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

IN RE:	)	**Chapter 11**
	)	
INSPIRED HEALTHCARE CAPITAL HOLDINGS, LLC, *et al.*,	)	**Case No. 26-90004 (MXM)**
	)	
Debtors.	)	

LIMITED OBJECTION OF INTEGRITY LIFE INSURANCE COMPANY TO 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

Integrity Life Insurance Company ("Integrity" or "Lender") hereby submits this limited objection to the 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 Claim, (III) Granting Adequate Protection to Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI)

Granting Related Relief (the "Motion") (Docket No. 28). In support of this Objection, Integrity states as follows:

FACTUAL AND PROCEDURAL BACKGROUND

1. In November 2022, Lender made a loan to Inspired Senior Living of Augusta DST ("Borrower") in the original principal amount of $16,885,000.00 (the "Loan"), to purchase real property and other improvements located at 2222 Indigo Hall Drive, Martinez, Georgia 30907 (the "Property").

2. The Property includes an 85-unit assisted living and memory care development doing business as Thrive at Augusta (the "Facility"), which Borrower and its affiliates operate through a series of management and sub-management agreements.

3. In exchange for the Loan, Borrower executed a Promissory Note dated November 15, 2022, requiring Borrower to, among other things, make monthly payments of accrued interest in the amount of $77,530.29 per month on the tenth day of each month starting on January 10, 2023.

4. To secure the obligations to Lender under the Promissory Note and other Loan Documents (defined below), Signatory Trustee, in its capacity as signatory trustee of Borrower, granted Lender a secured interest in certain Secured Property, as defined and described more fully in that certain Deed to Secure Debt, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (the "Deed to Secure Debt").

5. To secure the obligations to Lender under the Promissory Note and other Loan Documents, Signatory Trustee, in its capacity as signatory trustee of Borrower, executed the Assignment of Rents and Leases ("Assignment of Rents"), assigning to Lender all of Borrower's rights to certain rents and leases, among other things, as described more fully in the Assignment of Rents.

6. As part of the loan transaction, Borrower agreed to deposit certain funds into escrow as additional security for the Loan and grant to Lender a security interest in two deposit accounts: (a) an account held at JP Morgan Chase Bank, National Association, in the name of CBRE Capital Markets, Inc., as Trustee for Lender, under the account name "Capital Expenditure Reserve" for the benefit of Borrower, ending *6112 (the "Escrow Account"); and (b) an account held at Western Alliance Bank ("Western Alliance") in Borrower's name, ending *2992 (the "Western Alliance Trust Reserve Account") (collectively, the "Pledged Accounts").

7. As additional security for the Loan, Borrower and Master Tenant assigned to Lender all of Borrower's and Master Tenant's right, title, and interest in and to certain licenses and permits, contracts, and other assigned licenses and agreements, as set forth in the Assignment of Licenses, Permits, and Contracts (the "Assignment of Licenses").

8. As part of the November 15, 2022 loan transaction, Borrower and its affiliate, Master Tenant, entered into a lease agreement dated November 15, 2022, by which Master Tenant agreed to lease the Property and the Facility, together with other improvements, from Borrower (the "Master Lease"). Master Tenant, in turn, contracted with Senior Housing Management Group, LLC (the "Manager"), to manage the Facility which, in turn, engaged Thrive Senior Living LLC ("Sub-Manager"), which currently maintains, operates, manages, supervises, rents, and leases the Facility.

9. As a condition to making the Loan, Lender and Master Tenant entered into the Master Tenant Security Agreement and Lease Subordination (the "Master Tenant Security Agreement") which, among other things, subordinated Master Tenant's interest in the Master Lease to Lender and granted Lender a security interest in certain "Collateral," as set forth in the Master Tenant Security Agreement.

10. The Deed to Secure Debt, Assignment of Rents, Reserve Account Escrow Agreement, Pledge Agreement, Deposit Account DACA, Assignment of Licenses, and Master Tenant Security Agreement collectively are referred to as the "Security Instruments." Pursuant to the Security Instruments, Borrower and its affiliates granted Lender liens and security interests in certain assets as set forth more fully in the Security Instruments.

11. Lender perfected its liens and security interests in the Secured Property, as that term is defined in the Deed to Secure Debt, by recording the Deed to Secure Debt with the Clerk of Superior Court of Columbia County, Georgia.

12. Lender perfected its liens and security interests in the Rents, Leases, and Guaranties, as those terms are used in the Assignment of Rents, by recording the Assignment of Rents with the Clerk of Superior Court of Columbia County, Georgia.

13. Lender filed a UCC Financing Statement with the Clerk of Superior Court of Columbia County, Georgia (the "Georgia UCC Financing Statement"), perfecting its liens and security interests in the "Collateral," as described in Exhibit A of the Georgia UCC Financing Statement, held by Borrower, the Signatory Trustee, and the Master Tenant.

