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PROPOSED ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	CASE NO. 14-32821-11
	§	
SEARS METHODIST RETIREMENT SYSTEM, INC., <i>et al.</i>¹	§	CHAPTER 11
	§	
Debtors.	§	Joint Administration Pending
	§	

**MOTION OF DEBTORS FOR ORDER AUTHORIZING (I) CONTINUED USE OF
EXISTING CASH MANAGEMENT SYSTEM, (II) MAINTENANCE OF EXISTING
BANK ACCOUNTS, (III) CONTINUED USE OF EXISTING BUSINESS FORMS,
AND (IV) MAINTENANCE OF EXISTING INVESTMENT PRACTICES**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), by their proposed attorneys, DLA Piper LLP (US) (“DLA Piper”), hereby move (the “Motion”) this Court for entry of an order, pursuant to sections 105(a), 345, 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), authorizing the Debtors to (i) continue to use their existing cash management system, (ii) maintain their existing bank accounts, (iii) continue to use

¹ The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

their existing business forms, and (iv) maintain their existing investment practices. In support of this Motion, the Debtors respectfully represent as follows:

Jurisdiction and Venue

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory basis for the relief requested herein is Bankruptcy Code sections 105(a), 345, 1107 and 1108.

Background

4. On June 10, 2014 (the “Petition Date”), the Debtors commenced these cases by each filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. The Debtors remain in possession of their assets and continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

6. No trustee, examiner or committee of creditors has been appointed in these cases.

7. The factual background regarding each of the Debtors, including their current and historical business operations and the events precipitating these chapter 11 filings, is set forth in detail in the Declaration of Paul B. Rundell in Support of First Day Motions (the “Rundell Declaration”), filed substantially contemporaneously herewith and incorporated herein by reference.

8. As described in more detail in the Rundell Declaration, the “Obligated Group” consists of Debtors Sears Methodist Retirement System, Inc. (“SMRS”), Sears Permian Retirement Corp. (“Permian”), Sears Methodist Centers, Inc. (“SMC”), Sears Panhandle

Retirement Corp. (“Panhandle”), Sears Methodist Foundation (“SMF”) and Sears Brazos Retirement Corp. (“Brazos”). The “Non-Obligated Group” consists of Debtors Canyons Senior Living, L.P. (“CSL”), Odessa Methodist Housing, Inc. (“OMH”), Sears Caprock Retirement Corp. (“Caprock”), Sears Plains Retirement Corp. (“Plains”), Sears Tyler Methodist Retirement Corp. (“Tyler”) and Senior Dimensions, Inc. (“SDI”).

The Debtors’ Cash Management System

9. Prior to the Petition Date and in the ordinary course of business, each entity in the Obligated Group maintained its own separate cash management system (together, the “Obligated Group Cash Management Systems”). Funds in the Obligated Group Cash Management Systems are generally collected into a centralized operating account, which receives cash from various sources, including in many instances the Sweep Account (as defined below). The cash maintained in the operating accounts is generally used to fund operating expenses. Additionally, the funds in the operating account of: (i) SMF are also used to pay for various projects related to donations; (ii) SMC are also used to pay certain payroll taxes; and (iii) SMRS are also used to pay for corporate expenses, payroll and shared services. A chart depicting the Obligated Group Cash Management Systems is attached hereto as Exhibit A.

10. The Obligated Group Cash Management Systems also contain accounts other than the operating accounts. Specifically, Permian, SMC and Panhandle maintain resident trust accounts funded from social security payments for Medicaid residents and other personal deposits of residents living at the facilities owned by those Debtors. The funds in the resident trust accounts are used to pay for miscellaneous personal expenses of such residents. Additionally, SMRS maintains: (i) an account used to pay Blue Cross Blue Shield health claims and (ii) four separate accounts established pursuant to the debt documents of the Obligated

Group. Finally, SMC maintains a payroll account to fund certain payroll expenses of the facility that it owns.

11. Moreover, the Obligated Group Cash Management System contains a daily sweep component to maximize interest. Specifically, each night funds from the operating accounts of SMRS, SMF, Panhandle, Permian, SMC, and SDI, the health claims account of SMRS and the payroll account of SMC (collectively, the “Swept Accounts”) that have positive balances are swept into a sweep account held in the name of SMC (the “Sweep Account”) and the next day funds are swept out of the Sweep Account into the Swept Accounts that have negative balances after (i) deposits are made into such accounts and (ii) checks written on such accounts clear. As such, each of the Swept Accounts have a \$0 balance at the end of each night except for SMRS’s operating account which is required to have a minimum balance of \$175,000.

12. Likewise, prior to the Petition Date and in the ordinary course of business, SDI, Caprock, Plains, Tyler, OMH and CSL maintained their own separate cash management systems (collectively, the “Non-Obligated Group Cash Management Systems,” and together with the Obligated Group Cash Management System, the “Cash Management System”). Funds in the Non-Obligated Group Cash Management Systems are generally collected into a centralized operating account, which receives cash from various sources. The cash maintained in these operating accounts is used to fund operating expenses and in at least one circumstance, to collect cash payments. As described above, funds remaining in the operating account for SDI are transferred automatically on a daily basis into the Sweep Account. None of the other accounts maintained by entities in the Non-Obligated Group are connected to the Sweep Account. A chart depicting each of the Non-Obligated Group Cash Management Systems is attached hereto as Exhibit B.

