

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:	)	Chapter 11
	)	
The Prospect-Woodward Home	)	Case No. 21-10523-BAH
dba Hillside Village,	)	
	)	<b>Re: Docket No. 10</b>
Debtor. <sup>1</sup>	)	
	)	

**ORDER (A) APPROVING BIDDING PROCEDURES IN CONNECTION  
WITH THE SALE OF SUBSTANTIALLY ALL OF THE DEBTOR’S ASSETS,  
(B) APPROVING THE FORM AND MANNER OF NOTICE THEREOF, (C)  
AUTHORIZING THE DEBTOR TO ENTER INTO THE STALKING HORSE  
AGREEMENT, (D) AUTHORIZING PAYMENT OF THE STALKING HORSE  
PAYMENT AS AN ADMINISTRATIVE EXPENSE, (E) SCHEDULING AN AUCTION  
AND A SALE HEARING, (F) APPROVING PROCEDURES FOR THE ASSUMPTION  
AND ASSIGNMENT OF CONTRACTS, AND (G) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtor as debtor-in-possession (the “Debtor”) for entry of an order (this “Order”) (a) authorizing and approving the bidding procedures attached hereto as **Exhibit 1** (the “Bid Procedures”) in connection with the sale of substantially all of the Debtor’s assets (the “Assets”), (b) approving the form and manner of notice in substantially the form attached hereto as **Exhibit 2** (the “Sale Notice”) of an auction (the “Auction”) and sale hearing (the “Sale Hearing”) with respect to the sale of the Assets free and clear of liens, claims, encumbrances, and other interests (the “Sale”), (c) authorizing the Debtor to enter into the Stalking Horse Agreement (as defined hereinafter), (d) authorizing payment of the Stalking Horse Payment as an administrative expense, (e) scheduling the

---

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification are 2146. The address of the Debtor’s headquarters is 95 Wyman Road, Keene, New Hampshire 03431.

<sup>2</sup> Reference is made herein to the Motion, the procedures that are attached to this Order as **Exhibit 1** (the “Bid Procedures”), and that certain Asset Purchase Agreement dated as of August 17, 2021 between Covenant Living Services (the “Stalking Horse”) and Debtor (the “Stalking Horse Agreement”). Capitalized terms used but not defined in this Order shall have the meanings stated in the Motion, the Bid Procedures, or the Stalking Horse Agreement, as applicable.

Auction and the Sale Hearing, and (f) approving procedures for the possible assumption and assignment of certain executory contracts and unexpired leases in connection with the Sale (collectively, the “Contracts”); the Court having reviewed the Motion and the First Day Declaration; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b); and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtor, the estate, creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore,

**THE COURT FINDS THAT:**

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

B. The Debtor has articulated good and sufficient reasons for this Court to (i) approve the Bid Procedures; (ii) authorize the Debtor to enter into the Stalking Horse Agreement; (iii) allow and authorize payment of the Stalking Horse Payment as an allowed and final administrative expense pursuant to Bankruptcy Code section 503(b) without further hearing or proof; (iv) schedule the Auction and Sale Hearing and approve the manner of notice of the Auction

and Sale Hearing; and (v) approve procedures for the assumption and assignment of the Contracts, including notice of the proposed cure amounts.

C. The Debtor reasonably determined in the exercise of the business judgment that the Bid Procedures are fair, reasonable, and appropriate and represent the best method for maximizing the value of the Assets for the benefit of the Debtor and its estate.

D. The Bid Procedures were negotiated in good faith by the Debtor and the Stalking Horse for purposes of Bankruptcy Code section 363(m).

E. Assumption and Assignment Procedures. The Motion, this Order, and the assumption and assignment procedures (the “Assignment Procedures”) provide counterparties with proper and reasonable notice of the potential assumption by the Debtor and assignment to the Successful Bidder of their Contracts, the procedures associated therewith, and any cure amounts relating thereto.

F. Sale Notice. The Sale Notice provides interested parties with timely and proper notice of the proposed Sale, including, without limitation: (a) the date, time, and place of the Auction (if one is held); (b) the Bid Procedures; (c) the deadline for filing objections to the Sale and entry of the Sale Order, and the date, time, and place of the Sale Hearing; (d) reasonably specific information concerning the Assets to be sold; (e) a description of the Sale as being free and clear of liens, claims, encumbrances, and other interests (collectively, “Interests”), with all such Interests attaching with the same validity and priority to the Sale proceeds; and (f) notice of the proposed assumption and assignment of Contracts to the Successful Bidder. No other or further notice of the Sale shall be required.

G. The Debtor has demonstrated a compelling business justification for the payment of the Stalking Horse Payment under the circumstances set forth in the Stalking Horse Agreement,

including without limitation, (i) the amount of the proposed Stalking Horse Payment is reasonable as compared to other cases with similar circumstances, (ii) the presence of a stalking horse will encourage competitive bidding, and (iii) because any Overbid must surpass the amount of the Stalking Horse Payment, the estate will benefit even if the Stalking Horse Payment is made.

**THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED as set forth herein.
2. All objections to entry of the Bid Procedures Order that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled. No determinations are made with respect to the approval of the Sale and all rights are reserved to all parties with respect thereto.
3. The Bid Procedures, in the form attached hereto as **Exhibit 1**, are approved in their entirety and incorporated into this Order by reference, and the Bid Procedures shall govern the sale of the Assets, including the Auction, and the Debtor is authorized to take any and all actions necessary to implement the Bid Procedures. To the extent of any conflict between the terms of this Order and the Bid Procedures, the terms of this Order shall control.

**II. The Auction**

4. As further described in the Bid Procedures, the Auction, if any, shall take place on November 3, 2021 at 10:00 a.m. (prevailing Eastern Time), or such later time on such day or other place as may be set pursuant to the Bid Procedures. The Debtor may permit participants to attend remotely.
5. The Bond Trustee shall be deemed to be a Qualified Bidder and is not required to make any Good Faith Deposit. The Bond Trustee may participate in the Auction and may credit bid up to the conclusion of the Auction, in its sole and absolute discretion, any portion and up to the entire amount of the Bond Trustee's claims at any time on all the Assets constituting its

collateral; provided, however, the Bond Trustee must bid in cash at least the amount of the Stalking Horse Payment, which amount must be payable in cash at the Closing (the “Credit Bid”). The Bond Trustee will not be a Backup Bidder unless the Bond Trustee consents in writing otherwise. If the Bond Trustee elects to exercise its right to Credit Bid, such bid shall provide that the Stalking Horse Payment must be paid in cash.

6. Subject to the prior paragraph, the Stalking Horse shall have the right (including as part of any Overbid) to credit bid all or a portion of its Stalking Horse Payment (if any) pursuant to Bankruptcy Code section 363(k).<sup>3</sup>

7. The Bond Trustee and Savings Bank of Walpole (“SBW”) have agreed that, in the event that the Bond Trustee enters a credit bid at the Sale which credit bid is ultimately the Successful Bid then, prior to the closing, SBW and the Bond Trustee shall negotiate in good faith to determine a value applicable to SBW’s senior parity secured position/interest with that of the Bond Trustee in any of the purchased assets subject to the credit bid of the Bond Trustee. Such agreed to amount shall be paid by the Bond Trustee to SBW in readily available funds at the time of the closing. The Bond Trustee and SBW shall cooperate in good faith to the extent that any further orders or approvals of the Court are required to effectuate this or any further or amended agreement between them. If the Bond Trustee and SBW cannot arrive at such an agreement as to the amount to be paid to SBW in connection with such credit bid as set forth herein, then each of them reserves all rights and may in their sole discretion seek a hearing and determination from the Court.

8. The Bond Trustee agrees that, if it submits a Credit Bid as contemplated by the Bidding Procedures which is ultimately the Successful Bid, then at the Closing of such sale based

---

<sup>3</sup> The Stalking Horse credit bid shall include the full amount of the eligible Expense Reimbursement.

upon such Credit Bid, the Bond Trustee will deposit cash into an escrow account held by the Debtor in an amount equal to the aggregate amount of claims of those parties that have asserted mechanics' liens against the Debtor's property subject to purchase by the Bond Trustee pursuant to its credit bid. The liens of the mechanics' lienholders and Bond Trustee shall attach to the funds in the escrow account pending a determination of the relative validity, priority, and amount of such mechanics' liens with respect to the Bond Trustee's security interests in such assets as of the Petition Date. All parties agree that each of their rights are reserved with respect to all such claims and issues in connection therewith and nothing contained in this Order shall modify, amend or waive such rights. Nothing in this order shall impede the prepetition liens from attaching to the proceeds of any sale.

9. In the event of a competing Qualified Bid, all Qualified Bidders will be entitled, but not obligated, to submit Overbids. The initial Overbid shall be equal to or exceed \$34,010,000, the aggregate amount of the Stalking Horse Bid (\$33,000,000), Stalking Horse Payment (\$910,000), and the Minimum Bid Increment (\$100,000).

10. The Debtor may, in consultation with the Bond Trustee, SBW, and the Official Committee of Unsecured Creditors (the "Committee") (a) determine which Qualified Bid (including the Credit Bid) is the highest or otherwise best offer; (b) reject at any time before the entry of the Sale Order any Bid (other than the Stalking Horse Bid and any Credit Bid) that, in the discretion of the Debtor, is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or the Bid Procedures, or (iii) contrary to the best interest of the Debtor's estate and its creditors; (c) impose such other terms and conditions upon Qualified Bidders as the Debtor determines to be in the best interest of the Debtor's estate; and (d) continue or cancel the Auction (provided that the Auction may be cancelled if, by the Bid Deadline, no

Qualified Bid, other than the Stalking Horse Bid, has been received by the Debtor and the Bond Trustee has not indicated its intention to exercise its right to submit a Credit Bid).

