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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DWAYNE EDWARDS; TODD BARKER;
SENIOR SOLUTIONS OF SOCIAL
CIRCLE, LLC; OXTON PLACE OF
DOUGLAS, LLC, d/b/a OXTON REAL
ESTATE OF DOUGLAS, LLC; ROME
ALF, LLC; SAVANNAH ALF, LLC;
GAINESVILLE ALF, LLC; WATERFORD
PLACE ALF, LLC; MONTGOMERY ALF,
LLC; COLUMBUS ALF, LLC; and
OPELIKA ALF, LLC,

Defendants,

-and-

OXTON SENIOR LIVING, LLC; MANOR
HOUSE SENIOR LIVING, LLC; SUSAN
EDWARDS, a/k/a SUSAN ROGERS;
SHARON NUNAMAKER, a/k/a SHARON
HADDEN; and SDH DESIGN, LLC,

Relief Defendants.

Case No. 2:17-cv-393-ES-SCM

ORDER: (I) AUTHORIZING AND
APPROVING FOR ROME ALF, LLC
(A) STALKING HORSE PURCHASER,
BIDDING PROCEDURES, AND BID
PROTECTIONS AND (B) THE FORM
AND MANNER OF NOTICE OF THE
BIDDING PROCEDURES AND SALE
HEARING; (II) SCHEDULING A
HEARING TO CONSIDER THE SALE
OF SUBSTANTIALLY ALL ASSETS
OF ROME ALF, LLC; AND
(III) GRANTING RELATED RELIEF

Upon consideration of the *Receiver's Motion for Order: (I) Authorizing and Approving Bidding Procedures for the Sale of Substantially All of the Assets of Rome ALF, LLC;*

(II) Authorizing the Sale of Substantially All of the Assets of Rome ALF, LLC Free and Clear of All Liens, Claims, Encumbrances, and Other Interests; (III) Approving Stalking Horse Purchaser, Break-Up Fee, and Overbid Protections; (IV) Scheduling a Hearing to Approve the Sale of Substantially All Assets of Rome ALF, LLC; and (V) Granting Related Relief (the “Motion”); and upon consideration of the Brief in Support of the Receiver’s Motion for Order: (I) Authorizing and Approving Bidding Procedures for the Sale of Substantially All of the Assets of Rome ALF, LLC; (II) Authorizing the Sale of Substantially All of the Assets of Rome ALF, LLC Free and Clear of All Liens, Claims, Encumbrances, and Other Interests; (III) Approving Stalking Horse Purchaser, Break-Up Fee, and Overbid Protections; (IV) Scheduling a Hearing to Approve the Sale of Substantially All Assets of Rome ALF, LLC; and (V) Granting Related Relief (the “Brief in Support”);¹ and upon consideration of any and all responses and replies relating to the Motion; and upon finding that due and sufficient notice of the Motion has been given and no other or further notice need be given; and after due deliberation and it appearing that the relief sought in the Motion is in the best interest of the Receivership Estate, its creditors, and other parties in interest,

IT IS HEREBY FOUND, DETERMINED, AND CONCLUDED THAT:²

1. This court has jurisdiction over this matter and over the property of Rome ALF.
2. Proper, timely, adequate, and sufficient notice of the Motion has been provided, such notice was sufficient and appropriate under the particular circumstances, and no other or further notice of the Motion or relief sought in the Motion is necessary or required.

¹ Capitalized terms used in this order and not otherwise defined have the meanings ascribed to them in the Brief in Support.

² The findings and conclusions set forth in this order constitute the court’s findings of fact and conclusions of law. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

3. A reasonable opportunity to object or be heard regarding the requested relief in the Motion and this order has been afforded to all interested parties, including, without limitation, all parties to this action and all persons or entities known to the Receiver that have or may have an interest in any portion of the Proposed Purchased Assets.

4. The Receiver has the power and authority to sell the Proposed Purchased Assets, or any portion of the Assets, at a public sale pursuant to and in accordance with the Bidding Procedures, free and clear of liens, claims, and encumbrances, with such liens, claims, and encumbrances attaching to the proceeds of such sale, in the same order priority, validity and enforceability.

5. Upon the Receiver's appointment and after investigating the financial condition of Rome ALF, the Receiver undertook a comprehensive effort to solicit interest from potential purchasers for the Proposed Purchased Assets.