13. The Non-Obligated Group Cash Management Systems also contain various accounts other than the operating accounts. First, CSL, OMH, Caprock, Plains, Tyler and SDI maintain resident accounts funded from social security payments for Medicaid residents, security deposits and other personal deposits of the residents living at the facilities owned by those Debtors. Second, CSL maintains an account used to fund refurbishment of its underlying senior living facility. Third, OMH maintains separate accounts to: (i) fund capital improvements and (ii) comply with guidelines of the U.S. Department of Housing and Urban Development, which is a lender of OMH. Fourth, Plains maintains separate accounts to: (i) comply with debt service requirements for its outstanding loan and (ii) fund an expansion projects at its underlying senior living facility. Fifth, Tyler maintains separate accounts to: (i) fund resident apartment and home purchases and construction and (ii) comply with the documents governing its bond debt. Finally, certain reserve accounts with respect to the Canyons HUD Loan are maintained by Prudential.

14. Furthermore, funds may flow back and forth from the operating accounts in the Obligated Group Cash Management Systems and in the individual Non-Obligated Group Cash Management Systems (e.g., from a particular Non-Obligated Group entity's operating account to SMRS's operating account) to cover various shared services expenses (e.g., health claims). Some of these intercompany transfers are made on a monthly basis while others are as-needed. Other Non-Obligated Group facilities have relationships with Obligated Group facilities based on geographic location and shared services which require regular cash transfers between the two (e.g., OMH and Permian, CSL and Panhandle). No intercompany transfers occur between individual members of the Non-Obligated Group.

15. As of the Petition Date, the Debtors' Cash Management System employed a total of forty (40) bank accounts (collectively, the "Bank Accounts") with the following financial

institutions (collectively with any other institutions with which the Debtors maintain or establish deposit accounts or investment accounts, the “Banks”): (a) First Financial Bank; (b) Prosperity Bank; (c) Amarillo National Bank; (d) Austin Bank; (e) Bank of America; (f) Border Capital Bank; (g) Wells Fargo; and (h) UMB Bank.

16. The table attached hereto as Exhibit C sets forth for each of the Bank Accounts the name of the particular Debtor that maintains the account, the name of the institution at which the account is maintained, the account number (last four digits only) and a description of the purpose of the account. The Debtors manage their cash receipts, transfers and disbursements through the Bank Accounts. In doing so, the Debtors routinely deposit, withdraw and otherwise transfer funds to, from and between the Bank Accounts by various methods including check, wire transfer, automated clearing house transfer and electronic funds transfer. On a daily basis, the Debtors process large numbers of transactions through the Cash Management System. The Debtors maintain current and accurate records of all transactions processed through the Cash Management System.

17. The Debtors’ Cash Management System is similar to those commonly employed by corporate enterprises of comparable size and complexity. Among other benefits, the Cash Management System permits the Debtors to accurately monitor cash availability at all times. The Cash Management System also permits the Debtors to centrally manage and track the collection and transfer of funds, including intercompany transfers, which reduces administrative burden and expense and maximizes interest income.

18. In addition to the Cash Management System and Bank Accounts, the Debtors use in the ordinary course of their business numerous business forms (including but not limited to checks, deposit slips, letterhead, contracts, purchase orders and invoices). The Debtors have a

supply of these forms on hand. It would be expensive and wasteful, and disruptive to the Debtors' business, to destroy all of these forms and order new ones.

Relief Requested

19. By this Motion, the Debtors seek entry of an order, pursuant to Bankruptcy Code sections 105(a), 345, 1107 and 1108, granting the following relief:

- (a) Authorizing the Debtors to continue to use the Cash Management System, subject to any modification or other relief granted by order of this Court relating thereto, including the following:
 - i) the continued use of the existing Bank Accounts with the same names and account numbers as such Bank Accounts existed immediately prior to the Petition Date (with the option to both the Debtors and the Banks of streamlining their Cash Management System by closing or consolidating Bank Accounts in accordance with the terms and conditions of the existing account and service agreements);
 - ii) the ability of the Debtors to deposit funds into and withdraw funds from any of the Bank Accounts (subject to available funds or, in the case of zero balance accounts, subject to the availability of funds in the applicable linked funding accounts) by all usual means, including but not limited to checks, wire transfers, electronic funds transfers and other debits;
 - iii) the ability of the Debtors to continue to make intercompany transfers among the Bank Accounts in the ordinary course of their business through the Cash Management System;
 - iv) the ability of the Debtors to otherwise treat the Bank Accounts, along with any accounts opened postpetition, for all purposes as debtor in possession accounts;
 - v) the waiver of any requirements to establish separate accounts for cash collateral and/or tax payments; and
 - vi) authorizing and directing the Banks to maintain, service and administer such deposit accounts or investment accounts, without interruption and in the ordinary course of business, in accordance with applicable non-bankruptcy law and the account agreements and/or other service documentation between the applicable Bank and the Debtors relating to such accounts;

- vii) authorizing and directing the Banks to rely on the representations of the Debtors as to which Disbursements are authorized to be honored or dishonored, whether or not such Disbursements are dated prior to, on, or subsequent to the Petition Date, and whether or not the Bank believes the payment is authorized by an order of the Court; and
 - viii) authorizing the Banks to charge and collect, and authorizing but not directing the Debtors to pay, the prepetition and postpetition service charges and other fees and expenses to which the Banks are entitled under the terms of their account agreements and/or other service documentation with the Debtors;
- (b) Authorizing the Debtors to continue to use their existing business forms without alteration or change; provided, however, that, once the Debtors have depleted their existing stock of checks, the Debtors shall order new checks with the “debtor in possession” designation; and
 - (c) Authorizing the Debtors to maintain their existing investment practices and waiving the requirements of Bankruptcy Code section 345(b) as to the Cash Management System for a period of sixty (60) days following the Petition Date.