11. No person or entity, other than the Stalking Horse Bidder, shall be entitled to any expense reimbursement, breakup fee, topping or termination fee, or other similar fee or payment, and by submitting a Bid, such person or entity is deemed to have waived its right to request or file with this Court any request for expense reimbursement or any other fee of any nature in connection with the Auction and the Sale, whether by virtue of Bankruptcy Code section 503(b) or otherwise.

### **III. Assumption and Assignment Notices & Procedures**

12. On or before September 24, 2021, the Debtor shall serve on all non-Debtor counterparties (the “Contract Counterparties”) to any Contract that may be assumed by the Debtor and assigned to the Successful Bidder a notice, which shall be substantially in the form attached hereto as **Exhibit 3** (a “Cure and Possible Assumption and Assignment Notice”), setting forth the Debtor’s calculation of the cure amount, if any, that would be due and owing to such Contract Counterparty if the Debtor decided to assume, or assume and assign, such Contract, and alerting such Contract Counterparty that its Contract may be assumed and assigned to the Successful Bidder.

13. The presence of a Contract on the Cure and Possible Assumption and Assignment Notice does not constitute an admission that such Contract is an executory contract or unexpired lease, and the presence of a Contract on any notice shall not prevent the Debtor from subsequently withdrawing such request for assuming or rejecting such Contract any time before such Contract is actually assumed and assigned or rejected pursuant to the Sale Order.

14. Any Contract Counterparty that objects to the cure amount set forth on the Cure and Possible Assumption and Assignment Notice or to the possible assignment of its Contract must file an objection with the Bankruptcy Court (a “Contract Objection”) on or before 4:00 p.m.

(prevailing Eastern Time) on October 15, 2021, which Contract Objection must also be served on (a) counsel for the Debtor, (i) Polsinelli PC, 600 Third Avenue, 42nd Floor, New York, New York 10016, Attn: Jeremy R. Johnson (jeremy.johnson@polsinelli.com) and Attn: Stephen J. Astringer (sastringer@polsinelli.com), and (ii) Hinckley, Allen & Snyder LLP, 650 Elm Street, Manchester, New Hampshire 03101, Attn: Daniel M. Deschenes (ddeschenes@hinckleyallen.com) and 28 State Street, Boston, Massachusetts 02109, Attn: Jennifer V. Doran (jdoran@hinckleyallen.com); (b) counsel for the Bond Trustee, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel S. Bleck (dsbleck@mintz.com); (c) counsel for the Committee, (i) Perkins Coie LLP, 131 S. Dearborn Street, Suite 1700, Chicago, Illinois 60603, Attn: Eric E. Walker (ewalker@perkinscoie.com), and (ii) McLane Middleton, 900 Elm Street, Manchester, New Hampshire 03101, Attn: Joseph A. Foster (joe.foster@mclane.com); (d) counsel for the Stalking Horse, (i) Covenant Living Communities & Services, 5700 Old Orchard Rd, Skokie, Illinois 60077, Attn: David G. Erickson, and (ii) Erickson Peterson Cramer, 350 St. Peter Street, Suite 601, St. Paul, Minnesota 55102, Attn: Julie A. Peterson (jpeterson@epclawyers.com); (e) counsel for SBW, Devine, Millimet & Branch, Professional Association, 111 Amherst Street, Manchester, New Hampshire 03101, Attn: Charles R. Powell (cpowell@devinemillimet.com); (f) the Office of the United States Trustee for the District of New Hampshire, James C. Cleveland Building, 53 Pleasant Street, Suite 2300, Concord, NH 03301, Attn: Kimberly Bacher (Kimberly.Bacher@usdoj.gov); and (g) the Clerk of the Bankruptcy Court for the District of New Hampshire (collectively, the “Notice Parties”).

15. If a Contract Counterparty does not timely file and serve a Contract Objection, that party will be forever barred from objecting to (a) the Debtor’s proposed cure amount, or (b) the potential assignment of that party’s Contract to the Successful Bidder. If a Contract Counterparty

files a timely Contract Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, or objecting to the possible assignment of that Contract Counterparty's Contract, and the parties are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtor's ability to assign the Contract to the Successful Bidder will be determined at the Sale Hearing.

16. No later than 4:00 p.m. (prevailing Eastern Time), on October 29, 2021 (the "Bid Deadline"), each bidder other than the Stalking Horse (each an "Other Bidder") shall (i) designate in writing to the Debtor which of the Contracts are to be assumed by the Debtor and assigned to such Other Bidder if such Other Bidder becomes the Successful Bidder and (ii) submit to the Debtor financial and other information about such Other Bidder to demonstrate that such Other Bidder is able to provide adequate assurance of future performance as required by Bankruptcy Code section 365 (the "Other Bidder Adequate Assurance Information"). All Residency Agreements shall be deemed included in the list of Contracts referred to in the prior sentence.

17. If the Successful Bidder or Backup Bidder is an Other Bidder, at least three (3) calendar days before the Sale Hearing, the Debtor shall provide written notice to the Contract Counterparties to each Contract designated by such Other Bidder for assumption by the Debtor and assignment to such Other Bidder (each an "Other Bidder Designated Contract") advising that such Other Bidder is the Successful Bidder or Backup Bidder (as applicable) and that Contract has been designated for assumption by the Debtor and assignment to such Other Bidder.

18. By November 4, 2021, the Debtor shall file with the Court and serve on the Contract Counterparties who are parties to a Contract to be assumed and assigned a further notice, substantially in the form attached hereto as **Exhibit 4** (the "Assumption Notice"), identifying the

Successful Bidder, stating which Contracts will be assumed and assigned to the Successful Bidder, and providing such Contract Counterparties with the Successful Bidder's assurance of future performance.

19. Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection (an "Adequate Assurance Objection") with the Bankruptcy Court prior to the Sale Hearing, or note its Adequate Assurance Objection at the Sale Hearing.

20. If a Contract Counterparty does not make an Adequate Assurance Objection prior to or at the Sale Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Successful Bidder. If a Contract Counterparty makes an Adequate Assurance Objection prior to or at the Sale Hearing, and if the parties are unable to consensually resolve the dispute, then the adequacy of the assurance provided by the Successful Bidder will be determined at the Sale Hearing.

#### **IV. Notice of the Sale Process**

21. The Sale Notice, the Cure and Possible Assumption and Assignment Notice, and the Assumption Notice, in substantially the forms attached to this Order as Exhibit 2, Exhibit 3, and Exhibit 4 are approved.

22. Within five (5) business days after the entry of this Order, the Debtor (or its agents) shall file on the docket and serve the Sale Notice by first-class mail upon: (a) the Office of the United States Trustee for Region 1, James C. Cleveland Building, 53 Pleasant Street, Suite 2300, Concord, NH 03301; (b) counsel to the Bond Trustee; (c) counsel for the Committee; (d) the Contract Counterparties; (e) all parties who have expressed a written interest in the Assets; (f) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or interest in the Assets; (g) the Internal Revenue Service; (h) all other

applicable state and local taxing authorities; (i) all the Debtor's other creditors; (j) each governmental agency that is an interested party with respect to the Sale and transactions proposed thereunder; and (h) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002.

**V. The Sale Hearing**

23. The Sale Hearing shall be held before the Court on November 8, 2021 at 9:30 a.m. (prevailing Eastern Time) or at such time thereafter as counsel may be heard or at such other time the Bankruptcy Court may determine. The Debtor will seek entry of an order of the Court at the Sale Hearing approving and authorizing the Sale of the Assets to the Successful Bidder. Upon entry of this Order, the Debtor is authorized to perform any obligation intended to be performed prior to the Sale Hearing or entry of the Sale Order with respect thereto. The Sale Hearing may be continued from time to time without further notice other than such announcement being made in open court or a notice of adjournment being filed with the Court and served on the Notice Parties.

**VI. Objections to the Sale**

24. Objections, if any, to the relief requested in the Motion relating to the Sale (except for any objection that arises at the Auction), including the transaction contemplated by the Stalking Horse Agreement (the "Stalking Horse Bid"), must be in writing, filed with the Court, and be served so that it is actually received no later than October 29, 2021 no later than 4:00 p.m. (prevailing Eastern time). Objections shall be served on the Notice Parties. A party's failure to timely file or make an objection in accordance with this Order shall forever bar the assertion of any objection to the Sale, entry of the Sale Order, and/or consummation of the Sale with the Successful Bidder pursuant to the applicable purchase agreement, including, without limitation, the assumption and assignment of the Contracts to the Successful Bidder pursuant to the applicable purchase agreement, and shall be deemed to constitute such party's consent to entry of the Sale

Order and consummation of the Sale and all transactions related thereto, including, without limitation such assumption and assignment.

## **VII. The Stalking Horse Payment**

25. If the Stalking Horse Agreement has not been terminated by the Debtor based on a material breach by the Stalking Horse and the Debtor (or any Trustee or successor in interest) sells or transfers control over all or any substantial portion of the Assets in a transaction or series of transactions with one or more persons other than the Stalking Horse pursuant to the terms of the Bid Procedures, upon consummation of such transaction or transactions, from the proceeds of such a sale or sales (such a transaction, an “Alternative Transaction”), the Debtor shall pay the Stalking Horse the sum of \$660,000 plus up to \$250,000 of actual, documented costs and expenses incurred by Covenant in connection with the Transaction (the “Stalking Horse Payment”). The Stalking Horse Payment shall be treated as an allowed and approved administrative expense claim under Bankruptcy Code section 503(b)(1) without further proof or any further hearing. No further order of this Court shall be required to pay the Stalking Horse Payment other than any dispute arising with respect to the appropriate amount of the expense reimbursement; *provided, however*, that under no circumstances shall the Stalking Horse Payment be paid other than from the first proceeds received by or upon behalf of the Debtor from the Alternative Transaction pursuant to the Bid Procedures. For the purposes of all calculations used in the Bid Procedures, the Stalking Horse Payment shall be equal to \$910,000.