6. The Receiver's and Mr. Pardoll's existing and continued marketing efforts, combined with the publication required by the Bidding Procedures are reasonable and sufficient.

7. The Indenture Trustee, the holder of the senior, first priority liens on and security interests in the Proposed Purchased Assets, has consented to release, at closing, its liens, claims, encumbrances, and other interests in the Proposed Purchased Assets, with such liens, claims, encumbrances, and other interests attaching to the proceeds of the sale of the Proposed Purchased Assets with the same priority.

8. The Indenture Trustee's consent dramatically improves the marketability of the assets and their potential sale price, because parties will not have to factor in the risks and costs of satisfying pre-receivership claims and the release of liens, claims, encumbrances, and other interests into the purchase price.

9. It is, therefore, prudent and in the best interests of the bondholders for the Indenture Trustee to release its liens, claims, encumbrances, and other interests in the Proposed Purchased Assets.

10. The Receiver has demonstrated a sufficient basis and compelling circumstances requiring the entry of this order, the selection of the Proposed Stalking Horse, the Bid Protections provided to the Proposed Stalking Horse, and the proposed sale of the Proposed Purchased Assets in accordance with the Bidding Procedures, and such actions are appropriate exercises of the Receiver's reasonable business judgment and are in the best interest of the Receivership Estate and its creditors and meet the requirements of 28 U.S.C. §§ 2001, 2002, and 2004.

11. The Receiver's authorization to pay the Break-up Fee is an essential inducement and condition relating to the Proposed Stalking Horse's entry into, and continuing obligations under the Rome APA.

12. The Receiver's promise to pay the Break-up Fee, which has induced the Proposed Stalking Horse to submit its bid that will serve as a minimum or floor bid on which the Receiver can rely, provides a material benefit to the Receivership Estate and its creditors by increasing the likelihood that the best possible purchase price for the Proposed Purchased Assets will be received.

13. The Bidding Procedures are reasonable, non-collusive, created in good faith, substantively and procedurally fair, and will enable the Receiver to obtain the highest value for the Proposed Purchased Assets.

NOW, THEREFORE, BASED UPON THE FOREGOING FINDINGS AND THE RECORD BEFORE THIS COURT, IT IS HEREBY

ORDERED that the Motion is GRANTED as set forth in this order; and it is further

ORDERED that all objections to the Motion concerning the Bidding Procedures and relief granted in this order that have not been withdrawn, waived, resolved, sustained, or settled are expressly denied and overruled in their entirety; and it is further

ORDERED that the Rome APA as set forth in **Exhibit D** to the Motion is approved and it is further

ORDERED that the Bidding Procedures, as set forth in **Exhibit E** to the Motion are approved in their entirety and are incorporated in this order by reference as if set forth fully at length in this order; and it is further

ORDERED that the Receiver may proceed to sell the Proposed Purchased Assets (or any portion of the Assets) free and clear of liens, claims, encumbrances, and other interests at public sale at the main entrance of the United States District Court for the District of New Jersey (Newark) located at 50 Walnut Street, Newark, New Jersey 07101, in accordance with and subject to the Bidding Procedures on **February 15, 2018, at 10:00 a.m. (prevailing Eastern time)**; and it is further

ORDERED that the Proposed Stalking Horse's deposit (as provided in the Rome APA) shall be held in escrow and shall not constitute or be deemed to constitute property of the Receivership Estate or the Receiver, and the Receivership Estate and Receiver shall have no interest of any kind (equitable or otherwise) in the deposit unless and until such deposit is actually unconditionally paid or payable in accordance with the Rome APA, and no liens, claims or encumbrances shall attach to the deposit; and it is further

ORDERED that the Sale Hearing shall be held in this court on **February 16, 2018, at 10:00 a.m. (prevailing Eastern time)**; and it is further