20. Contemporaneously with the filing of this Motion, the Debtors have filed other motions seeking authority to pay certain prepetition obligations, including obligations to employees and other entities. With respect to certain of these prepetition obligations, the Debtors already have issued, in the ordinary course of business, checks and other debits that have yet to clear the banking system. In other instances, the Debtors will issue checks or other debits postpetition on account of the prepetition obligations once the Court has entered an appropriate order permitting the Debtors to do so. The Debtors intend to inform the Banks which prepetition checks and other debits should be honored pursuant to orders of the Court authorizing such payment. Regardless of any orders of the Court authorizing pre-petition and/or post-petition payments by the Debtors, the Banks shall not be required to honor any overdrafts, checks, drafts, ACH transfers, debits, wires or other transfers from the Bank Accounts (collectively, the

“Disbursements”) unless there are collected and immediately available funds in the Bank Accounts sufficient to cover such requests.

21. As a result of the foregoing, the Debtors request that the Banks be authorized to accept and honor all representations from the Debtors as to which Disbursements should be honored or dishonored consistent with any order(s) of the Court and governing law, whether such Disbursements are dated or made prior to, on or subsequent to the Petition Date. To the extent that the Debtors direct that any Disbursement be dishonored or the Banks inadvertently dishonor any Disbursements, the Debtors request authority to issue replacement Disbursements consistent with the orders of this Court. The Debtors further request that the Banks shall not be liable to any party on account of: (a) following the Debtors’ instructions or representations with respect to any order(s) of the Court; or (b) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item.

22. As described in greater detail below, the Debtors submit that the relief requested herein will help to ensure the Debtors’ orderly entry into and administration in chapter 11 and avoid many of the possible disruptions and distractions that could divert the Debtors’ attention from more pressing matters during the initial days of these chapter 11 cases.

Basis for Relief

A. Continued Use of the Debtors’ Existing Cash Management System and Bank Accounts is in the Best Interests of the Debtors’ Estates and Will Not Prejudice Parties in Interest.

23. The Office of the United States Trustee has established operating guidelines for debtors in possession relating to cash management systems (the “UST Guidelines”). The UST Guidelines, which are designed to provide a clear demarcation between a debtor’s prepetition and postpetition operations, require, among other things, that a debtor: (a) close all existing bank accounts; (b) open new accounts designated as “debtor in possession” accounts; (c) make all

post-petition disbursements by check; and (d) include the words “debtor in possession” and certain other information on all checks. See 28 U.S.C. § 586 and UST Guidelines.

24. In larger chapter 11 cases, courts have routinely waived the requirements of the UST Guidelines, recognizing that they are often impractical and potentially detrimental to a debtor’s postpetition business operations and restructuring efforts. See, e.g., Southmark Corp. v. Grosz (In re Southmark Corp.), 49 F.3d 1111, 1114 (5th Cir. 1995) (finding that the cash management system allows the debtor “to administer more efficiently and effectively its financial operations and assets”); Official Comm. of Unsecured Creditors of the Columbia Gas Transmission Corp. v. Columbia Gas Sys. Inc. (In re Columbia Gas Sys., Inc.), 997 F.2d 1039, 1061 (3d Cir. 1993) (finding that a requirement to maintain all accounts separately “would be a huge administrative burden and economically inefficient”).

25. Given the size and complexity of the Debtors’ business operations, any disruption of their accounting and cash management procedures would be enormously burdensome and disruptive, and could adversely impact the Debtors’ efforts to reorganize. At this critical juncture, the Debtors must be able to conduct “business as usual” to the extent possible. To this end, it is essential that the Debtors be permitted to continue to use their existing Cash Management System and Bank Accounts.

26. The Cash Management System and Bank Accounts provide numerous benefits to the Debtors and their estates. Among other benefits, the Cash Management System and Bank Accounts permit the Debtors to centrally control and monitor the collection and transfer of funds, to ensure cash availability, to reconcile intercompany transactions, to maximize investment income and to reduce administrative burden and expense. The Debtors have the capability through the Cash Management System to distinguish between prepetition and postpetition

transactions and to reconcile intercompany transactions without the necessity of closing the Bank Accounts and opening new ones. Moreover, the Debtors have the ability to generate through the Cash Management System detailed and accurate reports.

27. Based on the foregoing, there is good cause for waiver of the requirements of the UST Guidelines. The continued use of the Cash Management System and the Bank Accounts is in the best interests of the Debtors' estates and no party in interest would be prejudiced in any way by their continued use.

28. The Court has authority to grant the relief requested in this Motion under Bankruptcy Code section 105(a), which empowers bankruptcy courts to enter "any order, process, or judgment that is necessary or appropriate" to carry out the provisions of the Bankruptcy Code. 11 U.S.C. § 105(a). Bankruptcy Code section 105(a) codifies the "equitable power" of bankruptcy courts and provides "broad authority" to accomplish tasks important to the implementation of the Bankruptcy Code. See United States v. Energy Res. Co., 495 U.S. 545, 549 (1990) (stating that the statutory directive of section 105(a) is "consistent with the traditional understanding that bankruptcy courts, as courts in equity, have broad authority to modify creditor-debtor relationships").

B. Continued Use of the Debtors' Existing Business Forms is in the Best Interests of the Debtors' Estates and Will Not Prejudice Parties in Interest.

29. The Debtors use in the ordinary course of their business numerous business forms (including but not limited to checks, deposit slips, letterhead, contracts, purchase orders and invoices). To minimize expense to their estates and avoid disruption and confusion on the part of employees, customers and suppliers, the Debtors request that the Court authorize them to continue to use all existing business forms as such business forms existed immediately before the Petition Date, without reference to the Debtors' status as debtors in possession. With such

authorization, the Debtors will be able to avoid the expense and delay of ordering new business forms.