## **VIII. New Hampshire Regulatory Matters**

26. This Order shall not alter or modify obligations of the Debtor and any Successful Bidder to comply with applicable federal and state law (including, without limitation, N.H. RSA 7:19-b; N.H. RSA 547:3-c and 3-d; and N.H. RSA Chapter 420-D) with respect to review and approval of the transaction proposed in the Motion or any modifications thereto in the event that

the Debtor seeks approval of a sale to a Successful Bidder on terms other than those proposed in the Stalking Horse Agreement. The Stalking Horse and all other Qualified Bidders shall be deemed to have acknowledged that review and necessary approvals or consents by, among others, the New Hampshire Circuit Court Probate Division (N.H. RSA 547:3-c and 3-d), the New Hampshire Attorney General, Charitable Trusts Unit (N.H. RSA 7:19-b), and the New Hampshire Department of Insurance (N.H. RSA Chapter 420-D), are required for the Debtor to consummate the Sale.

27. Entry of this Order does not modify or alter state regulatory and licensing requirements. The findings of fact and conclusions of law in this Order shall not be binding on the State of New Hampshire or any of its agencies in regulatory proceedings or issuing approvals related to the required approvals described in the preceding paragraph nor to any state licensure or program participation determinations. The Debtor and any Successful Bidder must separately comply with all applicable state regulatory and licensing requirements with respect to a Sale of the Debtor's assets and subsequent operation thereof. The Stalking Horse and all other Qualified Bidders at the Auction shall be deemed to have acknowledged that any sale of the Debtor's Assets is subject to regulatory and licensing approvals by the State of New Hampshire.

28. The following shall be added to the Bid Procedures:

The Debtor and any Successful Bidder must separately comply with all applicable state regulatory and licensing requirements with respect to a Sale of the Debtor's assets and subsequent operation thereof. All Qualified Bidders are deemed to have acknowledged that any sale of the Debtor's Assets is subject to regulatory and licensing approvals by the State of New Hampshire. This includes deemed acknowledgment by all Qualified Bidders that review and approvals or consents by the New Hampshire Circuit Court Probate Division (N.H. RSA 547:3-c and 3-d), the New Hampshire Attorney General, Charitable Trusts Unit (N.H. RSA 7:19-b), and the New Hampshire Department of Insurance (N.H. RSA Ch. 420-D), are necessary for the Debtor to consummate the Sale. The Sale Procedures Order did not modify or alter state regulatory and licensing requirements.

29. The Debtor shall provide the State with the lists of Preliminarily Interested Investors, Qualified Bidders and Qualified Bids when such information is provided to the Consultation Parties (as defined in the Bid Procedures). The State and its counsel are authorized to attend the Auction.

**IX. Other Relief Granted**

30. Nothing in this Order, the Stalking Horse Agreement or the Motion shall be deemed to or constitute the assumption or assignment of a Contract.

31. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a). The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

32. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding any provision in the Bankruptcy Rules or the Local Rules to the contrary, and the Debtor may, in its discretion and without further delay, take any action and perform any act authorized by this Order.

33. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: September 21, 2021

/s/ Bruce A. Harwood

Bruce A. Harwood  
Chief Bankruptcy Judge

**Exhibit 1 to Bid Procedures Order**

Bid Procedures

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:	)	Chapter 11
	)	
The Prospect-Woodward Home	)	Case No. 21-10523-BAH
dba Hillside Village,	)	
	)	
Debtor. <sup>1</sup>	)	
	)	

**BIDDING PROCEDURES**

By the Motion dated August 30, 2021, the above-captioned debtor and debtor in possession (the “Debtor”) sought approval of, among other things, the procedures through which it will determine the highest or otherwise best price for the sale of substantially all of the Debtor’s assets and operations being offered for sale (the “Assets”) described in that certain Asset Purchase Agreement dated as of August 17, 2021 between Covenant Living Communities and Services (the “Stalking Horse”) and the Debtor (the “Stalking Horse Agreement”), a copy of which is attached to the Motion as **Exhibit A**.

On September [●], 2021, the U.S. Bankruptcy Court for the District of New Hampshire (the “Bankruptcy Court”) entered an order (the “Sale Procedures Order”), which, among other things, authorized the Debtor to determine the highest or otherwise best bid for the Assets through the process and procedures set forth below (the “Bid Procedures”)<sup>2</sup> to be employed for the proposed sale (the “Sale”) of the Assets. It is contemplated that the Sale will be implemented through a purchase agreement, subject to the receipt of higher and better bids at an auction (the “Auction”) and the corresponding entry into a sale agreement with a Successful Bidder (as defined below) according to these Bid Procedures. The Bankruptcy Court has jurisdiction with respect to any dispute that may arise with respect to these Bid Procedures. These Bid Procedures set forth the process (the “Bidding Process”) by which the Debtor is authorized to conduct the Auction for the Sale of its Assets.

**Important Dates (All times are prevailing Eastern Time)**

- **September 24, 2021 at 4:00 p.m.:** Debtor to send Cure and Possible Assumption and Assignment Notices to All Contract Counterparties and Notice of the Sale
- **October 15, 2021 at 4:00 p.m.:** Deadline to file and serve any Contract Objection.

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification are 2146. The address of the Debtor’s headquarters is 95 Wyman Road, Keene, New Hampshire 03431.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Bid Procedures Order.

- **October 29, 2021 at 4:00 p.m.:** Deadline to (a) submit Bid to be considered for the Auction; and (b) file and serve objections to relief requested at Sale Hearing (except for any objection that arises at the Auction)
- **November 3, 2021 at 10:00 a.m.:** Proposed date of Auction
- **November 4, 2021 at 4:00 p.m.:** Debtor to file notice of Successful Bidder, Backup Bidder, and Assumption Notices
- **November 8, 2021 at 9:30 a.m.:** Proposed date of Sale Hearing and deadline to make an Adequate Assurance Objection (either by filing such Adequate Assurance Objection with the Court prior to the Sale Hearing or noting its Adequate Assurance Objection at the Sale Hearing)

### **Marketing Process**

The Debtor, in consultation with Grandbridge Real Estate Capital LLC (“Grandbridge”), developed a list of parties who the Debtor believes may potentially be interested in and who the Debtor reasonably believes would have the financial resources to consummate a Sale, which list includes both potential strategic investors and financial investors (each, individually, a “Contact Party”, and collectively, the “Contact Parties”). The Debtor shall consult with the Bond Trustee, Savings Bank of Walpole (“SBW”), and the Committee (together, the “Consultation Parties”) on all aspects of the Bidding Process and the Sale process. Grandbridge has or will contact the Contact Parties to explore their interest in pursuing a Sale. The Contact Parties may include parties that the Debtor or its advisors have previously contacted regarding a Sale, regardless of whether such parties expressed any interest, at such time, in pursuing a Sale. The Debtor will continue to discuss and may supplement the list of Contact Parties throughout the marketing process, as appropriate and in consultation with the Consultation Parties.

The Debtor shall distribute to each Contact Party an “Information Package” that is comprised of:

- (a) a cover letter;
- (b) a copy of these Bid Procedures; and
- (c) a copy of a confidentiality agreement (the “Confidentiality Agreement”).

To participate in the Bidding Process and to receive access to any materials relating to the Assets (the “Diligence Materials”), a party must submit to the Debtor an executed Confidentiality Agreement, signed and transmitted by the person or entity wishing to have access to the Diligence Materials.

A party who qualifies for access to the Diligence Materials shall be a “Preliminarily Interested Investor.” All due diligence requests must be directed to Grandbridge.

### **Bid Qualification Process**<sup>3</sup>

To be eligible to participate in the Auction, each offer, solicitation or proposal (each, a “Bid”), and each party submitting such a Bid (each, a “Bidder”), must be determined by the Debtor, in consultation with the Consultation Parties, to satisfy each of the following conditions:

- (1) Good Faith Deposit: Each Bid must be accompanied by a deposit in the amount of One Million Dollars (\$1,000,000) to be deposited into an interest-bearing escrow account to be identified and established by the Debtor (the “Good Faith Deposit”).
- (2) Terms: A Bid must include executed transaction documents pursuant to which the Bidder proposes to effectuate the Sale, including an asset purchase agreement (the “Transaction Documents”). The Transaction Documents shall also identify any executory contracts and unexpired leases of the Debtor that the Bidder wishes to have assumed and assigned to it pursuant to the Sale (collectively, the “Assigned Contracts”).
- (3) Principal Terms: A Bid must have a Purchase Price of at least \$34,010,000.<sup>4</sup> A Bid must include an executed asset purchase agreement similar in form and substance to Stalking Horse Agreement, as modified by the potential purchaser, pursuant to which the Bidder proposes to effectuate the contemplated transaction and a black-lined copy of the asset purchase agreement marked to show all changes requested by the Bidder, including specifications of the proposed purchase price and any changes to any exhibits or schedule to the agreement. A Bid must identify with particularity each and every condition to closing and all executory contracts to be assumed and assigned pursuant to the asset purchase agreement as well which liabilities it will be assuming. A Bid should propose a transaction involving substantially all, or a portion of, the Debtor’s Assets or operations. The Debtor, in consultation with the Consultation Parties, shall evaluate all Bids to determine whether such Bid(s) maximizes the value of the Debtor’s estate as a whole. The asset purchase agreement must include a commitment to close by no later than the Closing Date (as defined in the Stalking Horse Agreement).
- (4) Corporate Authority: Each Bidder must provide written evidence, reasonably acceptable to the Debtor, in consultation with the Consultation Parties, demonstrating appropriate corporate authorization to consummate the proposed transaction; *provided, however*, that, if the Bidder is an entity specially formed for the purpose of effectuating the transaction, then the Bidder must furnish written evidence reasonably acceptable to the Debtor, in consultation with the Consultation Parties, of the approval of the transaction by the equity holder(s) of such Bidder.