ORDERED that any objection on any basis to the proposed sale of the Proposed Purchased Assets must be filed in writing with the court no later than **4:00 p.m. (prevailing Eastern time) on February 15, 2018** (the “*Objection Deadline*”) and served on (a) counsel to the Receiver, c/o Blake D. Roth, Waller Lansden Dortch & Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, 615.244.6804 (facsimile), blake.roth@wallerlaw.com, (b) counsel to the Proposed Stalking Horse, Thomas W. Waldrep, Jr., 101 S. Stratford Road, Suite 210, Winston-Salem, North Carolina 27104, 336.717.1340 (facsimile), twaldrep@waldrepllp.com, and (c) counsel to the Indenture Trustee, c/o Nora O’Neill, Frederic Dorwart Lawyers, 124 East Fourth Street, Tulsa, Oklahoma 74103, 918.583.8251 (facsimile), noneill@fdlaw.com; and it is further

ORDERED that the Receiver shall: (A) provide notice to (i) all known creditors of Rome ALF, LLC, including each of the Rome ALF, LLC’s known secured creditors; (ii) those previously served with notice of the claims procedures established by this court with respect to Rome ALF, LLC; (iii) all relevant federal, state and local taxing and regulatory authorities or offices that have a reasonably known interest in the relief requested in the Motion; (iv) counsel to the Proposed Stalking Horse; (v) the parties set forth on the certificate of service of the Motion and any other party that has entered an appearance in this case or otherwise requested notice in this case; (vi) all counterparties to any leases and contracts; and (vii) all of the persons or entities that the Receiver has identified as (a) having an interest in the Proposed Purchased Assets or (b) potentially interested in acquiring the Proposed Purchased Assets; (B) cause the Indenture Trustee to publish the Bidding Procedures Order and Sale Notice at EMMA, and (C) publish a notice of Receiver Sale with the *Rome News-Tribune* for at least four (4) weeks prior to the proposed Auction, which publication shall be deemed due, timely, good, and sufficient notice of

the entry of this order, the Sale Order and all proceedings to be held in accordance with this order; and it is further

ORDERED that the Indenture Trustee agrees to and shall release any lien on and security interest in the Proposed Purchased Assets at the closing of the sale of the Proposed Purchased Assets; and it is further


ORDERED that any person or entity seeking to participate as a Bidder at the Auction shall comply with the Bidding Procedures; and it is further

ORDERED that each Qualified Bidder participating at the Auction will be required to confirm that it has not engaged in any collusion with respect to the bidding on or sale of the Proposed Purchased Assets; and it is further

ORDERED that this order shall become effective immediately upon its entry; and it is further

ORDERED that this court shall retain jurisdiction over any and all matters or disputes arising from or related to this order or its enforcement.

Dated: JANUARY 3, 2018






EXHIBIT E
BIDDING PROCEDURES

WALLER LANSDEN DORTCH & DAVIS, LLP

Blake D. Roth

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Counsel for the Receiver

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**DWAYNE EDWARDS; TODD BARKER;
SENIOR SOLUTIONS OF SOCIAL
CIRCLE, LLC; OXTON PLACE OF
DOUGLAS, LLC, d/b/a OXTON REAL
ESTATE OF DOUGLAS, LLC; ROME
ALF, LLC; SAVANNAH ALF, LLC;
GAINESVILLE ALF, LLC; WATERFORD
PLACE ALF, LLC; MONTGOMERY ALF,
LLC; COLUMBUS ALF, LLC; and
OPELIKA ALF, LLC,**

Defendants,

-and-

**OXTON SENIOR LIVING, LLC; MANOR
HOUSE SENIOR LIVING, LLC; SUSAN
EDWARDS, a/k/a SUSAN ROGERS;
SHARON NUNAMAKER, a/k/a SHARON
HADDEN; and SDH DESIGN, LLC,**

Relief Defendants.

Case No. 2:17-cv-393-ES-SCM

BIDDING PROCEDURES

**ROME ALF, LLC d/b/a MANOR
HOUSE OF ROME**

I. Notice of Public Auction

The Receiver shall publish a Notice of Receiver Sale with the *Rome News-Tribune* once a week for at least four (4) weeks prior to the proposed Auction. The Receiver shall also contact and provide a copy of the Notice of Receiver Sale to all of the persons or entities that the Receiver has identified as (a) having an interest in the Proposed Purchased Assets or (b) potentially interested in acquiring the Proposed Purchased Assets. In addition, within two (2) business days following entry of the Bidding Procedures Order, the Receiver will cause the Indenture Trustee to publish the Bidding Procedures Order at EMMA (the Electronic Municipal Market Access).