30. No party in interest would be prejudiced in any way by the Debtors' continued use of their existing business forms. The Debtors believe that the notices that are being issued in connection with the filing of these chapter 11 proceedings, and which will continue to be issued throughout the course of these proceedings, will be sufficient to put interested parties on notice that the Debtors are operating as debtors in possession. The Debtors have no desire to conceal the fact that they are in chapter 11, and parties doing business with the Debtors undoubtedly will be aware of the Debtors' bankruptcy proceedings. Given these circumstances, changing business forms would be unnecessary and unduly burdensome.

C. Cause Exists for Waiver of the Requirements of Section 345(b) of the Bankruptcy Code.

31. Historically, all excess funds of the Debtors have been maintained in interest-bearing domestic bank accounts insured by the United States (through the FDIC or FSLIC) or invested through low risk investment accounts. The investment of the Debtors' excess funds is managed exclusively through the Cash Management System. Although the Debtors' investment practices may not strictly comply in all respects with the guidelines identified in Bankruptcy Code section 345, the Debtors' investments are nevertheless safe, prudent and designed to yield the maximum reasonable return on the funds invested, taking into account the safety of such deposits and investments. Accordingly, the Debtors request authority to maintain their existing investment practices and a waiver of the requirements of Section 345(b) of the Bankruptcy Code.

32. Pursuant to Bankruptcy Code section 345(b), any deposit or other investment made by a debtor, except those insured or guaranteed by the United States or a department,

agency or instrumentality of the United States or backed by the full faith and credit of the United States, must be secured by either a bond in favor of the United States that is secured by the undertaking of a corporate surety approved by the United States Trustee for the relevant district or the deposit of securities of the kind specified in 31 U.S.C. § 9303. Section 345(b) provides further, however, that a bankruptcy court may allow the use of alternatives to these approved investment guidelines “for cause.” See 11 U.S. C. § 345(b); see also In re Serv. Merch. Co., 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999).

33. In Service Merchandise, the court identified the following factors as a guide for determining whether cause exists to waive the requirements of section 345(b):

- (a) the sophistication of the debtor’s business;
- (b) the size of the debtor’s business operations;
- (c) the amount of the investments involved;
- (d) the bank ratings of the financial institutions where the debtor’s funds are held;
- (e) the complexity of the case;
- (f) the safeguards in place within the debtor’s own business of insuring the safety of the funds;
- (g) the debtor’s ability to reorganize in the face of a failure of one or more of the financial institutions;
- (h) the benefit to the debtor;
- (i) the harm, if any, to the estate; and
- (j) the reasonableness of the debtor’s request for relief in light of the overall circumstances of the case.

Id. at 896.

34. Examining these factors, the court in Service Merchandise concluded that “cause” existed because the debtors were “large, sophisticated [companies] with a complex cash

management system” that had the capacity to shift funds as needed to ensure their safety. Id. The court also concluded that the benefits of waiving the requirements of section 345(b) far outweighed any potential harm to the estates, and the failure to waive the requirements “would ‘needlessly handcuff’ these debtors’ reorganization efforts.” Id. at 897.

35. Here, the Debtors are large and sophisticated companies with a complex Cash Management System that provides the Debtors with the ability to transfer funds rapidly to ensure their safety and to maximize their investment value. The Debtors and their estates will receive significant benefit from the continued investment of excess funds. In light of these factors and the safety of the Debtors’ investment practices, the Debtors submit that cause exists for waiver of the requirements of Bankruptcy Code section 345(b).

D. The Requirements of Bankruptcy Rule 6003(b) Have Been Satisfied.

36. For the reasons set forth above, the relief sought in this Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates. Accordingly, to the extent Bankruptcy Rule 6003(b) applies, the Debtors submit that the requirements of such rule have been satisfied.

E. Cause Exists for Waiver of the Stay Imposed by Bankruptcy Rule 6004(h).

37. For the reasons set forth above, there is ample cause for waiver of the 10-day stay imposed by Bankruptcy Rule 6004(h) of the Federal Rules of Bankruptcy Procedure. Accordingly, to the extent the stay imposed by such rule applies, the Debtors submit that it should be waived.

Reservation of Rights

38. Notwithstanding anything to the contrary in this Motion, the Debtors reserve the right to close any of their existing Bank Accounts and/or to open one or more new accounts as

may be necessary in the Debtors' business judgment and consistent with any requirements that may be imposed by the Court; provided, however, that the Debtors shall not close any existing Bank Accounts and open one or more new accounts in the name of the Debtors with another financial institution, including, without limitation, one of the other Banks without the consent of the Bank where the account is being closed. The Debtors will give notice, however, to the Office of the United States Trustee and any official committee that may be appointed in these cases prior to closing any of their existing Bank Accounts and/or opening any new accounts.

Notice

39. Notice of this Motion has been provided to (a) the Office of the United States Trustee for the Northern District of Texas; (b) the Office of the Attorney General of the State of Texas; (c) each of the Debtor's twenty (20) largest unsecured creditors; (d) counsel to Wells Fargo Bank, N.A. as trustee; (e) counsel to UMB Bank, N.A., as trustee; (f) counsel to the Debtors' prepetition secured lenders; and (g) the Banks. The Debtors submit that, in light of the nature of the relief requested, no other or further notice is necessary or required.