---

<sup>3</sup> None of the Bid Qualification Process requirements apply to the Stalking Horse or the Stalking Horse Agreement, as may be amended (the “Stalking Horse Bid”). For avoidance of doubt, the Stalking Horse Bid is a Qualified Bid and the Stalking Horse Bidder is a Qualified Bidder.

<sup>4</sup> The Purchase Price must be higher than the aggregate of the Stalking Horse Bid (\$33,000,000), Stalking Horse Payment (\$910,000), and Initial Overbid (\$100,000).

- (5) Government Approvals Timeframe: Each Bid must set forth an estimated timeframe for obtaining any required governmental, licensing, regulatory or other approvals or consents for consummating any proposed purchase. Please be advised as follows:

The Debtor and any Successful Bidder must separately comply with all applicable state regulatory and licensing requirements with respect to a Sale of the Debtor's assets and subsequent operation thereof. All Qualified Bidders are deemed to have acknowledged that any sale of the Debtor's Assets is subject to regulatory and licensing approvals by the State of New Hampshire. This includes deemed acknowledgment by all Qualified Bidders that review and approvals or consents by the New Hampshire Circuit Court Probate Division (N.H. RSA 547:3-c and 3-d), the New Hampshire Attorney General, Charitable Trusts Unit (N.H. RSA 7:19-b), and the New Hampshire Department of Insurance (N.H. RSA Ch. 420-D), are necessary for the Debtor to consummate the Sale. The Sale Procedures Order did not modify or alter state regulatory and licensing requirements.

- (6) Consent to Jurisdiction: By submitting a Bid, each Bidder agrees and shall be deemed to have agreed to submit to the jurisdiction of the Bankruptcy Court and waives any right to a jury trial in connection with any disputes relating to the Debtor's qualification of bids, the Auction, if any, the construction and enforcement of the Bidding Procedures, the sale documents and the closing, as applicable.
- (7) Proof of Financial Ability to Perform: Each Bidder must provide written evidence, sufficient for the Debtor to reasonably conclude, in consultation with the Consultation Parties, that the Bidder has the necessary financial ability to close the transaction and provide adequate assurance of future performance under all Assigned Contracts to be assumed and assigned in such transaction. Such information should include, *inter alia*, the following:
- (a) contact names and numbers for verification of financing sources,
  - (b) evidence of the Bidder's internal resources and proof of any debt or equity funding commitments that are needed to close the transaction;
  - (c) the Bidder's current financial statements; and
  - (d) any such other form, financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtor, in consultation with the Consultation Parties, demonstrating that such Bidder has the ability to close the transaction; *provided, however*, that the Debtor shall determine, in its reasonable discretion, in consultation with the Debtor's advisors and the Consultation Parties, whether the written

evidence of such financial wherewithal is reasonably acceptable, and shall not unreasonably withhold acceptance of a Bidder's financial qualifications.

- (8) Contingencies: A Bid may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy in all material respects at the closing of specified representations and warranties.
- (9) Irrevocable: A Bid must be irrevocable through the Auction; *provided, however*, that if such Bid is accepted as the Successful Bid or the Backup Bid (as defined herein), such Bid shall continue to remain irrevocable, subject to the terms and conditions of the Bid Procedures.
- (10) Disclaimer of Fees: Each Bid (other than a Stalking Horse Bid) must disclaim any right to receive any break-up fee, expense reimbursement, termination fee, or any other similar form of compensation.
- (11) Bid Deadline: Regardless of when a party qualifies as a Preliminarily Interested Investor, the Debtor must receive a Bid in writing, on or before October 29, 2021 at 4:00 p.m. (the "Bid Deadline"). Bids must be sent to the following by the Bid Deadline to be considered: (a) counsel for the Debtor, (i) Polsinelli PC, 600 Third Avenue, 42nd Floor, New York, New York 10016, Attn: Jeremy R. Johnson (jeremy.johnson@polsinelli.com) and Attn: Stephen J. Astringer (sastringer@polsinelli.com), and (ii) Hinckley, Allen & Snyder LLP, 650 Elm Street, Manchester, New Hampshire 03101, Attn: Daniel M. Deschenes (ddeschenes@hinckleyallen.com) and 28 State Street, Boston, Massachusetts 02109, Attn: Jennifer V. Doran (jdoran@hinckleyallen.com); (b) broker for the Debtor, Grandbridge Real Estate Capital LLC, 1408 North Westshore Boulevard, Suite 910, Tampa, Florida 33607, Attn: Allen McMurtry; (c) counsel to the Bond Trustee, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel S. Bleck (dsbleck@mintz.com); (d) counsel for the Committee, (i) Perkins Coie LLP, 131 S. Dearborn Street, Suite 1700, Chicago, Illinois 60603, Attn: Eric E. Walker (ewalker@perkinscoie.com), and (ii) McLane Middleton, 900 Elm Street, Manchester, New Hampshire 03101, Attn: Joseph A. Foster (joe.foster@mcclane.com); and (e) counsel to Savings Bank of Walpole, Devine, Millimet & Branch, Professional Association, 111 Amherst Street, Manchester, New Hampshire 03101, Attn: Charles R. Powell (cpowell@devinemillimet.com) (collectively, the "Notice Parties").

A Bid received from a Bidder before the Bid Deadline that meets the above requirements shall constitute a "Qualified Bid," and such Bidder shall constitute a "Qualified Bidder."

### **Credit Bid**

The Bond Trustee shall be deemed to be a Qualified Bidder and is not required to make any Good Faith Deposit in submitting a Credit Bid (defined below). The Bond Trustee may

participate in the Auction and may Credit Bid at any time up to the conclusion of the Auction, in its sole and absolute discretion, any portion and up to the entire amount of its claim; provided, however, the Bond Trustee must bid in cash at least the amount of the Stalking Horse Payment, which amounts must be payable in cash at the Closing (a “Credit Bid”). The Bond Trustee will not be a Backup Bidder unless it consents in writing otherwise. If the Bond Trustee elects to exercise its right to Credit Bid, such bid shall provide that the Stalking Horse Payment must be paid in cash. If the Bond Trustee or its designee elects to Credit Bid, the Bond Trustee shall no longer be a Consultation Party.

### **Auction**

If one or more Qualified Bids is received by the Bid Deadline (other than the Stalking Horse Bid) and/or the Bond Trustee has indicated its intent to submit a Credit Bid, the Debtor will conduct the Auction to determine the highest and best Qualified Bid. This determination shall take into account any factors the Debtor, upon consultation with the Consultation Parties, reasonably deems relevant to the value of the Qualified Bid to the estate, including, *inter alia*, the following: (a) the amount and nature of the consideration; (b) the proposed assumption of any liabilities and/or Assigned Contracts; (c) the ability of the Qualified Bidder to close the proposed Transaction; (d) the impact of the Qualified Bid on residents; (e) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (f) any purchase price adjustments; (g) the impact of the Sale on any actual or potential litigation; and (h) the net after-tax consideration to be received by the Debtor’s estate (collectively, the “Bid Assessment Criteria”). If no Qualified Bid (other than the Stalking Horse Bid) is received by the Bid Deadline and the Bond Trustee has not indicated its intent to submit a Credit Bid, no Auction shall be conducted and the Stalking Horse Bid shall be deemed the Successful Bid. Only Qualified Bidders may participate in the Auction.

The Auction, if necessary, shall take place on November 3, 2021 at 10:00 a.m., at Hinckley, Allen & Snyder LLP, 28 State Street, Boston, Massachusetts 02109 or other place as the Debtor shall notify all Bidders who have submitted Qualified Bids. The Debtor may permit bidders to participate remotely subject to all of the other terms contained herein. The Auction shall be transcribed or videotaped, and shall be conducted according to the following procedures:

#### **The Debtor Shall Conduct the Auction**

The Debtor and its professionals shall direct and preside over the Auction in consultation with the Consultation Parties. At the start of the Auction the Debtor shall describe the terms of the highest and best Qualified Bid(s) (the “Auction Baseline Bid”).

All Bids made thereafter shall be Overbids (as defined below) and shall be made and received on an open basis and all material terms of each Overbid shall be fully disclosed to all Bidders who have submitted Qualified Bids. The Debtor shall maintain a transcript of all Bids made and announced at the Auction, including the Auction Baseline Bid and all Overbids.

#### **Stalking Horse Rights**

The Stalking Horse Payment shall be taken into account with each round of bidding and in each phase of the Auction by adding the amount of the Stalking Horse Payment to the amount of each bid made by the Stalking Horse. Any credit bids submitted by a party other than the Stalking

Horse shall include a cash component that is sufficient to pay the amount of the Stalking Horse Payment. Within at least two days prior to the Auction, if the Stalking Horse is not the highest and best Bid, the Debtor shall advise the Stalking Horse of the Auction Baseline Bid and shall provide a copy of the asset purchase agreed associated with such Auction Baseline Bid. The Stalking Horse Payment used in the bidding calculations hereunder shall be \$910,000.

### **Terms of Overbids**

An “Overbid” is any Bid made at the Auction subsequent to the Debtor’s announcement of the Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

#### **(1) Minimum Overbid Increment**

The initial minimum Overbid shall be \$100,000. In advance of the Auction and after a review of the Qualified Bids received, the Debtor, in consultation with its advisors and the Consultation Parties, shall determine the increments of any subsequent Overbid after the Auction Baseline Bid but such amount shall not be less than \$100,000 (the “Minimum Overbid Increment”) for a Bid for all of the Debtor’s Assets, and in an amount to be determined by the Debtor, in consultation with the Consultation Parties at the Auction; *provided*, that the Debtor shall retain the right to modify the bid increment requirements at the Auction in consultation with the Consultation Parties. Additional consideration in excess of the amount set forth in the Auction Baseline Bid may include only cash, the assumption of debt, or a Credit Bid.