14. Lender filed a UCC Financing Statement with the Delaware Secretary of State (the "First Delaware UCC Financing Statement"), perfecting its liens and security interests in the "Collateral," as defined in Exhibit A of the First Delaware UCC Financing Statement, held by Borrower and the Signatory Trustee.

15. Lender filed a second UCC Financing Statement with the Delaware Secretary of State (the "Second Delaware UCC Financing Statement"), perfecting its liens and security interests in certain "Collateral," as defined in Exhibit A of the Second UCC Financing Statement, held by Master Tenant.

16. The Georgia UCC Financing Statement, First Delaware UCC Financing Statement, and Second Delaware UCC Financing Statement collectively are referred to as the "UCC Financing Statements."

17. In addition, Master Tenant, Manager, and Sub-Manager entered into subordination agreements providing that, among other things, in the event of a default, the "Management Fees," as defined in the agreements, would be subject and unconditionally subordinate in all respects to the payment of the Loan.

18. As of October 10, 2025, Borrower defaulted on its loan obligations and, despite notice and an opportunity to cure, Borrower, Inspired Senior Living of Augusta ST, LLC (the "Signatory Trustee"), Inspired Senior Living of Augusta MT, LLC ("Master Tenant"), Luke Lee, and Inspired Healthcare Capital Holdings, LLC ("Capital Holdings") (together, the "Default Defendants") failed to cure the default.

19. Pursuant to the terms of the Promissory Note, Borrower was required – but failed – to make the monthly installment payment for October 2025 in the amount of $77,530.29, which was due on or before October 10, 2025 (the "October Payment").

20. Under the terms of the Promissory Note, Borrower's failure to make the October Payment constitutes an Event of Default (as defined by the Promissory Note, which incorporates Paragraph 8 of the Deed to Secure Debt).

21. Although the Promissory Note provides five days for the Borrower to cure one monetary default in any consecutive twelve-month period, Borrower failed to cure its default within the five-day period.

22. On October 16, 2025, Lender provided written notice to Borrower notifying Borrower of its failure to make the October Payment, that its failure constituted an Event of Default under the terms of the Promissory Note and that, therefore, Borrower was in default.

23. By October 29, 2025, Borrower had not contacted Lender or made any payment toward the Loan. As a result, on October 29, 2025, Lender sent notice that it elected to exercise its rights under the Loan Documents, including to accelerate the Promissory Note, making the Promissory Note due and payable in full.

24. Lender's October 29, 2025, notice further requires the Default Defendants to hold all collateral in trust and immediately deliver it to Integrity, with the agreement that the Sub-Manager could continue operating the Facility and paying itself management fees under the Sub-Property Management Agreement.

25. Despite its October 10, 2025, Event of Default and notwithstanding receipt of written notice of the default dated October 16 and 29, 2025, Borrower has failed to make the October Payment, the accelerated payment, or any other payment required by the Promissory Note (including the installment payments due on November 10, 2025, and December 10, 2025).

26. As of October 29, 2025, the outstanding balance under the Promissory Note was $17,698,302.45, which consists of principal of $16,885,000.00, accrued interest of $93,660.16, prepayment premium of $715,515.78, late charges of $3,876.51, and a processing fee of $250.00. This amount is past due and immediately payable to Lender, together with interest and other charges that accrued after October 29, 2025.

27. On December 15, 2025, Integrity filed its Verified Complaint for Damages, Appointment of Receiver, and Injunctive Relief in the Superior Court of Columbia County, Georgia, thus, initiating civil action 2025ECV1484 in that court. The defendants in the action are

the Default Defendants, Manager and Sub-Manager. This Georgia action remains pending at this time.

28. On February 2, 2026, the Borrower, Signatory Trustee, Master Tenant, Capital Holdings and Manager, along with numerous affiliated companies, filed voluntary petitions for relief in the instant Court. The Motion is one of the "first day" motions set for the "first day" hearing, which is scheduled for February 4, 2026, at 3:00 p.m.

ARGUMENT

29. Under section 363(c)(2) of the Bankruptcy Code, a debtor may use cash collateral if "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2). A secured creditor's interest in collateral is entitled to adequate protection under section 363(e) of the Bankruptcy Code. *In re Timbers of Inwood Forest Assocs., Ltd*., 793 F.2d 1380, 1397 (5th Cir. 1986), *aff'd*, 484 U.S. 365 (1988) (" . . . a creditor should not be prejudiced by a debtors' continued use of collateral during the proceeding. That bargain must be protected by compensating for a decline in the value of the collateral through its use during the pendency of the stay.").

30. "[A]dequate protection means that the value of the creditor's interest in the collateral must be protected from diminution while the property is being used or retained in the bankruptcy case." *See In re Gallegos Research Group,* 193 B.R. 577, 584 (Bankr. D. Colo. 1995). Secured creditors are afforded adequate protection as a matter of right. *See United States v. Whiting Pools, Inc*., 462 U.S. 198, 204 (1983) ("At the secured creditor's insistence, the bankruptcy court must place such limits or conditions on the trustee's power to sell, use, or lease property as are necessary to protect the creditor. The creditor with a secured interest in property

included in the estate must look to [section 363(e)] for protection."). The debtor in possession carries the burden of proof on the issue of adequate protection. *See* 11 U.S.C. § 363(p)(1).