Conclusion

WHEREFORE, the Debtors respectfully request that the Court enter an order substantially in the form annexed hereto as Exhibit D, (a) authorizing the Debtors to (i) continue to use their existing cash management system, (ii) maintain their existing bank accounts, (iii) continue to use their existing business forms, and (iv) maintain their existing investment practices, and (b) granting such other and further relief as is just and proper.

Dated: June 10, 2014
Dallas, Texas

DLA PIPER LLP (US)

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Proposed Attorneys for the Debtors
and Debtors in Possession

Exhibit A

Obligated Group Cash Management System

OBLIGATED GROUP CASH MANAGEMENT SYSTEM

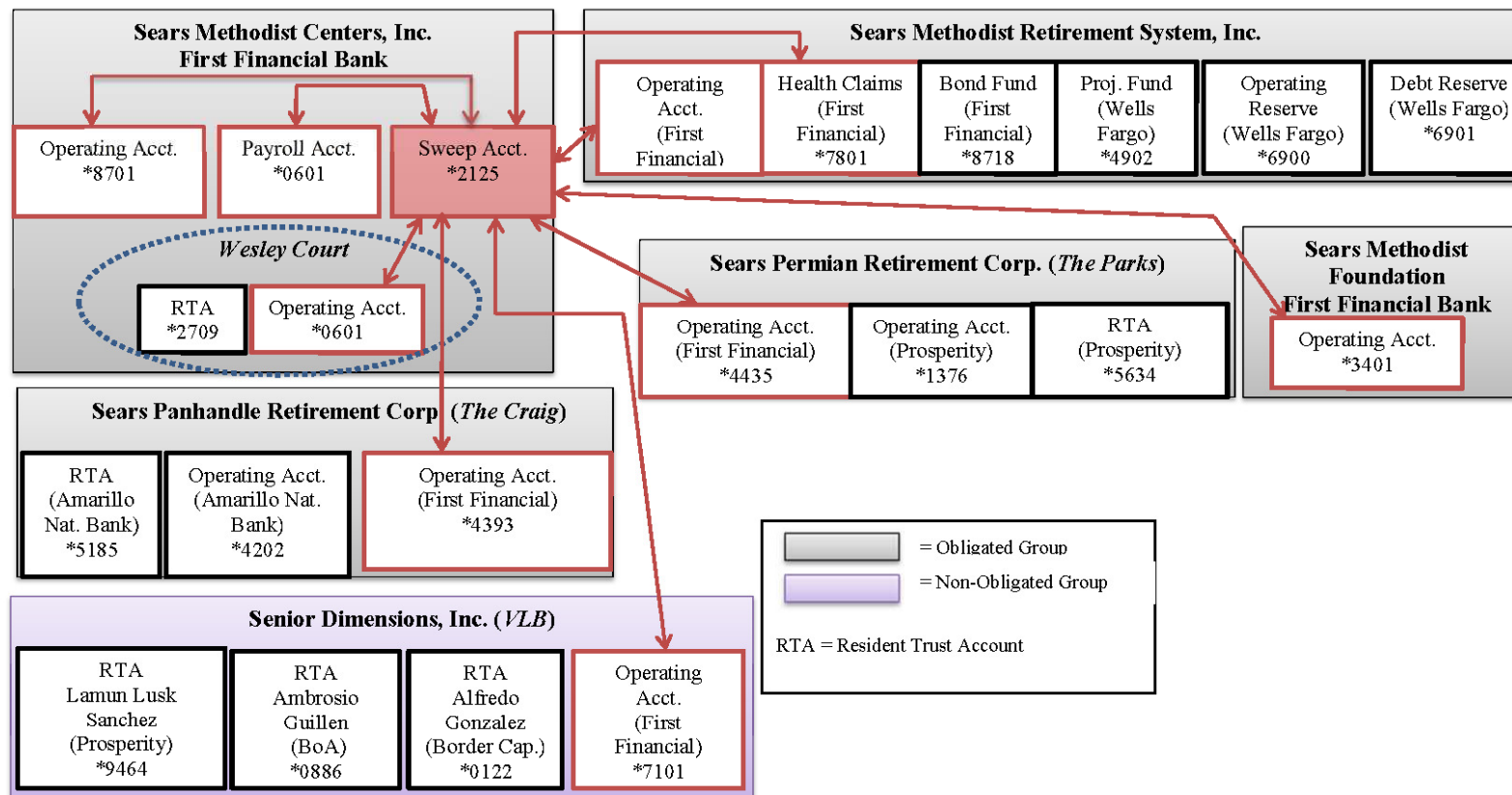


Exhibit B

Non-Obligated Group Cash Management System

NON-OBLIGATED GROUP CASH MANAGEMENT SYSTEMS

+: RTA = Resident Trust Account
 #: SDI Operating Account is associated with the SMC Sweep Account

Canyons Senior Living, L.P. (*The Canyons*)
Amarillo National Bank

Operating Acct. *5275	Construction *8911	Money Market *6670
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Odessa Methodist Housing, Inc. (*Desert Haven*)
Prosperity Bank

Operating Acct. *7388	Sec. Deposit *7418	Repl. Reserve *7396	Residual Recpt. *7426
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Sears Caprock Retirement Corp. (*Mesa Springs*)
First Financial Bank

RTA ⁺ *4012	Operating Acct. *3493
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Sears Plains Retirement Corp. (*Garrison*)

RTA (Prosperity) *1114	Debt Reserve (Prosperity) *1092	Operating Acct. (Prosperity) *1106	Operating Acct. (First Financial) *0924	Reserve (First Financial) *0817
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Sears Tyler Methodist Retirement Corp. (*Meadow Lake*)