#### **(2) Remaining Terms are the Same as for Qualified Bids**

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above; *provided, however*, that the Bid Deadline shall not apply. Any Overbid shall remain open and binding on the Bidder unless and until the Debtor, in consultation with the Consultation Parties, accepts a higher Overbid, subject to such Bidder remaining a Backup Bidder.

To the extent not previously provided (which shall be determined by the Debtor in consultation with the Consultation Parties), a Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure, credit-quality support information or other enhancement reasonably acceptable to the Debtor in consultation with the Consultation Parties) demonstrating such Bidder’s ability to close the transaction proposed by such Overbid.

#### **(3) Announcing Overbids**

The Debtor shall announce at the Auction the material terms of each Overbid, the basis for calculating the total consideration offered in each such Overbid and the resulting benefit to the Debtor’s estate based on, *inter alia*, the Bid Assessment Criteria.

#### **(4) Consideration of Overbids**

The Debtor reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction to, among other things: facilitate discussions between the Debtor and

individual Bidders, allow individual Bidders to consider how they wish to proceed, and give Bidders the opportunity to provide the Debtor with such additional evidence as the Debtor in its reasonable business judgment and in consultation with the Consultation Parties, may require, that the Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount.

### **No Collusion; Good-Faith Bona Fide Offer**

Each Qualified Bidder participating at the Auction will be required to confirm on the record at the Auction that (i) it has not engaged in any collusion with respect to the Sale or Bidding Process (including that it has no agreement with any other Bidder or Qualified Bidder to control the price) and (ii) its Qualified Bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bidder or the Backup Bidder.

### **Backup Bidder**

Notwithstanding anything in the Bid Procedures to the contrary, if an Auction is conducted, the party with the next highest or otherwise best Qualified Bid(s) at the Auction, as determined by the Debtor, in the exercise of its business judgment, shall be required to serve as a backup bidder (the “Backup Bidder”). The Backup Bidder shall be required to keep its final Bid at Auction (or if the Backup Bidder submitted one or more Overbids at the Auction, its final Overbid) (the “Backup Bid”) open and irrevocable until sixty (60) days after entry of the Sale Order (the “Outside Backup Date”) or the closing of the transaction with the Successful Bidder. Following entry of the Sale Order, if the Successful Bidder fails to consummate an approved transaction because of a breach or failure to perform on the part of such Successful Bidder, the Debtor may designate the Backup Bidder to be the new Successful Bidder, and the Debtor will be authorized, but not required, to consummate the transaction with the Backup Bidder without further order of the Bankruptcy Court. In such case, the defaulting Successful Bidder’s deposit, if any, shall be forfeited to the Debtor’s estate, and the Debtor specifically reserves the right to seek all available damages from the defaulting Successful Bidder. The closing date to consummate the transaction with the Backup Bidder shall be the later of (a) sixty (60) days after the date that the Debtor provides notice to the Backup Bidder that the Successful Bidder failed to consummate a Sale and that the Debtor desires to consummate the transaction with the Backup Bidder, or (b) March 31, 2022 (the “Outside Closing Date”). The deposit, if any, of the Backup Bidder shall be held by the Debtor until the earlier of two (2) business days after (a) the closing of the Sale with the Successful Bidder and (b) the Outside Backup Date; provided, however, that in the event the Successful Bidder does not consummate the transaction as described above and the Debtor provides notice to the Backup Bidder, the Backup Bidder’s deposit shall be held until the closing of the transaction with the Backup Bidder. In the event that the Debtor fails to consummate a transaction with the Backup Bidder as described above, the Backup Bidder’s deposit shall be forfeited to the Debtor’s estate, and the Debtor specifically reserves the right to seek all available damages from the defaulting Backup Bidder.

### **Additional Procedures**

The Debtor may announce at the Auction additional procedural rules that are reasonable under the circumstances (*e.g.*, the amount of time to make subsequent Overbids) for conducting the Auction so long as such rules are not inconsistent with these Bid Procedures.

### **Consent to Jurisdiction as Condition to Bidding**

All Qualified Bidders, and all Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the Stalking Horse Agreement, the Auction or the construction and enforcement of any Transaction Documents.

### **Rights to Credit Bid**

The Bond Trustee shall have the right to Credit Bid as set forth in the Bid Procedures Order. The Stalking Horse Bidder shall have the right (including as part of any Overbid) to credit bid all or a portion of the value of the Stalking Horse Payment at the Auction, including the full amount of the potential Expense Reimbursement for the Assets pursuant to Bankruptcy Code section 363(k).

### **Closing the Auction**

The Auction shall continue until there is only one or more Qualified Bid(s) that the Debtor determines in its reasonable business judgment, after consultation with its financial and legal advisors and the Consultation Parties, is the highest and best Qualified Bid(s) at the Auction (the “Successful Bid” and the Bidder submitting such Successful Bid, the “Successful Bidder”). In making this decision, the Debtor, in consultation with its financial and legal advisors and the Consultation Parties, shall consider the Bid Assessment Criteria. The Auction shall not close unless and until all Bidders who have submitted Qualified Bids have been given a reasonable opportunity to submit an Overbid at the Auction to the then-existing Overbid. Prior to the conclusion of the Auction, the Successful Bidder and the Backup Bidder shall have submitted fully executed Transaction Documents memorializing the terms of the Successful Bid(s) and Backup Bid and the Successful Bidder shall have increased the amount of its Good Faith Deposit to 3% of the cash purchase price of the Successful Bid.

### **Bid Protections**

The Stalking Horse is entitled to the Stalking Horse Payment, to the extent it becomes payable, pursuant to the terms of the Stalking Horse Agreement and the Bid Procedures Order.

Except for the Stalking Horse, no other party submitted an offer or Bid for the Assets or a Qualifying Bid shall be entitled to any expense reimbursement, breakup fee, termination, or similar fee or payment or any other protection against the Debtor designating another party as the Successful Bidder or Backup Bidder.

**Procedures for Determining Cure Amounts and Adequate Assurance for Contract Counterparties to Assigned Contracts.**

By September 24, 2021, the Debtor shall send a notice to each counterparty to an executory contract or unexpired lease (each a “Contract Counterparty”) setting forth the Debtor’s calculation of the cure amount, if any, that would be owing to such Contract Counterparty if the Debtor decided to assume or assume and assign such executory contract or unexpired lease, and alerting such Contract Counterparty that its contract may be assumed and assigned to the Successful Bidder (the “Cure and Possible Assumption and Assignment Notice”), a copy of which is attached to the Bid Procedures Order as **Exhibit 3**. Any Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice or the possible assignment of its executory contract or unexpired lease must file an objection (a “Contract Objection”) on or before 4:00 p.m. (prevailing Eastern Time) on October 15, 2021, which Contract Objection must be served on the Notice Parties. If a Contract Counterparty does not timely file and serve a Contract Objection, that party will be forever barred from objecting to (a) the Debtor’s proposed cure amount, or (b) the assignment of that party’s executory contract or unexpired lease to the Successful Bidder. Where a Contract Counterparty to an Assigned Contract files a timely Contract Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, or an objection to the possible assignment of that Contract Counterparty’s executory contract or unexpired lease, and the parties are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtor’s ability to assign the executory contract or unexpired lease to the Successful Bidder will be determined at the Sale Hearing.

By November 4, 2021, the Debtor shall file with the Court and serve on the Contract Counterparties a further notice substantially in the form attached to the Bid Procedures Order as **Exhibit 4** (the “Assumption Notice”) identifying the Successful Bidder, stating which Contracts will be assumed and assigned to the Successful Bidder, and providing such Contract Counterparties with the Successful Bidder’s assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection with the Bankruptcy Court (an “Adequate Assurance Objection”) prior to the Sale Hearing or note its Adequate Assurance Objection at the Sale Hearing. If a Contract Counterparty does not make an Adequate Assurance Objection prior to or at the Sale Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Successful Bidder. If a Contract Counterparty makes an Adequate Assurance Objection prior to or at the Sale Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Successful Bidder will be determined at the Sale Hearing.

**Sale Hearing**

The Bankruptcy Court has scheduled a hearing (the “Sale Hearing”) on November 8, 2021, at 9:30 a.m. (prevailing Eastern Time), at which the Debtor will seek approval of the Sale to the Successful Bidder. Objections to the Sale of the Assets to the Successful Bidder or Back-Up Bidder must be filed and served so that they are actually received by the Debtor no later than 4:00 p.m. (prevailing Eastern Time) on October 29, 2021 (except for any objection that arises at the Auction) on the Notice Parties.

### **Return of Good Faith Deposits**

The Good Faith Deposits of all Qualified Bidders shall be held in one or more interest-bearing escrow accounts by Connecticut Attorneys Title Insurance Company and shall not become property of the Debtor's estate absent further order of the Court. The Good Faith Deposits of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than two (2) business days after the Sale Hearing. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder timely closes the winning transaction, its Good Faith Deposit shall be credited towards its purchase price. The forgoing notwithstanding, the Good Faith Deposit of the Stalking Horse shall be returned to the Stalking Horse pursuant to the provisions of the Stalking Horse Agreement.

### **Reservation of Rights**

The Debtor reserves the right to modify these Bid Procedures in its reasonable business judgment in any manner, after consultation with the Consultation Parties, that will best promote the goals of the Bidding Process or impose, at or prior to the Auction, additional customary terms and conditions on the Sale of the Assets.

