



U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS


ENTERED

TAWANA C. MARSHALL, CLERK

THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed January 9, 2015


United States Bankruptcy Judge

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

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

**STIPULATION BETWEEN SEARS TYLER METHODIST
RETIREMENT CORPORATION AND INVESCO HIGH YIELD MUNICIPAL FUND,
AS NOTE PURCHASER, FOR EXTENSION OF DIP FINANCING MATURITY DATE**
[RELATED TO DOCUMENT NO. 374]

Sears Tyler Methodist Retirement Corporation (“Tyler”), one of the debtors and debtors in possession in the above-captioned cases, and Invesco High Yield Municipal Fund, as note purchaser (the “Purchaser”), hereby stipulate and agree as follows:

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.

WHEREAS, on June 10, 2014 (the “Petition Date”), Tyler filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code with the United States Bankruptcy Court for the Northern District of Texas (the “Court”); and

WHEREAS, on July 17, 2014, Tyler filed the *Emergency Motion for Interim and Final Orders (I) Authorizing Sears Tyler Methodist Retirement Corporation to Obtain Postpetition Financing on a Senior Secured Superpriority Basis Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 364, (II) Setting a Final Hearing, and (III) Granting Related Relief* [Dkt. No. 221] (the “DIP Financing Motion”);² and

WHEREAS, on August 26, 2014, the Court entered a *Final Order Authorizing Sears Tyler Methodist Retirement Corporation to Obtain Postpetition Financing on a Senior Secured Superpriority Basis Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 364* [Dkt. No. 374] (the “DIP Financing Order”) pursuant to which Tyler was authorized to, among other things, obtain postpetition financing in the form of a private placement note purchase transaction with Purchaser in accordance with a Note Purchase Agreement and other DIP Documents, subject to the terms and conditions set forth in the DIP Financing Order and in accordance with a certain budget attached thereto, through and including a maturity date of February 8, 2015 (subject to prior termination upon the occurrence of certain events and conditions described in the Note Purchase Agreement and DIP Financing Order, the “DIP Maturity Date”); and

WHEREAS, the DIP Financing Order and Note Purchase Agreement contain certain milestones requiring Tyler to take certain actions by specified dates, including the following actions:

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the DIP Financing Motion.

- (a) on or before November 7, 2014 (the “APA Deadline”), enter into an asset purchase agreement with a prospective purchaser, in a form and substance acceptable to Tyler and the Purchaser, memorializing a letter of intent in connection with a sale of all or substantially all of Tyler’s assets (the “Sale”) and any non-material modifications resulting from due diligence;
- (b) on or before November 7, 2014 (the “Sale Procedures Motion Deadline”), file (i) a motion with the Court seeking approval of bidding and auction procedures relating to the Sale (the “Sale Procedures”), (ii) a proposed order approving the Sale Procedures, (iii) a proposed order approving the Sale as contemplated under the Sale Procedures, and (iv) appropriate supporting declarations, in each case in a form and substance acceptable to Tyler and the Purchaser;
- (c) on or before November 25, 2014 (the “Sale Procedures Order Deadline”), obtain entry of an order approving the Sale Procedures, in a form and substance acceptable to Tyler and the Purchaser; and
- (d) on or before December 24, 2014 (the “Sale Order Deadline”), obtain entry of an order approving the Sale, in a form and substance acceptable to Tyler and the Purchaser; and

WHEREAS, on November 24, 2014, Tyler filed a motion with the Court [Dkt. No. 584] (the “Tyler Sale Motion”) seeking entry of an order authorizing and approving, among other things, (a) the sale (the “Tyler Sale”) of substantially all of Tyler’s assets and related business operations free and clear of all liens, claims, interests, and encumbrances to ER Propco CO, LLC (the “Tyler Stalking Horse”) in accordance with the terms and conditions of an Asset Purchase and Sale Agreement with the Tyler Stalking Horse, (b) certain auction and bid procedures to be employed in connection with the Tyler Sale, and (c) certain bid protections offered to the Tyler Stalking Horse; and

