER INTO*



THE STALKING HORSE PURCHASE AGREEMENT, AND (IV) GRANTING RELATED RELIEF; AND (B) AN ORDER (I) APPROVING ASSET PURCHASE AGREEMENT, (II) AUTHORIZING THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL ENCUMBRANCES OTHER THAN ASSUMED LIABILITIES AND PERMITTED ENCUMBRANCES, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF [D.I. 264] (the "Sale Motion") and in support hereof, respectfully states as follows:

RELEVANT BACKGROUND

1. Heartland is a bank located in Bloomington, Illinois, and it is a creditor of several Debtors, two of which are receivership entities. The non-receivership debtors that are borrowers of Heartland are as follows: Aledo HCO, CYE Sullivan HCO, Eastview HCO, Petersen Health Care Farmer City, Prairie City HCO, Rosiclare HCO, Shelbyville HCO, and Peterson Health Care Management (collectively, the "Subject Debtors"). Heartland's claims against the Subject Debtors are in the approximate total amount of \$605,510 (the "Claims"). The Claims are secured by properly perfected liens on 12 Chrysler Voyagers (2022) (the "Vehicles").

2. Today, Bank of Rantoul ("Rantoul") filed an objection to the Sale Motion, indicating that the buyer at the auction is now taking the position that sale includes certain vehicles free and clear of liens and that creditors are bound by general allocation of the sale price, regardless of the actual value of those vehicles. *See* D.I. 633, ¶ 19. Rantoul's objection also demonstrates an ambiguity in the proposed purchase agreement related to which vehicles constitute Excluded Assets that are not a part of the sale. *Id.*

LIMITED OBJECTION AND JOINDER

3. Heartland objects to the sale of the Vehicles that are subject to Heartland's liens unless there are sufficient sale proceeds allocated to the Vehicles to satisfy the liens. Given the buyer's position on a free and clear sale, the uncertainty about the allocation of the sale proceeds, and the potential ambiguity regarding which vehicles are actually excluded from the sale, Heartland has insufficient information to determine whether the Vehicles, which constitute its collateral, are to be part of the sale and, if so, the allocation of the sale proceeds to the Vehicles.

4. Heartland has requested information from the Debtors through counsel regarding the inclusion or exclusion of the Vehicles and the proposed allocation, if any, but has not yet received a substantive response.

5. For these reasons, Heartland objects and joins in the objection of Rantoul and any other objections that are filed with respect to the allocation of the proceeds and hereby adopts the objection, authorities, and arguments therein, to the extent not inconsistent with Heartland's position. Heartland hereby reserves all of its rights, including without limitation, under the loan documents and the right to supplement this limited Objection where it may be necessary or appropriate.

WHEREFORE, Heartland requests that this Court (i) provide additional time after the Debtors' proposed allocation of sale proceeds for Heartland to challenge the allocation and for this Court to determine valuation and allocation concerning Heartland's collateral; (ii) order that Heartland's liens should attach to the proceeds of any such sale of the vehicles that constitute Heartland's collateral; and (iii) provide such further relief as is just and equitable under the circumstances.

Dated: July 9, 2024
Wilmington, Delaware

BAYARD, P.A.

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Counsel to Heartland Bank and Trust Company

CERTIFICATE OF SERVICE

I, Ericka F. Johnson, hereby certify that I caused a copy of the foregoing to be served on July 9, 2024 via the Court's CM/ECF system on all parties authorized to receive electronic notice in this case and by email upon the following parties:

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