**Attachment A to Bid Procedures**

Form of Confidentiality Agreement

## CONFIDENTIALITY AGREEMENT

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Confidentiality Agreement Regarding Potential Transaction

Ladies and Gentlemen:

In connection with your consideration of a possible acquisition of substantially all of the assets and assumption of certain liabilities ("Transaction") of The Prospect-Woodward Home d/b/a Hillside Village Keene (the "Company"), you have requested certain confidential and other information concerning the Company. You agree to treat any information concerning the Company, its affiliates, subsidiaries, management companies, and parent companies, whether furnished to you before or after the date of this letter, together with any and all analyses or other documents prepared by you or any of your directors, employees, advisors, attorneys, accountants, consultants, subcontractors, representatives or lending institutions (collectively, "Representatives") which contain or otherwise reflect such information (collectively, "Evaluation Material"), in accordance with this agreement. The term "Evaluation Material" does not include information that (a) was already in your possession prior to the time of disclosure to you by the Company or its Representatives, provided that such information was not furnished to you by a source known by you to be bound by a confidentiality agreement with the Company, or otherwise prohibited from disclosing the information to you, (b) was or becomes generally available to the public other than as a result of a disclosure by you or your Representatives, (c) becomes available to you on a non-confidential basis from a source other than the Company or its Representatives, provided that such source is not known by you to be bound by a confidentiality agreement with the Company, or otherwise prohibited from disclosing the information to you, or (d) that was or is independently developed by you without violating your obligations hereunder.

The Evaluation Material will be used solely for the purpose of evaluating the Transaction between the Company and you, will not be used in any way detrimental to the Company and its Representatives, and will be kept confidential by you and your Representatives, except to the extent that disclosure (a) has been consented to in writing by the Company, or (b) is made to your Representatives who need to know such information for the purpose of evaluating the Transaction (it being understood that such Representatives shall be informed by you of the confidential nature of the Evaluation Material). You shall be responsible for any breach of this agreement by any of your Representatives as if such Representative had been substituted for "you" as a party and signatory to this letter. You will not contact any shareholders, lenders, creditors, employees or directors of the Company regarding the Company without the prior written consent of the undersigned.

In the event that you or any of your Representatives are requested or required by law, regulatory authority or other applicable judicial or governmental order to disclose any Evaluation

Material, you will provide the Company with prompt notice of any such request or requirement so that the Company may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this agreement. In the event that such protective order or other remedy is not obtained, or that the Company waives compliance with the terms hereof, you may disclose only that portion of the Evaluation Material that is legally required.

In addition, without the prior written consent of the Company, you will not, and will direct your Representatives not to, disclose to any person (a) that the Evaluation Material has been made available to you or your Representatives, (b) that discussions are taking place concerning a Transaction, or (c) any terms or other facts with respect to the Transaction, including the status thereof.

It is understood and agreed that money damages may not be a sufficient remedy for any breach of this agreement, and that the Company is entitled to seek specific performance and injunctive or other equitable relief. Such remedy shall not be deemed to be the exclusive remedy for breach of this agreement, but shall be in addition to all other remedies available at law or equity to the Company.

The Company shall not be deemed to have made any representations or warranties as to the accuracy or completeness of the Evaluation Material. Only those representations or warranties that are made by the Company in a final definitive agreement regarding a Transaction, when, as and if executed, and subject to such limitations and restrictions as may be specified therein, will have any legal effect.

Within ten days after being so requested by the Company or its Representatives, except to the extent you are advised by legal counsel that complying with such request would be prohibited by law or regulatory authority, you will return or destroy all Evaluation Material. Any destruction of materials shall be confirmed by you in writing. Any Evaluation Material that cannot be returned or destroyed (such as oral Evaluation Material) shall remain confidential, subject to the terms of this agreement.

This agreement binds the parties hereto only with respect to the matters expressly set forth herein. As such, unless and until a subsequent definitive written agreement regarding a Transaction between the Company and you has been executed, (a) neither the Company nor you will be under any legal obligation of any kind whatsoever to negotiate or consummate a Transaction, and (b) you shall have no claim whatsoever against the Company or any of its respective directors, officers, owners, affiliates or Representatives arising out of or relating to any Transaction or Evaluation Material. No interest, license or any right respecting the Evaluation Material, other than expressly set out herein, is granted under this agreement by implication or otherwise.

Additionally, you agree not to solicit for employment any Company employees to whom you may be introduced or with whom you otherwise had contact as a result of your consideration of a Transaction for a period of two (2) years after the date of this agreement, provided that you shall not be restricted in any general solicitation for employees (including through the use of

employment agencies) not specifically directed at any such persons, and provided further that you shall not be restricted in hiring any such person who responds to any such general solicitation.

You hereby acknowledge that you are aware, and further agree that you will advise your Representatives, that Federal and State securities laws limit the circumstances in which any person who has material, non-public information about a company may purchase or sell securities of such a company and prohibit any such person from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. Moreover, you agree that you shall not use any of the Evaluation Materials to purchase or attempt to purchase or otherwise engage in trading of claims of the Company (including, without limitation, claims held by trade creditors, bank lenders, other secured and unsecured lenders or any other parties).

You further acknowledge and confirm that (a) you have had the opportunity to have this agreement reviewed by counsel and have either utilized or waived this opportunity; and (b) the undersigned has due authority to bind you and your Representatives to the terms of this agreement.

This agreement shall be governed by and construed in accordance with the internal laws of the State of New Hampshire, without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby. Venue for any action to enforce the provisions of this letter agreement shall be properly laid in the United States Bankruptcy Court for the District of New Hampshire. This agreement shall be binding upon and shall insure to the benefit of the Company and its successors and assigns. This agreement constitutes the entire agreement between the parties hereto regarding the subject matter hereof. No amendments, changes or modifications may be made to this agreement without the express written consent of each of the parties hereto. If any term or provision of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. No failure or delay by the Company in exercising any right hereunder or any partial exercise thereof shall operate as a waiver thereof or preclude any other or further exercise of any right hereunder.

Your obligations under this agreement shall remain in effect for a period of two years from the date hereof, except as otherwise stated herein.

Very truly yours,

The Prospect-Woodward Home d/b/a Hillside Village Keene:

\_\_\_\_\_

Name:

Title:

Confirmed and Agreed to:

By: \_\_\_\_\_

Name:

Title:

**Exhibit 2 to Bid Procedures Order**

Sale Notice

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:	)	Chapter 11
	)	
The Prospect-Woodward Home	)	Case No. 21-10523-BAH
dba Hillside Village,	)	
	)	
Debtor. <sup>1</sup>	)	
	)	

**NOTICE OF BID PROCEDURES, AUCTION, HEARING AND DEADLINES  
RELATING TO THE SALE OF SUBSTANTIALLY  
ALL OF THE ASSETS OF THE DEBTOR**

**PLEASE TAKE NOTICE** that on August 30, 2021, The Prospect-Woodward Home, as debtor and debtor-in-possession (the “Debtor”) in the above-captioned case (the “Bankruptcy Case”), filed a *Motion of the Debtor for Entry of (I) an Order (A) Approving Bid Procedures in Connection with the Sale of Substantially All of the Debtor’s Assets, (B) Approving the Form and Manner of Notice thereof, (C) Scheduling an Auction and Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granting Related Relief; and (II) an Order (A) Approving the Asset Purchase Agreement Between the Debtor and the Successful Bidder, and (B) Authorizing the Sale of Substantially All of the Debtor’s Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief* [Docket No. 10] (the “Bid Procedures and Sale Motion”).<sup>2</sup> The Debtor seeks to complete a sale (the “Transaction”) of substantially all its assets (the “Assets”) to a prevailing bidder or bidders (the “Successful Bidder”) at an auction (the “Auction”) free and clear of all liens, claims, encumbrances and other interests pursuant to Bankruptcy Code section 363.

**PLEASE TAKE FURTHER NOTICE** that, on September [●], 2021 the Bankruptcy Court entered an order [Docket No. ●] (the “Bid Procedures Order”) approving the bidding procedures set forth in the Bid Procedures and Sale Motion (the “Bid Procedures”), which set the key dates and times related to the sale of the Debtor’s Assets under the asset purchase agreement with the Successful Bidder. **All interested bidders should carefully read the Bid Procedures.** To the extent that there are any inconsistencies between the Bid Procedures and the summary description of its terms and conditions contained in this notice, the terms of the Bid Procedures shall control. Pursuant to the Bid Procedures Order, the Debtor has entered into an Asset Purchase Agreement (the “Stalking Horse Agreement”) for the sale of substantially all of the Debtor’s assets to Covenant Living Communities and Services (the “Stalking Horse”) subject to competitive bidding as set forth in the Bid Procedures Order.

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification are 2146. The address of the Debtor’s headquarters is 95 Wyman Road, Keene, New Hampshire 03431.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Bid Procedures and Sale Motion.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Bid Procedures, the Debtor must receive a Qualified Bid from interested bidders in writing, on or before October 29, 2021, or such later date as may be agreed to by the Debtor (the “Bid Deadline”). To be considered, Qualified Bids must be sent to the following at or before the Bid Deadline: (a) counsel for the Debtor, (i) Polsinelli PC, 600 Third Avenue, 42nd Floor, New York, New York 10016, Attn: Jeremy R. Johnson (jeremy.johnson@polsinelli.com) and Attn: Stephen J. Astringer (sastringer@polsinelli.com), and (ii) Hinckley, Allen & Snyder LLP, 650 Elm Street, Manchester, New Hampshire 03101, Attn: Daniel M. Deschenes (ddeschenes@hinckleyallen.com) and 28 State Street, Boston, Massachusetts 02109, Attn: Jennifer V. Doran (jdoran@hinckleyallen.com); (b) broker for the Debtor, Grandbridge Real Estate Capital LLC, 1408 North Westshore Boulevard, Suite 910, Tampa, Florida 33607, Attn: David Kliever (david.kliever@grandbridge.com); (c) counsel for the Bond Trustee, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel S. Bleck (dsbleck@mintz.com); (d) counsel for the Committee, (i) Perkins Coie LLP, 131 S. Dearborn Street, Suite 1700, Chicago, Illinois 60603, Attn: Eric E. Walker (ewalker@perkinscoie.com), and (ii) McLane Middleton, 900 Elm Street, Manchester, New Hampshire 03101, Attn: Joseph A. Foster (joe.foster@mclane.com); and (e) counsel for Savings Bank of Walpole, Devine, Millimet & Branch, Professional Association, 111 Amherst Street, Manchester, New Hampshire 03101, Attn: Charles R. Powell (cpowell@devinemillimet.com).