RTA (Austin) *2968	Operating Acct. (Austin) *1376	Money Market (Austin) *1392	Bond Escrow (UMB Bank) *0765
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Senior Dimensions, Inc. (*VLB*)

RTA Lamun Lusk Sanchez (Prosperity) *9464	RTA Ambrosio Guillen (Bank of America) *0886	RTA Alfredo Gonzalez (Border Capital) *0122	Operating Acct. [#] (First Financial) *7101
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Exhibit C

Description of Bank Accounts

<u>Account Holder</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Description of Account</u>
Sears Methodist Retirement System, Inc.	First Financial Bank	*8701	SMRS Operating Account: The SMRS Operating Account is funded from management fees and shared services payments from the facilities. The SMRS Operating Account is used to fund corporate expenses, payroll and shared services. Each night, all funds in the SMRS Operating Account in excess of \$175,000 are swept into the Sweep Account.
	First Financial Bank	*7801	SMRS Health Claims Account: The SMRS Health Claims Account is funded from the Sweep Account. The SMRS Health Claims Account is used to pay Blue Cross Blue Shield health claims. Each night, to the extent the SMRS Health Claims Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the SMRS Health Claims Account has a negative balance, funds are transferred from the Sweep Account to the SMRS Health Claims Account after deposits are made and checks have cleared.
	First Financial Bank	*8718	SMRS Bond Fund Account: The SMRS Bond Fund Account is used to pay the principal and interest and premium, if any, on the Obligated Group's bond debt.
	Wells Fargo	*6901	SMRS Debt Reserve Account: The SMRS Debt Reserve Account was funded pursuant to the Obligated Group's bond documents. The SMRS Debt Reserve Account secures payment of the notes evidencing the Obligated Group's bond debt.
	Wells Fargo	*6900	SMRS Operating Reserve Account: The SMRS Operating Reserve Account was funded pursuant to the Obligated Group's bond documents. The SMRS Operating Reserve Account secures payment of the notes evidencing the Obligated Group's bond debt.
	Wells Fargo	*4902	SMRS Project Fund Account: The SMRS Project Fund Account is used to pay certain costs of the Debtor's health facilities financed or refinanced by bonds.

<u>Account Holder</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Description of Account</u>
Canyons Senior Living, L.P.	Amarillo National Bank	*5275	Canyons Operating Account: The Canyons Operating Account is funded from resident receipts. The Canyons Operating Account is used to pay operating expenses of Canyons.
	Amarillo National Bank	*8911	Canyons Construction Account: The Canyons Construction Account is funded from the construction loan from Prudential/HUD. The Canyons Construction Account s used to fund the refurbishment of the Canyons facility. The account is currently inactive.
	Amarillo National Bank	*6670	Canyons Money Market Account: The Canyons Money Market Account is funded from resident security deposits. The Canyons Money Market Account is used to hold resident security deposits.
Odessa Methodist Housing, Inc. (Desert Haven)	Prosperity Bank	*7388	OMH Operating Account: The OMH Operating Account is funded from resident receipts. The OMH Operating Account is used to pay Desert Haven operating expenses.
	Prosperity Bank	*7418	OMH Security Deposit Account: The OMH Security Deposit Account is funded from resident security deposits. The OMH Security Deposit Account is used to hold resident security deposits.
	Prosperity Bank	*7396	OMH Replacement Reserve Account: The OMH Replacement Reserve Account is funded monthly from OMH Operating Account and used to fund capital improvements to Desert Haven.
	Prosperity Bank	*7426	OMH Residual Receipts Account: The OMH Residual Receipts Account is funded when guidelines of the U.S. Department of Housing and Urban Development require a disbursement of excess funds.
Sears Caprock Retirement Corp. (Mesa Springs)	First Financial Bank	*3493	Sears Caprock Operating Account: The Sears Caprock Operating Account is funded from resident receipts. The Sears Caprock Operating Account is used to pay Mesa Springs operating expenses.
	First Financial Bank	*4012	Sears Caprock Resident Trust Account: The Sears Caprock Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The Sears Caprock Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
Sears Methodist Centers, Inc.	First Financial Bank	*8701	SMC Operating Account: The SMC Operating Account is funded from Sweep Account. The SMC Operating Account is used to pay Wesley Court payroll taxes. Each night, to the extent the SMC Operating Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the SMC Operating Account has a negative balance, funds are transferred from the Sweep Account to the SMC Operating Account after deposits are made and checks have cleared.
	First Financial Bank	*0601	SMC Payroll Account: The SMC Payroll Account is used to pay Wesley Court's payroll expenses (not including payroll taxes). Funds are moved into the SMC Payroll account from the Sweep Account. Each night, to the extent the SMC Payroll Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the SMC Payroll Account

<u>Account Holder</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Description of Account</u>
			has a negative balance, funds are transferred from the Sweep Account to the SMC Payroll Account after deposits are made and checks have cleared.
	First Financial Bank	*2125	Sweep Account: Each night the funds from the SMRS Operating Account, SMRS Health Claims Account, SMC Operating Account, Wesley Court Operating Account, Sears Panhandle First Financial Operating Account, Sears Permian First Financial Operating Account, SMC Operating Account, SMC Payroll Account and SDI Operating Account (collectively, the “ <u>Swept Accounts</u> ”) that have positive balances are swept into the Sweep Account and the next day funds are swept out of the Sweep Account into the Swept Accounts that have negative balances after (i) deposits are made into such accounts and (ii) checks written on such accounts clear. As such, each of the Swept Accounts have a \$0 balance at the end of each night except for the SMRS Operating Account which is required to have a minimum balance of \$175,000.
	First Financial Bank	*0601	Wesley Court Operating Account: The Wesley Court Operating Account is funded from resident receipts and the Sweep Account. The Wesley Court Operating Account is used to pay Wesley Court operating expenses (excluding payroll).
	First Financial Bank	*2709	Wesley Court Resident Trust Account: The Wesley Court Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The Wesley Court Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
Sears Methodist Foundation	First Financial Bank	*3401	Sears Methodist Foundation Operating Account: The Sears Methodist Foundation Operating Account is funded from donations and the Sweep Account. The Sears Methodist Foundation Operating Account is used to pay operating expenses for SMF as well as to fund various projects related to the donations. Each night, to the extent the Sears Methodist Foundation Operating Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the Sears Methodist Foundation Operating Account has a negative balance, funds are transferred from the Sweep Account to the Sears Methodist Foundation Operating Account after deposits are made and checks have cleared.