II. Access to Diligence Materials

To participate in the bidding process and to receive access to due diligence (the “*Diligence Materials*”), a party (other than the Proposed Stalking Horse) must submit to the Receiver and executed confidentiality and non-disclosure agreement in form and substance satisfactory to the Receiver and evidence demonstrating the party’s financial and regulatory capability with respect to an Alternative Transaction, as determined by the Receiver. For the avoidance of doubt, no confidentiality and non-disclosure agreement shall preclude the Receiver from providing the Indenture Trustee with information regarding any party to the process.

The Receiver has established an electronic data room to provide all interested parties with access to Diligence Materials. A party (other than the Proposed Stalking Horse) who qualifies for access to Diligence Materials shall be a “*Preliminary Interested Party*.” All due diligence requests must be directed to the Receiver’s counsel, c/o Blake D. Roth, Waller, Lansden, Dortch & Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, 615.244.6804 (facsimile), blake.roth@wallerlaw.com.

III. Due Diligence From Bidders

Each Preliminary Interested Party and Qualified Bidder (as defined below) shall comply with all reasonable requests for additional information and due diligence access by the Receiver or its advisors regarding such Bidder (as defined below) and its contemplated transaction. Failure by a Preliminary Interested Party to comply with such reasonable requests for additional information and due diligence access may be a basis for the Receiver to determine that such Preliminary Interested Party is not a Qualified Bidder. Failure by a Qualified Bidder (other than the Proposed Stalking Horse) to comply with requests for additional information and due diligence access may be a basis for the Receiver to determine that a bid made by such Qualified Bidder is not a Qualified Bid. All Bidders must complete their due diligence by no later than **February 2, 2018 at 5:00 p.m. (prevailing Eastern time).**¹

¹ This due diligence deadline is applicable solely to potential bidders other than the Proposed Stalking Horse. The Proposed Stalking Horse’s due diligence period is governed solely by the Rome APA.
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IV. Auction Qualification Process

To be eligible to participate in the Auction (as defined below), each offer, solicitation, or proposal (each, a “*Bid*”), and each party submitting such a Bid (each, a “*Bidder*”) must be determined by the Receiver to satisfy each of the conditions set forth below. A Bid will not be considered qualified for the Auction if such Bid does not satisfy each of the following conditions:

(a). Good Faith Deposit. Each Bid must be accompanied by a deposit of cash in the amount of \$90,000 (the “*Good Faith Deposit*”)² to the account of Waller, Lansden, Dortch & Davis, LLP, attorneys for the Receiver (the “*Escrow Account*”), pursuant to wire instructions to be provided upon request.

(b). Identification of Bidder and Proposed Transaction. The Bid must: (i) fully disclose the Bidder’s identity and the identity of the entity(ies), if any, which shall be directly or indirectly acquiring a portion of the Proposed Purchased Assets under or in connection with the Bid, as well as any such party’s (ies’) relationship(s) with the Receiver, any other Bidder, and any other party to this lawsuit; and (ii) state with specificity the Proposed Purchased Assets to be acquired and the liabilities the Bidder intends to assume.

(c). Same or Better Terms. Each Bid must be on terms that, in the Receiver’s business judgment, after consultation with its financial and legal advisors, are the same or better than the terms of the Proposed Stalking Horse’s Initial Bid (as defined in the Rome APA) taken as a whole.

(d). Executed Agreement. Each Bid must be based on the Rome APA and must include executed transaction documents, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effect an Alternative Transaction (the “*Modified Asset Purchase Agreement*”). A Bid shall also include a copy of the Asset Purchase Agreement marked against the Modified Asset Purchase Agreement to show all changes requested by the Bidder, including those related to purchase price and to remove all provisions that apply only to the Proposed Stalking Horse (e.g., the Bid Protections (as defined below)).

(e). Bids for Portions of the Proposed Purchased Assets. A Bid must offer to purchase all or a portion of substantially all of the Proposed Purchased Assets; provided, however, that if the Bid is for a portion of the Proposed Purchased Assets, the Receiver must be able to combine such Bid with another Bid or combination of other Bids for a portion of the Proposed Purchased Assets such that the combination of such Bids results in a combination of binding offers to purchase all of the Proposed Purchased Assets.