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bid Procedures, if the Debtor receives one or more Qualified Bids (other than the Credit Bid) by the Bid Deadline, the Auction will be conducted on **November 3, 2021 at 10:00 a.m.** (prevailing Eastern Time) at Hinckley, Allen & Snyder LLP, 28 State Street, Boston, Massachusetts 02109, or at such other place, date and time as may be designated by the Debtor. The Debtor may conduct the Auction remotely to the extent necessary to comply with applicable COVID-19 health guidelines.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bid Procedures, the Debtor has designated certain Assigned Contracts that may be assumed or assumed and assigned to the Successful Bidder. By **September 24, 2021**, the Debtor shall send a notice to each counterparty to an Assigned Contract setting forth the Debtor’s calculation of the cure amount, if any, that would be owing to such counterparty if the Debtor decided to assume or assume and assign such Assigned Contract, and alerting such non-debtor party that its contract may be assumed and assigned to the Successful Bidder (the “Cure and Possible Assumption and Assignment Notice”).

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bid Procedures, any counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice or the possible assignment of its Assigned Contract(s) must file with the Bankruptcy Court and serve an objection (a “Cure or Assignment Objection”) so that it is actually received on or before **4:00 p.m. ET on October 15, 2021** by (a) counsel for the Debtor, (i) Polsinelli PC, 600 Third Avenue, 42nd Floor, New York, New York 10016, Attn: Jeremy R. Johnson (jeremy.johnson@polsinelli.com) and Attn: Stephen J. Astringer (sastringer@polsinelli.com), and (ii) Hinckley, Allen & Snyder LLP, 650 Elm Street, Manchester, New Hampshire 03101, Attn: Daniel M. Deschenes (ddeschenes@hinckleyallen.com) and 28 State Street, Boston, Massachusetts 02109, Attn: Jennifer V. Doran (jdoran@hinckleyallen.com); (b) counsel for the

Bond Trustee, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel S. Bleck (dsbleck@mintz.com); (c) counsel for the Committee, (i) Perkins Coie LLP, 131 S. Dearborn Street, Suite 1700, Chicago, Illinois 60603, Attn: Eric E. Walker (ewalker@perkinscoie.com), and (ii) McLane Middleton, 900 Elm Street, Manchester, New Hampshire 03101, Attn: Joseph A. Foster (joe.foster@mclane.com); (d) counsel for Savings Bank of Walpole, Devine, Millimet & Branch, Professional Association, 111 Amherst Street, Manchester, New Hampshire 03101, Attn: Charles R. Powell (cpowell@devinemillimet.com); (e) the Office of the United States Trustee for the District of New Hampshire, James C. Cleveland Building, 53 Pleasant Street, Suite 2300, Concord, NH 03301, Attn: Kimberly Bacher (Kimberly.Bacher@usdoj.gov) (d) the Office of the United States Trustee for the District of New Hampshire; and (f) the Clerk of the Bankruptcy Court for the District of New Hampshire (collectively, the “Notice Parties”). Where a counterparty to an Assigned Contract files a timely Cure or Assignment Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, or an objection to the possible assignment of that counterparty’s Assigned Contract, and the parties are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtor’s ability to assign the Assigned Contract to the Successful Bidder will be determined at the Sale Hearing (as defined below).

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the terms of the Bid Procedures, if a Contract Counterparty does not make an Adequate Assurance Objection prior to or at the Sale Hearing, such party will be forever barred from objecting to the adequacy of the assurance provided by the Successful Bidder. Where a Contract Counterparty makes an Adequate Assurance Objection prior to or at the Sale Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Successful Bidder will be determined at the Sale Hearing.

**PLEASE TAKE FURTHER NOTICE** that a hearing will be held to approve the sale of the Assets to the Successful Bidder (the “Sale Hearing”) at the Bankruptcy Court on **November 8, 2021 at 9:30 a.m. (prevailing Eastern Time)**, or at such time thereafter as counsel may be heard or at such other time as the Bankruptcy Court may determine. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing or on the agenda for such Sale Hearing. Objections to the sale of the Assets to the Successful Bidder must be filed and served so that they are received no later than **October 29, 2021 at 4:00 p.m. (prevailing Eastern Time)** by the Notice Parties. Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection (an “Adequate Assurance Objection”) with the Bankruptcy Court prior to the Sale Hearing, or note its Adequate Assurance Objection at the Sale Hearing.

**PLEASE TAKE FURTHER NOTICE** that this notice is subject to the full terms and conditions of the Bid Procedures and Sale Motion, the Bid Procedures Order and the Bid Procedures, which shall control in the event of any conflict, and the Debtor encourages parties in interest to review such documents in their entirety. A copy of the Bid Procedures and Sale Motion, the Stalking Horse Agreement, the Bid Procedures and the Bid Procedures Order may be obtained (a) upon request to Donlin, Recano & Company, Inc. (the notice and claims agent retained in the

Chapter 11 Case) by calling (877) 739-9997; (b) by visiting the website maintained in the Chapter 11 Case at <https://www.donlinrecano.com/hvk> or (c) for a fee via PACER by visiting <https://ecf.nhb.uscourts.gov/>.

Dated ●, 2021

/s/ *Draft*

---

**HINCKLEY, ALLEN & SNYDER LLP**

Daniel M. Deschenes (Bar No. 14889)

Owen R. Graham (Bar No. 266701)

650 Elm Street

Manchester, New Hampshire 03101

Telephone: (603) 225-4334

Facsimile: (603) 224-8350

ddeschenes@hinckleyallen.com

-and-

Jennifer V. Doran (Admitted *Pro Hac Vice*)

28 State Street

Boston, Massachusetts 02109

Telephone: (617) 345-9000

Facsimile: (617) 345-9020

jdoran@hinckleyallen.com

-and-

**POLSINELLI PC**

Jeremy R. Johnson (Admitted *Pro Hac Vice*)

Stephen J. Astringer (Admitted *Pro Hac Vice*)

600 Third Avenue, 42nd Floor

New York, New York 10016

Telephone: (212) 684-0199

Facsimile: (212) 684-0197

jeremy.johnson@polsinelli.com

sastringer@polsinelli.com

*Proposed Counsel to the Debtor and Debtor  
in Possession*

**Exhibit 3 to Bid Procedures Order**

Cure and Possible Assumption and Assignment Notice

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:	)	Chapter 11
	)	
The Prospect-Woodward Home	)	Case No. 21-10523-BAH
dba Hillside Village,	)	
	)	
Debtor. <sup>1</sup>	)	
	)	

**NOTICE TO COUNTERPARTIES TO POTENTIALLY ASSUMED  
EXECUTORY CONTRACTS AND UNEXPIRED LEASES REGARDING CURE  
AMOUNTS AND POSSIBLE ASSIGNMENT TO SUCCESSFUL BIDDER AT AUCTION**

**PLEASE TAKE NOTICE** that on August 30, 2021, the above-captioned debtor and debtor in possession (the “**Debtor**”) filed a motion (the “Bid Procedures and Sale Motion”) with the United States Bankruptcy Court for the District of New Hampshire (the “Bankruptcy Court”).

**PLEASE TAKE FURTHER NOTICE** that on September [●], 2021, the Bankruptcy Court entered an order [Docket No. ●] (the “Bid Procedures Order”) approving Bid Procedures (the “Bid Procedures”), which set key dates, times and procedures related to the sale of substantially of the Debtor’s assets (the “Assets”). To the extent that there are any inconsistencies between the Bid Procedures and the summary description of the terms and conditions contained in this Notice, the terms of the Bid Procedures shall control. Pursuant to the Bid Procedures Order, the Debtor has entered into an Asset Purchase Agreement (the “Stalking Horse Agreement”) for the sale of substantially all of the Debtor’s assets to Covenant Living Communities and Services (the “Stalking Horse”) subject to competitive bidding as set forth in the Bid Procedures Order.

**YOU ARE RECEIVING THIS NOTICE BECAUSE YOU OR ONE OF YOUR AFFILIATES IS A COUNTERPARTY TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE LISTED BELOW WITH THE DEBTOR:**<sup>2</sup>

[Counterparty Name]	[Contract/Lease]	Cure Amount
---------------------	------------------	-------------

**Pursuant to the Bid Procedures, the Debtor may assume the Executory Contract(s) or Unexpired Lease(s) listed above to which you are a counterparty. Also pursuant to the Bid Procedures, the Debtor may assign the Executory Contract(s) or Unexpired Lease(s) to the successful bidder (the “Successful Bidder”) at an auction of substantially all of the Debtor’s assets currently scheduled for November 3, 2021 at 10:00 a.m. (prevailing Eastern Time).**

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification are 2146. The address of the Debtor’s headquarters is 95 Wyman Road, Keene, New Hampshire 03431.

<sup>2</sup> This Notice is being sent to counterparties to Executory Contracts and Unexpired Leases. This Notice is not an admission by the Debtor that such contract or lease is executory or unexpired.