<u>Account Holder</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Description of Account</u>
Sears Panhandle Retirement Corp. (Craig)	First Financial Bank	*4393	Sears Panhandle First Financial Operating Account: The Sears Panhandle First Financial Operating Account is funded from resident receipts and the Sweep Account. The Sears Panhandle First Financial Operating Account is used to pay Craig operating expenses. Each night, to the extent the Sears Panhandle First Financial Operating Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the Sears Panhandle First Financial Operating Account has a negative balance, funds are transferred from the Sweep Account to the Sears Panhandle First Financial Operating Account after deposits are made and checks have cleared.
	Amarillo National Bank	*4202	Sears Panhandle Amarillo Operating Account: The Sears Panhandle Amarillo Operating Account is funded from resident receipts paid in cash. The Sears Panhandle Amarillo Operating Account is used to pay Craig utilities and transfer to Sears Panhandle First Financial Operating Account.
	Amarillo National Bank	*5185	Sears Panhandle Resident Trust Account: The Sears Panhandle Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The Sears Panhandle Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
Sears Permian Retirement Corp. (Parks)	First Financial Bank	*4435	Sears Permian First Financial Operating Account: The Sears Permian First Financial Operating Account is funded from resident receipts and the Sweep Account. The Sears Permian First Financial Operating Account is used to pay Parks operating expenses. Each night, to the extent the Sears Permian First Financial Operating Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the Sears Permian First Financial Operating Account has a negative balance, funds are transferred from the Sweep Account to the Sears Permian First Financial Operating Account after deposits are made and checks have cleared.
	Prosperity Bank	*5731	Sears Permian Prosperity Operating Account: The Sears Permian Prosperity Operating Account is funded from resident receipts paid in cash. The Sears Permian Prosperity Operating Account is used to pay utilities expenses and transfer receipts to the Sears Permian First Financial Operating Account.
	Prosperity Bank	*5634	Sears Permian Resident Trust Account: The Sears Permian Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The Sears Permian Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
Sears Plains Retirement Corp. (Garrison)	Prosperity Bank	*1106	Sears Plains Prosperity Operating Account: The Sears Plains Prosperity Operating Account is funded from resident receipts paid in cash. The Sears Plains Prosperity Operating Account is used to collect cash payments, and transfer receipts to Sears Plains First Financial Operating Account.

<u>Account Holder</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Description of Account</u>
	Prosperity Bank	*1114	Sears Plains Resident Trust Account: The Sears Plains Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The Sears Plains Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
	Prosperity Bank	*1092	Sears Plains Prosperity Debt Service Reserve Account: The Sears Plains Prosperity Debt Service Reserve Account was established pursuant to Sears Plains's bank loan documents. The Sears Plains Prosperity Debt Service Reserve Account is required to be maintained in the amount of at least \$250,000 for so long as Garrison's loan from Prosperity is outstanding.
	First Financial Bank	*0924	Sears Plains First Financial Operating Account: The Sears Plains First Financial Operating Account is funded from resident receipts. The Sears Plains First Financial Operating Account is used to pay Garrison operating expenses.
	First Financial Bank	*0817	Sears Plains First Financial Reserve Account: The Sears Plains First Financial Reserve Account is funded from donations for the Garrison expansion project. The Sears Plains First Financial Reserve Account is used to fund the Garrison expansion project.
Sears Tyler Methodist Retirement Corp. (Meadow Lake)	Austin Bank	*1376	Sears Tyler Operating Account: The Sears Tyler Operating Account is funded from resident receipts. The Sears Tyler Operating Account is used to pay Meadow Lake operating expenses.
	Austin Bank	*1392	Sears Tyler Money Market Account: The Sears Tyler Money Market Account is funded from resident deposits segregated for apartment/home purchases and home construction. The Sears Tyler Money Market Account is used to fund resident apartment/home purchases and construction.
	Austin Bank	*2968	Sears Tyler Resident Trust Account: The Sears Tyler Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The Sears Tyler Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
	UMB Bank	*0765	Sears Tyler Bond Escrow Account: The Sears Tyler Bond Escrow Account was established pursuant to Sears Tyler's bond documents. The Sears Tyler Bond Escrow Account contains various subaccounts which are used to, among other things, pay principal of and interest on Sear Tyler's bond debt.