(f). Corporate Authority. A Bid must include written evidence reasonably acceptable to the Receiver demonstrating appropriate corporate authorization to consummate the proposed Alternative Transaction; provided, however, that, if the Bidder

² The amount of the Proposed Stalking Horse’s deposit is set out in the Rome APA.
4833-9144-5582.8

is an entity specially formed for the purpose of effectuating the Alternative Transaction, then the Bidder must furnish written evidence reasonably acceptable to the Receiver of the approval of the Alternative Transaction by the equity holder(s) of such Bidder.

(g). Proof of Financial Ability to Perform. A Bid must include written evidence that the Receiver concludes, in consultation with its advisors, demonstrates that the Bidder has the necessary financial ability or has received funding commitments (or has cash) sufficient in the aggregate to timely finance and consummate the Alternative Transaction contemplated, including proof of the Good Faith Deposit in cash and one or more of: (i) evidence of sufficient cash to consummate the Alternative Transaction; (ii) an unconditional lending commitment from a recognized banking institution in the amount of any cash portion of the purchase price of such Bid; (iii) the posting of an unconditional, irrevocable letter of credit from a recognized banking institution issued in favor of the Receiver in the amount of any cash portion of the purchase price of such Bid; or (iv) a guarantee from another person or entity in favor of the Receiver in the amount of any cash portion of the purchase price of such Bid (with such person or entity providing written evidence of its financial wherewithal reasonably acceptable to the Receiver). In addition, the Bid must include the following financial information on the Bidder:

- i. Contact names and numbers of financing sources;
- ii. The Bidder's current financial statements (audited if they exist) or other similar financial information reasonably acceptable to the Receiver; and
- iii. Any such other form of financial disclosure or credit-quality support information or enhancement reasonable acceptable to the Receiver demonstrating that such Bidder has the ability to timely close the Alternative Transaction.

(h). Proof of Regulatory Ability to Perform. A Bid must include evidence that the Receiver concludes, in consultation with its advisors, demonstrates that the Bidder has the ability to obtain all necessary regulatory approvals to timely consummate the Alternative Transaction.

(i). Contingencies. Each Bid (i) may not contain representations and warranties, covenants, or termination rights more onerous than those set forth in the Rome APA (when considering all such provisions as a whole) and (ii) may not be conditioned on financing or due diligence contingencies of any kind or any other conditions precedent to such Bidder's obligation to purchase the Acquired Assets subject to such Bid other than as may be included in the Rome APA.

(j). Participation in More Than One Auction. Any Bidder or the Proposed Stalking Horse may submit a Bid and be declared a Qualified Bidder with a Qualified Bid for any number of auctions to be conducted by the Receiver whether the auction be conducted separately or simultaneously.

(k). Bid Deadline. Any competing Bid must be submitted in writing to the Receiver's counsel, c/o Blake D. Roth, Waller Lansden Dortch & Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219, 615.244.6804 (facsimile), blake.roth@wallerlaw.com, so as to be actually received no later than **February 7, 2018, at 5:00 p.m. (prevailing Eastern time)** (the "***Bid Deadline***").

A Bid (or combination of Bids) that is actually received from a Bidder before the Bid Deadline and which meets the above requirements for the Proposed Purchased Assets shall collectively constitute a "***Qualified Bid***" for the Proposed Purchased Assets, and such Bidder (or combination of Bidders) shall constitute a "***Qualified Bidder***" for the Proposed Purchased Assets. The Receiver shall not consider any Bids received after the Bid Deadline. Notwithstanding anything in these Bidding Procedures to the contrary, the Rome APA submitted by the Proposed Stalking Horse shall be deemed a Qualified Bid, and the Proposed Stalking Horse shall be deemed a Qualified Bidder.

As soon as reasonably practicable after the Bid Deadline, the Receiver shall notify each Bidder if they have or have not been selected as a Qualified Bidder. In addition, each Qualified Bidder (including the Proposed Stalking Horse) will receive notice from the Receiver of all Qualified Bidders.

AUCTION

If one or more Qualified Bids for the Proposed Purchased Assets (other than the Rome APA submitted by the Proposed Stalking Horse) are received by the Bid Deadline, the Receiver will conduct an auction (the "***Auction***") to determine the highest or otherwise best Qualified Bid for the Proposed Purchased Assets. This determination shall take into account any factors the Receiver reasonably deems relevant to the value of the Qualified Bid to the Receivership Estate and may include, among other things: (a) the number, type, and nature of any changes to the Rome APA requested by the Bidder; (b) the extent to which modifications are likely to delay closing of the sale of the Proposed Purchased Assets and the cost to the Receivership Estate of such modifications or delay; (c) the total consideration to be received by the Receivership Estate; (d) the likelihood of the Bidder's ability to close a transaction and the timing of such closing; and (e) the net benefit to the Receivership Estate, taking into account the Proposed Stalking Horse's rights under these Bidding Procedures and the Rome APA. Only parties that the Receiver determines in accordance with these Bidding Procedures are Qualified Bidders may participate in the Auction. If the Proposed Stalking Horse is the only Qualified Bidder, the Receiver may, but is not required to, still conduct the Auction with the Proposed Stalking Horse as the only Qualified Bidder; provided, that, if the Receiver determines to not conduct the Auction, the Receiver shall still be authorized to determine that the Proposed Stalking Horse is the Successful Bidder.

PROCEDURES FOR THE AUCTION

The Auction shall be conducted on **February 15, 2018 at 10:00 a.m. (prevailing Eastern time)** at the United States District Court for the District of New Jersey (Newark) located at 50 Walnut Street, Newark, New Jersey 07101 (the "***Courthouse***"). If more than one Qualified Bidder appears at the Auction, the Auction may be adjourned to a nearby location at the

discretion of the Receiver; provided, that, upon determining the highest or otherwise best Qualified Bid for the Proposed Purchased Assets, the Auction shall be adjourned and thereafter, concluded at the Courthouse.

Only the Receiver, the Proposed Stalking Horse, any other Qualified Bidder, the Indenture Trustee, any parties to the civil action in which the Receiver is appointed, and their respective representatives and advisors (collectively, the “*Permitted Attendees*”) shall be permitted to participate in the Auction, and shall do so only in person. Only the Proposed Stalking Horse and such other Qualified Bidders will be entitled to make any Bids at the Auction.

I. The Receiver shall conduct the Auction.

The Receiver and its advisors shall direct and preside over the Auction. Subject to its compliance with these Bidding Procedures, the Receiver may conduct the Auction in the manner the Receiver determines will result in the highest, best, or otherwise superior offer for any or all of the Proposed Purchased Assets. At the start of the Auction, the Receiver shall describe the terms of the highest or otherwise best Qualified Bid or Qualified Bids received prior to the Bid Deadline (each such highest or otherwise best Qualified Bid, the “*Baseline Bid*”). The Receiver shall advise each Qualified Bidder (including the Proposed Stalking Horse), regarding which such Qualified Bid shall be the Baseline Bid as soon as reasonably practicable prior to the commencement of the Auction. Each Qualified Bidder participating in the Auction must confirm that it (a) has not engaged in any collusion with respect to the bidding or sale of any of the Proposed Purchased Assets and (b) has reviewed, understands, and accepts the Bidding Procedures.

The Receiver may sequester participating Qualified Bidders and other Permitted Attendees in separate rooms and meet and negotiate individually with each such Qualified Bidder to obtain the highest and best offer for the Proposed Purchased Assets. In such event, the Receiver may periodically convene a meeting of all participating Qualified Bidders and Permitted Attendees to discuss the status of the Bids, and the Auction shall not be terminated until all participating Qualified Bidders have been advised of the highest and best Bid and given an opportunity to make a higher or better Bid.

II. Overbids.

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

- (a). Minimum Overbid Increments. If the Baseline Bid is the Proposed Stalking Horse’s Bid, the initial Overbid shall exceed the Baseline Bid by \$200,000 (the “*Initial Overbid*”). Any successive Bid (or the Initial Overbid if the Baseline Bid is not the Proposed Stalking Horse’s Bid) shall be made in increments valued at not less than \$50,000. Additional consideration in excess of the amount set forth in the respective Baseline Bid may include cash or non-cash consideration.

- (b). Bids. All Qualified Bidders attending the Auction (including the Proposed Stalking Horse) shall be permitted to bid at the Auction. For the avoidance of doubt, the Proposed Stalking Horse shall be permitted to include the full amount of the Bid Protections in each bid by the Proposed Stalking Horse for the purposes of comparison to any Overbid in connection with each round of bidding at the Auction.
- (c). Remaining Terms Unchanged. An Overbid at the Auction must comply with the conditions for a Qualified Bid set forth in these Bidding Procedures; provided, however, the Bid Deadline shall not apply. Any Overbid must remain open and binding on the Bidder until and unless the Receiver accepts a higher or otherwise better Overbid.

To the extent not previously provided, a Bidder submitting an Overbid at any Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit quality support information or enhancement reasonable acceptable to the Receiver) demonstrating such Bidder's ability to close the Alternative Transaction contemplated by such Overbid.

- (d). Announcement of Overbids. The Receiver shall announce at the Auction the material terms of each Overbid and the basis for calculating the total consideration offered in each such Overbid.

III. Closing the Auction.

The Auction shall continue until there is only one Qualified Bid for the Proposed Purchased Assets (or combination of Qualified Bids that, in total, encompass all of the Proposed Purchased Assets) that the Receiver determines in its reasonable business judgment, after consultation with its advisors, produces the highest or otherwise best Qualified Bid (such Qualified Bid, the "*Successful Bid*" and such Bidder, the "*Successful Bidder*").

The Successful Bidder shall submit fully executed sale and transaction documents memorializing the terms of the Successful Bid prior to the conclusion of the Auction.

Promptly following the conclusion of the Auction, the Receiver shall announce the Successful Bidder and Successful Bid and shall file with the court notice of the Successful Bidder and Successful Bid. The Receiver shall not consider any Bids or Overbids after the conclusion of the Auction.

IV. Backup Bidder.

Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Bidder or Bidders with the next highest or otherwise best Bid or Overbid or combination of Bids or Overbids at the Auction, as determined by the Receiver in the exercise of its reasonable business judgment, after consultation with its advisors, will be designated as the backup bidder (the "*Backup Bidder*"). In the event that a Bidder or Bidders are identified by the Receiver as the Backup Bidder, such Bidder or Bidders shall be required to serve as the Backup Bidder. The Backup Bidder shall be required to keep its last Bid or Overbid (or combination of

Bids or Overbids) (the “**Backup Bid**”) open and irrevocable until the earlier of 5:00 p.m. (prevailing Eastern time) on the date that is sixty (60) days after the date of the Auction (the “**Outside Backup Date**”) and the closing of the transaction with the Successful Bidder.

SALE HEARING

The Successful Bid will be subject to court approval. The hearing to approve the sale of the Proposed Purchased Assets in accordance with these Bidding Procedures is scheduled to take place at the Courthouse on **February 16, 2018 at 10:00 a.m. (prevailing Eastern time)** (the “**Sale Hearing**”). The Sale Hearing may be adjourned from time to time without further notice to parties in interest other than by announcement of the adjournment in open court on the date scheduled for such Sale Hearing or a notice filed with the court, as applicable; provided, however, that if the Proposed Stalking Horse is the Successful Bidder, the Sale Hearing shall not be adjourned without the express written consent of the Proposed Stalking Horse and Indenture Trustee.

Following the Sale Hearing, if the Successful Bidder fails to consummate its transaction, the Receiver may designate the Backup Bidder to be the new Successful Bidder, in which case the Backup Bidder will be deemed the Successful Bidder and the Receiver will be authorized, but not required, to consummate the transaction or transactions with the Backup Bidder as the new Successful Bidder without further order of the court. In such case, the defaulting Successful Bidder’s Good Faith Deposit shall be forfeited to the Receiver and the Receiver specifically reserves the right to seek all additional available damages from the defaulting Successful Bidder. The Good Faith Deposit of the Backup Bidder shall be held by the Receiver until the earlier of Seventy-Two (72) hours after (i) closing of the transaction or transactions with the Successful Bidder (if not the Backup Bidder) and the Outside Backup Date.

I. Additional Procedures.

The Receiver reserves its rights, in the exercise of its obligations, to modify the Bidding Procedures or impose, at or prior to the Auction, different or additional terms and conditions on the sale subject to the Bidding Procedures; provided, however, that such rules are not inconsistent in any material respect with the Bidding Procedures or the Rome APA.

II. