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

In re:

INSPIRED HEALTHCARE CAPITAL HOLDINGS,
LLC, *et al.*¹

Debtors.

Chapter 11

Case No. 26-90004 (MXM)

**PRELIMINARY OBJECTION AND RESERVATION OF RIGHTS OF PROVIDENT
BANK, AS SUCCESSOR BY MERGER TO LAKELAND BANK, TO CERTAIN
OF THE DEBTORS' FIRST DAY MOTIONS**

(Relating to Dkt. 11, 28, 37)

TO THE HONORABLE MARK X. MULLIN, UNITED STATES BANKRUPTCY JUDGE:

Provident Bank, as successor by merger to Lakeland Bank (“Provident”), a secured creditor in the above-captioned Chapter 11 cases, respectfully submits this preliminary objection and reservation of rights (the “Preliminary Objection”) in connection with the following First Day Motions filed by the above-captioned Debtors (the “Debtors”) in these cases:

¹ The last four digits of Inspired Healthcare Capital Holdings, LLC’s federal tax identification number are 6696. There are 161 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://dm.epiq11.com/InspiredHealthcare>. The Debtors’ mailing address is 7033 East Greenway Parkway, Suite 250, Scottsdale, AZ 85254.

- *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing (A) Postpetition Financing and (B) the Use of Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Granting Adequate Protection to Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 28] (the "DIP Financing Motion").²
- *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Existing Cash Management System and Maintain Their Existing Bank Accounts, (B) Continue to Perform Intercompany Transactions, and (C) Maintain Existing Business Forms and Books and Records; and (II) Granting Related Relief* [Docket No. 11] (the "Cash Management Motion"), as supplement by Docket No. 37.

In support thereof, Provident respectfully states as follows:

INTRODUCTION

Provident is a prepetition secured lender to certain of the Debtors in connection with four mortgage loan facilities secured by senior liens on discrete senior living properties located in New Jersey, Maryland, Connecticut, and Florida, together with related assignments of rents, deposit accounts, and lender-controlled reserve accounts. In light of the extremely compressed timeframe presented by the Debtors' filing of these chapter 11 cases and the multiple first day pleadings filed early this morning, Provident submits this Preliminary Objection and reservation of rights to the Debtors' requests for interim relief (collectively, the "First Day Motions"), including the relief requested in the DIP Financing Motion and the Cash Management Motion. Provident's review of the First Day Motions and related pleadings is ongoing, and this Preliminary Objection is asserted with respect to interim relief, without prejudice to Provident's rights at any final hearing or otherwise in these chapter 11 cases.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the DIP Motion or the Cash Collateral Motion, as applicable.

As set forth below, to the extent the Debtors seek interim authority to use cash collateral or grant any liens or interests that would prime, replace, or otherwise affect collateral in which Provident holds a security interest, Provident does not consent and is entitled to adequate protection. Further, any interim order must provide that, to the extent constituting Provident's collateral, such property may not be used, swept, commingled, or primed absent Provident's express written consent or a further order of the Court entered after notice and a final hearing, must require segregation of property-level cash with no intercompany transfers or upstream sweeps, and must preserve all of Provident's lien, priority, cash-collateral characterization, assignment-of-rents, and adequate-protection rights without adjudication at the interim stage.

BACKGROUND

1. Provident is a prepetition secured lender to certain of the Debtors pursuant to multiple mortgage loan facilities secured by senior liens on discrete senior living properties located in New Jersey, Maryland, Connecticut, and Florida. Each loan is supported by customary collateral packages, including mortgages, security agreements, assignments of rents and leases, and lender-controlled reserve accounts. As of the petition date, each of the loans described below was in payment default.

The Hamilton Loan

2. On June 15, 2022, Provident Bank, as successor by merger to Lakeland Bank, entered into a Loan Agreement with Inspired Senior Living of Hamilton DST (the "Hamilton Borrower"), pursuant to which Provident extended a loan in the original principal amount of \$58,500,000.00 (the "Hamilton Loan").

3. The Hamilton Loan was made, among other purposes, to finance the acquisition of the independent living, assisted living, and memory care facility located at 2560 Kuser Road,

Hamilton, New Jersey 08691, designated as Block 2173, Lot 8.01 on the tax map of the Township of Hamilton, County of Mercer, State of New Jersey (the “Hamilton Mortgaged Property”).