WHEREAS, on December 6, 2014, Tyler and certain of its debtor affiliates filed the *Plan Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as amended, modified, or supplemented from time to time, the “Plan”) providing for, among other things, the creation of a liquidating trust and an orderly distribution of Tyler’s assets, including

proceeds of the Tyler Sale, to holders of allowed claims against Tyler and its estate in accordance with the terms of the Plan; and

WHEREAS, in light of the parties' continued negotiations and the transactions contemplated in the Plan and Tyler Sale Motion, Tyler and the Purchaser have agreed to (a) extend certain of the deadlines and milestones set forth in the DIP Financing Order and Note Purchase Agreement, and (b) extend the DIP Maturity Date through and including March 1, 2015, and allow Tyler to continue to incur indebtedness and borrow funds under the DIP Financing Order, Note Purchase Agreement, and other DIP Documents through and including such date, subject to and in accordance with the revised budget attached hereto as Exhibit 1 (the "Extended Budget"); and

WHEREAS, in consideration for the extension of the DIP Maturity Date through and including March 1, 2015, Tyler and the Purchaser have agreed to amend section 2.4(a) of the Note Purchase Agreement to increase the interest rate set forth therein by one percentage point solely with respect to the twenty-one day extension period provided for herein.

NOW, THEREFORE, TYLER AND THE PURCHASER STIPULATE AND AGREE THAT:

1. The DIP Maturity Date is hereby extended through and including March 1, 2015, and Tyler is authorized to continue to borrow funds and incur indebtedness through and including such date in accordance with the terms of the DIP Financing Order, Note Purchase Agreement, and other DIP Documents. Notwithstanding the "Ending DIP Balance" set forth in the Extended Budget, Tyler is authorized to borrow money and incur indebtedness under the DIP Documents up to an aggregate principal amount of Three Million Dollars (\$3,000,000.00).

2. Tyler's ability to borrow funds and incur indebtedness in accordance with the DIP Financing Order, Note Purchase Agreement, and other DIP Documents shall be subject to and in accordance with the Extended Budget.

3. The following milestones and deadlines set forth in the DIP Financing Order and Note Purchase Agreement are extended as follows:

- (a) the APA Deadline is extended through and including November 24, 2014;
- (b) the Sale Procedures Motion Deadline is extended through and including November 24, 2014;
- (c) the Sale Procedures Order Deadline is extended through and including December 31, 2014; and
- (d) the Sale Order Deadline is extended through and including January 31, 2015.

4. Section 2.4(a) of the Note Purchase Agreement is hereby amended to increase the interest rate accrual set forth therein by one percentage point solely with respect to the twenty-one day extension period provided for herein.

5. Except as otherwise expressly provided herein, all terms, conditions, and provisions of the DIP Financing Order, Note Purchase Agreement, and other DIP Documents are unchanged and remain in full force and effect.

IT IS FURTHER STIPULATED AND AGREED that a copy of the signatures on this stipulation may be treated as an original for all purposes.

STIPULATED AND AGREED:

**SEARS TYLER METHODIST
RETIREMENT CORPORATION**, as debtor
and debtor in possession through its counsel

**INVESCO HIGH YIELD MUNICIPAL
FUND**, as Purchaser

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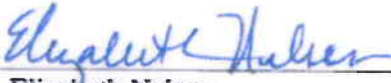
By: 
Name: Elizabeth Nelson
Title: Assistant Secretary

Exhibit 1

Extended Budget

DRAFT -
SUBJECT TO CHANGEChapter 11 Budget
SMRS - Meadow LakeCRO Budget
SMRS - Meadow Lake in Tyler

Week	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	15 Weeks Total 11/22/2014 3/1/2015
Week Ending	11/23/2014	11/30/2014	12/7/2014	12/14/2014	12/21/2014	12/28/2014	1/4/2015	1/11/2015	1/18/2015	1/25/2015	2/1/2015	2/8/2015	2/15/2015	2/22/2015	3/1/2015	
Beginning Book Cash Balance	\$ (902,189)	\$ (894,708)	\$ (1,087,403)	\$ (1,096,950)	\$ (1,289,636)	\$ (1,360,706)	\$ (1,703,400)	\$ (1,803,057)	\$ (1,780,833)	\$ (2,181,153)	\$ (2,293,847)	\$ (2,198,504)	\$ (2,411,569)	\$ (2,780,805)	\$ (3,034,900)	\$ (652,189)
Receipts																
Deposits	72,509	72,509	250,251	121,917	71,509	71,509	250,251	121,917	72,509	72,509	350,251	121,917	72,509	72,509	250,251	1,948,826
Medicaid	-	-	75,120	-	-	-	75,120	-	-	-	75,120	-	-	-	75,120	399,479
Shared Services Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Entrance Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	72,509	72,509	325,371	121,917	71,509	71,509	325,371	121,917	72,509	72,509	425,371	121,917	72,509	72,509	325,371	2,347,305
Disbursements																
Payroll & Benefits	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	102,488	32,313	976,821
Traffic Payables	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	72,715	1,080,735
Entrance Fee Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	728,000
Adequate Protection	-	-	100,000	-	-	240,000	100,000	-	-	-	100,000	-	-	-	100,000	400,000
Shared Services Expenses	-	-	104,460	-	-	-	-	104,460	-	-	-	158,795	-	-	142,040	910,215
Utility Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debtors Counsel - DLA	-	-	-	40,800	34,800	-	-	-	34,800	-	-	-	34,800	49,400	183,800	378,100
Debtors Advisor - AAM	-	-	-	38,000	-	-	-	-	75,760	-	-	-	38,750	53,000	53,000	287,500
Debtors Banker - RBC	-	-	-	-	-	-	-	-	-	-	-	-	-	328,250	328,250	-
Creditors Professionals	-	-	-	92,500	-	-	-	-	30,000	-	-	-	15,000	20,000	137,500	87,000
Claims Agent - GCG	-	-	-	6,750	-	-	-	-	13,500	-	-	-	6,750	17,000	13,000	87,000
Ombudsman	-	-	-	3,750	-	-	-	-	3,750	-	-	-	-	5,000	5,000	21,250
US Trustee	-	-	-	-	-	-	-	-	-	-	-	-	10,400	-	10,400	20,800
System Conversion / Special Project:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Interest and Fees	-	-	15,000	-	-	-	20,000	-	-	-	25,000	-	-	-	35,000	95,000
Total Disbursements	105,028	175,203	324,518	315,023	143,578	415,303	225,028	279,853	502,820	175,203	220,028	334,888	451,728	318,603	893,219	2,887,884
Net Cash Flow	(32,520)	(102,694)	863	(193,086)	(171,979)	(343,894)	(160,343)	(187,776)	(430,320)	(192,694)	93,343	(213,091)	(379,230)	(246,094)	(667,848)	(12,746,859)
Ending Book Cash Balance	\$ (934,708)	\$ (1,087,403)	\$ (1,086,540)	\$ (1,289,636)	\$ (1,360,706)	\$ (1,703,400)	\$ (1,803,057)	\$ (1,780,833)	\$ (2,181,153)	\$ (2,293,847)	\$ (2,188,504)	\$ (2,411,569)	\$ (2,780,805)	\$ (3,034,900)	\$ (3,702,747)	\$ (3,760,747)
Beginning DIP Balance	\$ 1,600,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 3,500,000	\$ 3,500,000
DIP Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,800,000
Ending DIP Balance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 3,500,000	\$ 3,500,000
Adjusted Ending Cash Balance	\$ 565,292	\$ 412,597	\$ 413,460	\$ 214,364	\$ 136,294	\$ 296,600	\$ 335,943	\$ 220,167	\$ 308,847	\$ 208,153	\$ 391,485	\$ 88,414	\$ 708,166	\$ 468,100	\$ 97,283	\$ 97,283

Privileged & Confidential

Subject to P.R.E. 408