<u>Account Holder</u>	<u>Bank</u>	<u>Acct. #</u>	<u>Description of Account</u>
Senior Dimensions, Inc.	First Financial Bank	*7101	SDI Operating Account: The SDI Operating Account is funded from landlord payments and the Sweep Account. The SDI Operating Account is used to pay SDI operating expenses. Each night, to the extent the SDI Operating Account has a positive balance, all funds are swept into the Sweep Account. On any given day that the SDI Operating Account has a negative balance, funds are transferred from the Sweep Account to the SDI Operating Account after deposits are made and checks have cleared.
	Prosperity Bank	*9464	SDI Lamun Lusk Sanchez Resident Trust Account: The SDI Lamun Lusk Sanchez Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The SDI Lamun Lusk Sanchez Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
	Bank of America	*0886	SDI Ambrosio Guillen Resident Trust Account: The SDI Ambrosio Guillen Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The SDI Ambrosio Guillen Resident Trust Account is used to fund miscellaneous/personal expenses for residents.
	Border Capital Bank	*0122	SDI Alfredo Gonzalez Resident Trust Account: The SDI Alfredo Gonzalez Resident Trust Account is funded from Social Security payments for Medicaid residents as well as personal deposits. The SDI Alfredo Gonzalez Resident Trust Account is used to fund miscellaneous/personal expenses for residents.

Exhibit D
Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	CASE NO. 14-32821-11
	§	
SEARS METHODIST RETIREMENT SYSTEM, INC., et al.¹	§	CHAPTER 11
	§	Joint Administration Pending
	§	
Debtors.	§	

**ORDER AUTHORIZING (I) CONTINUED USE OF EXISTING CASH
MANAGEMENT SYSTEM, (II) MAINTENANCE OF EXISTING BANK
ACCOUNTS, (III) CONTINUED USE OF EXISTING BUSINESS FORMS,
AND (IV) MAINTENANCE OF EXISTING INVESTMENT PRACTICES**

Upon the Debtors' motion for an order authorizing (i) continued use of existing cash management system, (ii) maintenance of existing bank accounts, (iii) continued use of existing business forms, and (iv) maintenance of existing investment practices, (the "Motion"),² dated

¹ The debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: Sears Methodist Retirement System, Inc. (6330), Canyons Senior Living, L.P. (8545), Odessa Methodist Housing, Inc. (9569), Sears Brazos Retirement Corporation (8053), Sears Caprock Retirement Corporation (9581), Sears Methodist Centers, Inc. (4917), Sears Methodist Foundation (2545), Sears Panhandle Retirement Corporation (3233), Sears Permian Retirement Corporation (7608), Sears Plains Retirement Corporation (8233), Sears Tyler Methodist Retirement Corporation (0571) and Senior Dimensions, Inc. (4016). The mailing address of each of the debtors, solely for purposes of notices and communications, is 2100 Ross Avenue, 21st Floor, c/o Paul Rundell, Dallas, Texas 75201.

² All capitalized terms used but not otherwise defined on this Order shall have the meanings ascribed to them in the Motion.

June 10, 2014; and all as more fully set forth in the Motion; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409, and due and proper notice of the Motion having been provided to the necessary parties; and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the “Hearing”); and the appearances of all interested parties having been noted in the record of the Hearing; and upon the record of the Hearing, and all of the proceedings had before the Court; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefore, it is hereby:

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Debtors are authorized to continue to use the Cash Management System, including the following:

- ix) the continued use of the existing Bank Accounts with the same names and account numbers as such Bank Accounts existed immediately prior to the Petition Date (with the option to both the Debtors and the Banks of streamlining their Cash Management System by closing or consolidating Bank Accounts in accordance with the terms and conditions of the existing account and service agreements);
- x) the ability of the Debtors to deposit funds into and withdraw funds from any of the Bank Accounts (subject to available funds or, in the case of zero balance accounts, subject to the availability of funds in the applicable linked funding accounts) by all usual means, including but not limited to checks, wire transfers, electronic funds transfers and other debits;

- xi) the ability of the Debtors to continue to make intercompany transfers among the Bank Accounts in the ordinary course of their business through the Cash Management System;
- xii) the ability of the Debtors to otherwise treat the Bank Accounts, along with any accounts opened postpetition, for all purposes as debtor in possession accounts;
- xiii) the waiver of any requirements to establish separate accounts for cash collateral and/or tax payments; and
- xiv) authorizing and directing the Banks to maintain, service and administer such deposit accounts or investment accounts, without interruption and in the ordinary course of business, in accordance with applicable non-bankruptcy law and the account agreements and/or other service documentation between the applicable Bank and the Debtors relating to such accounts;
- xv) authorizing and directing the Banks to rely on the representations of the Debtors as to which Disbursements are authorized to be honored or dishonored, whether or not such Disbursements are dated prior to, on, or subsequent to the Petition Date, and whether or not the Bank believes the payment is authorized by an order of the Court; and
- (vii) authorizing the Banks to charge and collect, and authorizing but not directing the Debtors to pay, the prepetition and postpetition service charges and other fees and expenses to which the Banks are entitled under the terms of their account agreements and/or other service documentation with the Debtors; and it is further

ORDERED that no Bank shall be liable to the Debtors or their estates, or otherwise held in violation of this Order, for honoring a prepetition Disbursement or other Disbursement at the direction of the Debtors to honor such prepetition Disbursement or other Disbursement and to the extent that the Debtors direct that any Disbursement be dishonored or the Banks inadvertently dishonor any Disbursements, the Debtors may issue replacement Disbursements consistent with the orders of this Court.

ORDERED that the Debtors' are authorized to continue to use their existing business forms without alteration or change; provided, however, that, once the Debtors have depleted their

existing stock of checks, the Debtors shall order new checks with the “debtor in possession” designation; and it is further

ORDERED that the Debtors’ are authorized to maintain their existing investment practices and waiving the requirements of Bankruptcy Code section 345(b) as to the Cash Management System for a period of sixty (60) days following the Petition Date; and it is further

ORDERED that Bankruptcy Rule 6003 has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors; and it is further

ORDERED that notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon entry of the Order; and it is further

ORDERED that this Court hereby retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

###End of Order###