31. Here, Integrity does not consent to the use of cash collateral except on the limited basis set forth below. *See* 11 U.S.C. § 363(c)(2)(A).

32. It is unclear from the Motion the extent to which the Debtors plan to withdraw funds from the Pledged Accounts should the Court grant the Motion. Integrity objects to withdrawal of funds from the Pledged Accounts, which are needed to adequately protect Integrity, such as by ensuring payment of taxes, insurance, and other costs relating to the Facility.[1] Integrity does not object to the use of post-petition proceeds constituting its collateral to pay the regular operating expenses of the Facility, the third-party management fees of the Sub-Manager relating to the Facility and the funding of the Pledged Accounts pursuant to the Loan Documents. Further, Integrity does not object to the use of any excess post-petition proceeds, over and above these uses, being used as allowed by the Court's orders relating to the Motion subject to the adequate protection granted pursuant to the Motion.

33. Integrity respectfully submits that the Debtors have not carried their burden of establishing that the Motion's proposed protection will adequately protect Integrity should the Debtors seek authority to use Integrity's collateral without first paying the regular operating expenses of the Facility, the third-party management fees of the Sub-Manager relating to the Facility and the funding of the Pledged Accounts pursuant to the Loan Documents. Use of Integrity's collateral first for these purposes is necessary to fulfill the purposes stated in the Motion

[1] Based on informal conversations with Debtors' counsel on February 4, 2026, Integrity's counsel understands that the Debtors do not request authority to withdraw such funds and that the Debtors intend to continue funding the regular operating expenses of the Facility, third-party management fees of the Sub-Manager relating to the Facility and funding the Pledged Accounts pursuant to the loan documents. Accordingly, this Limited Objection is lodged for protective purposes only.

– reassuring residents and families, preserving jobs and so forth. (*See* Motion at ¶ 2.) The Debtors have sought authority to make such payments in their Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Honor and Incur Obligations to Third-Party Managers and (B) Obtain New Third-Party Management Agreements, (II) Extending Statutory Protections to Third-Party Managers, and (III) Granting Related Relief, (*see* Docket No. 13), so, presumably, that is what they plan to use the money for. Integrity respectfully submits, further, that the Debtors have not carried their burden of establishing that the Motion's proposed protection will adequately protect Integrity should the Debtors seek authority to withdraw funds from the Pledged Accounts. The Pledged Accounts were created by agreement with the express intent of ensuring the protection of the Facility, and the funds therein are needed for that purpose.

34. The Debtors have not established that the forms of protection offered in the Motion will materially supplement Integrity's existing rights under its Loan Documents. The Replacement Lien proposed in the Motion does not add any collateral because, under Bankruptcy Code Section 552(b), Integrity already has an interest in the proceeds of the property under the Deed to Secure Debt and Assignment of Rents. Likewise, the Supplemental Lien does not add any collateral because Integrity already has a lien on the assets of the associated Encumbered Debtor. The final proposed form of protection, the Superpriority Claim, is subject to substantial qualifiers, including a Carve Out for a variety of fees that may or may not be subject to caps, various liens and a super-superpriority claim for the DIP Lender, all while the Debtors have not established a likelihood that the case will be sufficiently administratively solvent for an administrative claim at the Superpriority level to be paid.

35. Simply stated, the Debtors have not carried their burden of establishing that their proposed protection is adequate, given that Integrity's interest in the cash collateral would be

substantially depleted and wasted if the Debtors seek free rein to use all of Integrity's collateral in ways inconsistent with what Integrity is willing to agree to. However, though – as previously stated – Integrity does not object to maintaining and using the Pledged Accounts pursuant to the Loan Documents and the use of post-petition proceeds constituting its collateral to pay the regular operating expenses of the Facility, the third-party management fees of the Sub-Manager relating to the Facility, funding of the Pledged Accounts pursuant to the Loan Documents and, to the extent there are excess post-petition proceeds, over and above these uses, other uses as allowed by the Court's orders relating to the Motion.

WHEREFORE, Integrity respectfully requests that the Court not permit the Debtors to withdraw funds from the Pledged Accounts other than as allowed by the loan documents or to use Integrity's collateral other than to pay the regular operating expenses of the Facility, the third-party management fees of the Sub-Manager relating to the Facility, funding of the Pledged Accounts pursuant to the Loan Documents and, to the extent there are excess post-petition proceeds, over and above these uses, other uses as allowed by the Court's orders relating to the Motion.

DATED: February 4, 2026

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on February 4, 2026, a copy of the foregoing document was served via the Electronic Case Filing system for the United States Bankruptcy Court for the Northern District of Texas.

/s/ George H. Barber
George H. Barber