The Debtor has conducted a review of its books and records and has determined that the cure amount for unpaid monetary obligations under such contract or lease is \$[AMOUNT] (the “Cure Amount”). If you (a) object to the proposed assumption or disagree with the proposed Cure Amount, or (b) object to the possible assignment of such Executory Contract(s) or Unexpired Lease(s) to the Successful Bidder, **you must file an objection with the Bankruptcy Court no later than October 15, 2021 at 4:00 p.m. (prevailing Eastern Time)**, (the “Objection Deadline”) and serve such objection on the following parties:

Counsel to the Debtor	Counsel to Bond Trustee
<p>Polsinelli PC 600 Third Avenue 42<sup>nd</sup> Floor New York, New York 10016 Attn: Jeremy R. Johnson Jeremy.johnson@polsinelli.com Attn: Stephen Astringer sastringer@polsinelli.com</p> <p>-and-</p> <p>Hinkley, Allen &amp; Snyder LLP 650 Elm Street Manchester, New Hampshire 03101 Attn: Daniel M. Deschenes ddeschenes@hinckleyallen.com</p> <p>-and-</p> <p>28 State Street Boston, Massachusetts 02109 Attn: Jennifer V. Doran jdoran@hinckleyallen.com</p>	<p>Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. One Financial Center Boston, Massachusetts 02111 Attn: Daniel S. Bleck dsbleck@mintz.com</p>
Clerk of the Bankruptcy Court	The United States Trustee
<p>United States Bankruptcy Court for the District of New Hampshire</p>	<p>Office of the United States Trustee for the District of New Hampshire James C. Cleveland Building 53 Pleasant Street, Suite 2300 Concord, New Hampshire 03301 Attn: Kimberly Bacher kimberly.bacher@usdoj.gov</p>

Counsel to the Committee	Counsel to Savings Bank of Walpole
<p>Perkins Coie LLP  131 S. Dearborn Street, Suite 1700  Chicago, Illinois 60603  Attn: Eric E. Walker  ewalker@perkinscoie.com</p> <p>-and-</p> <p>McLane Middleton  900 Elm Street  Manchester, New Hampshire 03101  Attn: Joseph A. Foster  Joe.foster@mclane.com</p>	<p>Devine, Millimet &amp; Branch, Professional  Association  111 Amherst Street  Manchester, New Hampshire 03101  Attn: Charles R. Powell  cpowell@devinemillimet.com</p>

If no objection to the Cure Amount or the assignment of your Executory Contract(s) or Unexpired Lease(s) to the Successful Bidder is filed by the Objection Deadline, **you will be deemed to have stipulated that the Cure Amount as determined by the Debtor and set forth above is correct and you shall be forever barred, estopped and enjoined from (a) asserting any additional cure amount under the above-listed Executory Contract(s) and Unexpired Lease(s) or (b) objecting to the assumption and assignment of the above-listed Executory Contract(s) and Unexpired Lease(s) to the Successful Bidder.**

Dated: ●, 2021

/s/ *Draft*

---

**HINCKLEY, ALLEN & SNYDER LLP**

Daniel M. Deschenes (Bar No. 14889)

Owen R. Graham (Bar No. 266701)

650 Elm Street

Manchester, New Hampshire 03101

Telephone: (603) 225-4334

Facsimile: (603) 224-8350

ddeschenes@hinckleyallen.com

-and-

Jennifer V. Doran (Admitted *Pro Hac Vice*)

28 State Street

Boston, Massachusetts 02109

Telephone: (617) 345-9000

Facsimile: (617) 345-9020

jdoran@hinckleyallen.com

-and-

**POLSINELLI PC**

Jeremy R. Johnson (Admitted *Pro Hac Vice*)

Stephen J. Astringer (Admitted *Pro Hac Vice*)

600 Third Avenue, 42nd Floor

New York, New York 10016

Telephone: (212) 684-0199

Facsimile: (212) 684-0197

jeremy.johnson@polsinelli.com

sastringer@polsinelli.com

*Proposed Counsel to the Debtor and Debtor  
in Possession*

**Exhibit 4 to Bid Procedures Order**

Assumption Notice

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW HAMPSHIRE**

In re:	)	Chapter 11
	)	
The Prospect-Woodward Home	)	Case No. 21-10523-BAH
dba Hillside Village,	)	
	)	
Debtor. <sup>1</sup>	)	
	)	

**NOTICE OF PROPOSED ASSIGNMENT  
OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**PLEASE TAKE NOTICE** that on August 30, 2021, the above-captioned debtor and debtor in possession (the “Debtor”) filed a petition for relief pursuant to chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of New Hampshire (the “Bankruptcy Court”). On August 30, 2021, the Debtor filed a motion (the “Sale Motion”)<sup>2</sup> to sell substantially all of its assets (the “Assets”) free and clear of all liens, claims, encumbrances, and other interests (the “Sale”) and assume and assign certain of its executory contracts and unexpired leases (collectively, the “Contracts”) to the purchaser of the Assets.<sup>3</sup>

**PLEASE TAKE FURTHER NOTICE** that the Debtor is soliciting offers for the purchase of its Assets consistent with the bidding procedures (the “Bid Procedures”) approved by the Court by the entry of an order on September [●], 2021 (the “Bid Procedures Order”).<sup>4</sup> The Bid Procedures include, among other things, procedures for the assumption and assignment of the Contracts (the “Assumption Procedures”).

**PLEASE TAKE FURTHER NOTICE** that, accordingly, pursuant to the Bid Procedures Order, the Debtor has selected [●] as the Successful Bidder for the Sale of its Assets and, by this written notice, the Debtor notifies you that the Successful Bidder has determined, in the exercise

---

<sup>1</sup> The last four digits of the Debtor’s federal taxpayer identification are 2146. The address of the Debtor’s headquarters is 95 Wyman Road, Keene, New Hampshire 03431.

<sup>2</sup> *Motion of the Debtor for Entry of (I) an Order (A) Approving Bid Procedures in Connection with the Sale of Substantially All of the Debtor’s Assets, (B) Approving the Form and Manner of Notice thereof, (C) Scheduling an Auction and Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granting Related Relief; and (II) an Order (A) Approving the Asset Purchase Agreement Between the Debtor and the Successful Bidder, and (B) Authorizing the Sale of Substantially All of the Debtor’s Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief* [Docket No. 10]

<sup>3</sup> Capitalized terms used but not defined herein shall have all the meanings ascribed to them in the Sale Motion.

<sup>4</sup> *Order (A) Approving Bid Procedures in Connection with the Sale of Substantially All of the Debtor’s Assets, (B) Approving the Form and Manner of Notice Thereof, (C) Scheduling an Auction and a Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granted Related Relief* [Docket No. ●].

of its business judgment, that the Contracts and any modifications thereto set forth on **Schedule 1** attached hereto (collectively, the “Assigned Contracts”) shall be assumed and assigned to the Successful Bidder, subject to the Successful Bidder’s payment of the cure amount set forth on **Schedule 1**, or such other cure amounts as are agreed by the parties.

**PLEASE TAKE FURTHER NOTICE** that the Successful Bidder has the right under certain circumstances to designate additional Contracts as Assigned Contracts or remove certain Contracts from the list of Assigned Contracts prior to closing.

**PLEASE TAKE FURTHER NOTICE** that copies of the Sale Motion, the Bid Procedures, and the Bid Procedures Order, as well as all related exhibits, including the proposed Sale Order, are available: (a) upon request to Donlin, Recano & Company, Inc. (the notice and claims agent retained in the Chapter 11 Case) by calling (877) 739-9997; (b) by visiting the website maintained in the Chapter 11 Case at <https://www.donlinrecano.com/hvk>; or (c) for a fee via PACER by visiting <https://ecf.nhb.uscourts.gov/>.

**PLEASE TAKE FURTHER NOTICE** that, except as otherwise provided by the Bid Procedures Order, the time for filing objections to (a) the cure amounts related to the Assigned Contracts and (b) the Debtor’s ability to assume and assign the Assigned Contracts has passed and no further notice or action is necessary with respect to such matters.

**PLEASE TAKE FURTHER NOTICE** that any Contract Counterparty that objects to the adequacy of the Successful Bidder’s assurance of continued performance set forth in **Schedule 1** hereto must file an objection with the Bankruptcy Court prior to the Sale Hearing or note such objection at the Sale Hearing.

Dated: ●, 2021

/s/ *Draft*

---

**HINCKLEY, ALLEN & SNYDER LLP**

Daniel M. Deschenes (Bar No. 14889)

Owen R. Graham (Bar No. 266701)

650 Elm Street

Manchester, New Hampshire 03101

Telephone: (603) 225-4334

Facsimile: (603) 224-8350

ddeschenes@hinckleyallen.com

-and-

Jennifer V. Doran (Admitted *Pro Hac Vice*)

28 State Street

Boston, Massachusetts 02109

Telephone: (617) 345-9000

Facsimile: (617) 345-9020

jdoran@hinckleyallen.com

-and-

**POLSINELLI PC**

Jeremy R. Johnson (Admitted *Pro Hac Vice*)

Stephen J. Astringer (Admitted *Pro Hac Vice*)

600 Third Avenue, 42nd Floor

New York, New York 10016

Telephone: (212) 684-0199

Facsimile: (212) 684-0197

jeremy.johnson@polsinelli.com

sastringer@polsinelli.com

*Proposed Counsel to the Debtor and Debtor  
in Possession*

**Schedule 1 to Assumption Notice****Assigned Contracts<sup>16</sup>**

<b>Counterparty</b>	<b>Description of Assigned Contracts or Leases</b>	<b>Cure Amount</b>

---

<sup>16</sup> The presence of a contract or lease on this **Schedule 1** does not constitute an admission by the Debtor that such contract is an executory contract or such lease is an unexpired lease pursuant to Bankruptcy Code section 365 or any other applicable law, and the Debtor reserves all rights to withdraw any proposed assumption and assignment or to reject any contract or lease at any time before such contract or lease is assumed and assigned pursuant to an order of the Court.