4. The Hamilton Loan is evidenced by a promissory note dated June 15, 2022 and is secured by, among other things, a Mortgage and Security Agreement encumbering the Hamilton Mortgaged Property, Security Agreement, and an Assignment and Subordination of Master Lease Agreement, each dated as of June 15, 2022. In connection with the Hamilton Loan, the Hamilton Borrower deposited \$1,179,366.00 with Provident to establish a lender-controlled reserve account from which Provident may withdraw debt service payments in accordance with the loan documents, some of which was withdrawn by Provident to satisfy prepetition debt service payments upon the Hamilton Borrower’s default.

5. The Hamilton Borrower defaulted under the Hamilton Loan by failing to make scheduled debt service payments for October, November, and December 2025, and by failing to comply with other obligations under the loan documents, as set forth in Provident’s correspondence dated October 20, 2025, October 27, 2025, November 5, 2025, and December 1, 2025.

The Candle Light Loan

6. On November 1, 2021, Provident entered into a Loan Agreement with IHC – Candle Light Cove DST, a Delaware statutory trust (the “Candle Light Borrower”), pursuant to which Provident extended a loan in the original principal amount of \$16,230,000.00 (the “Candle Light Loan”).

7. The Candle Light Loan was made, among other purposes, to finance the acquisition of the assisted living facility located at 106 W. Earle Avenue, Easton, Maryland 21601, designated

as Parcel ID 01-069055 on the tax map of the Town of Easton, County of Talbot, State of Maryland (the “Candle Light Mortgaged Property”).

8. The Candle Light Loan is evidenced by a promissory note and is secured by, among other things, a Deed of Trust, Assignment of Leases and Rents, and Security Agreement encumbering the Candle Light Mortgaged Property, an Assignment of Leases and Rents and Security Agreement, and an Assignment and Subordination of Master Lease Agreement, each dated as of June 15, 2022. In connection with the Candle Light Loan, the Candle Light Borrower deposited \$450,000.00 with Provident to establish a lender-controlled reserve account, some of which was withdrawn by Provident to satisfy prepetition debt service payments upon the Candle Light Borrower’s default.

9. The Candle Light Borrower defaulted under the Candle Light Loan by failing to make scheduled debt service payments for October, November, and December 2025, and by failing to comply with other obligations under the loan documents, as set forth in Provident’s correspondence dated October 20, 2025, October 27, 2025, November 5, 2025, and December 1, 2025.

The North Haven Loan

10. On September 1, 2023, Provident entered into a Loan Agreement with Inspired Senior Living of North Haven DST (the “North Haven Borrower”), pursuant to which Provident extended a loan in the original principal amount of \$20,550,000.00 (the “North Haven Loan”).

11. The North Haven Loan was made, among other purposes, to finance the acquisition of the independent living, assisted living, and memory care facility located at 201 Clintonville Road, North Haven, Connecticut 06473, designated as Map/Block/Lot 068-179 (Unique ID No.

307060) on the tax map of the Town of North Haven, County of New Haven, State of Connecticut (the “North Haven Mortgaged Property”).

12. The North Haven Loan is evidenced by a promissory note dated September 1, 2023 and is secured by, among other things, a Commercial Open-End Mortgage Deed, Fixture Filing and Security Agreement dated June 19, 2023 and effective September 1, 2023, together with an Assignment of Rents and Leases, and an Assignment and Subordination of Master Lease Agreement dated June 19, 2023 and effective September 1, 2023. In connection with the North Haven Loan, the North Haven Borrower deposited \$812,181.00 with Provident to establish a lender-controlled reserve account, some of which was withdrawn by Provident to satisfy prepetition debt service payments upon the North Haven Borrower’s default.

13. The North Haven Borrower defaulted under the North Haven Loan by failing to make scheduled debt service payments for October, November, and December 2025, and by failing to comply with other obligations under the loan documents, as set forth in Provident’s correspondence dated October 20, 2025, October 27, 2025, November 5, 2025, and December 1, 2025.

The Dunedin Loan

14. On September 14, 2022, Provident entered into a Loan Agreement with Inspired Senior Living of Dunedin DST, a Delaware statutory trust (the “Dunedin Borrower”), pursuant to which Provident extended a loan in the original principal amount of \$15,708,000.00 (the “Dunedin Loan”).

15. The Dunedin Loan was made, among other purposes, to finance the acquisition of the independent living, assisted living, and memory care facility located at 880 Patricia Avenue, Dunedin, Florida 34698-2560, designated as Parcel No. 26-28-15-00000-330-0100 on the tax

maps of the City of Dunedin, County of Pinellas, State of Florida (the “Dunedin Mortgaged Property”).

16. The Dunedin Loan is evidenced by a promissory note dated September 14, 2022 and is secured by a Mortgage, Security Agreement, and Fixture Filing dated September 1, 2022 and effective September 14, 2022, together with an Assignment of Leases and Rents and an Assignment and Subordination of Master Lease Agreement dated September 14, 2022. In connection with the Dunedin Loan, the Dunedin Borrower deposited \$412,335.00 with Provident to establish a lender-controlled reserve account, some of which was withdrawn by Provident to satisfy prepetition debt service payments upon the Dunedin Borrower’s default.

17. The Dunedin Borrower defaulted under the Dunedin Loan by failing to make scheduled debt service payments for October, November, and December 2025, and by failing to comply with other obligations under the loan documents, as set forth in Provident’s correspondence dated October 20, 2025, October 27, 2025, November 5, 2025, and December 1, 2025.

PRELIMINARY OBJECTION

A. Cash Collateral Use Should be Conditioned on Provident’s Consent and Excluded from DIP Collateral

18. The Debtors seek interim authority to use cash collateral on an enterprise-wide basis and, in connection with the proposed DIP financing, contemplate the granting of liens that may prime or attach to property constituting cash collateral within the meaning of section 363(a) of the Bankruptcy Code. Provident objects to any interim relief that would permit the use, priming, replacement, or dilution of its collateral — including rents, revenues, deposit accounts, reserve

accounts, and proceeds — absent Provident’s express written consent or a further order of the Court entered after notice and a final hearing.

19. At a minimum, any interim order must make clear that Provident’s collateral is excluded from DIP collateral, is not subject to any priming or replacement liens granted in connection with the DIP financing, and may not be used during the interim period except as expressly authorized by Provident or by further order of the Court.

B. Proposed Interim Adequate Protection is Inadequate

20. To the extent the Debtors seek interim authority to use any portion of Provident’s cash collateral, Provident objects that the proposed “adequate protection” is insufficient as a matter of law and fact. The Debtors propose only diminution-based protection, coupled with contingent liens and potential superpriority claims. Such protections are inadequate on an interim basis where (i) cash collateral is fungible, (ii) the Debtors operate a multi-entity cash management system, and (iii) tracing and valuation disputes are inevitable.

21. Absent enhanced interim protections—including segregation of property-level cash, current payment protections, and replacement liens on postpetition rents and proceeds—any interim use of Provident’s collateral would result in immediate and irreparable harm.

C. Cash Management, Commingling, and Intercompany Transfers

22. Provident further objects to interim approval of the Cash Management Motion to the extent it authorizes commingling of funds, intercompany transfers, upstream sweeps, or reallocations involving cash generated by properties encumbered by Provident’s mortgages. Such relief risks the irretrievable dissipation of Provident’s collateral and improperly elevates administrative convenience over the secured creditor protections required by sections 361 and 363 of the Bankruptcy Code.

23. Any interim order must require that cash generated from Provident-encumbered properties be segregated, not transferred or swept for enterprise-wide use, and remain subject to Provident's lien rights pending a final hearing.

D. Restricted and Reserve Accounts

24. Provident objects to any interim relief that would permit the Debtors to access, sweep, or otherwise use restricted, lender-controlled, or reserve accounts established under Provident's loan documents. Any interim order must expressly provide that such accounts remain restricted, are excluded from the Debtors' cash management system, and are not available for use as operating liquidity.

RESERVATION OF RIGHTS

25. Provident expressly reserves all rights, claims, defenses, and remedies, including without limitation the right to object at the final hearing to:

- (a) the characterization of any property as "cash collateral";
- (b) the validity, priority, extent, or enforceability of any lien;
- (c) the adequacy of any proposed adequate protection;
- (d) the use of rents or proceeds subject to assignments of rents;
- (e) the DIP financing, cash management system, or any final relief requested; and
- (f) any waiver, surcharge, or modification of Provident's rights under sections 506, 552, 361, 363, or other applicable provisions of the Bankruptcy Code.

26. Nothing in Provident's limited objection, nor any interim order entered by the Court, shall be deemed a consent, waiver, or adjudication of Provident's rights, all of which are expressly preserved.

CONCLUSION

WHEREFORE, for all the foregoing reasons, Provident respectfully requests that the Court deny the DIP Motion and the Cash Management Motion, or provide interim approval with protections of Provident's rights and interests, with rights reserved to the final hearing.

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Dated: Dallas, TX
February 4, 2026

Respectfully submitted,

By: /s/ J. Michael Sutherland

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**(Applications for Admission Pro Hac
Vice in Process)**

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CERTIFICATE OF SERVICE

I hereby certify that on February 4, 2026, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ J. Michael Sutherland
J. Michael Sutherland

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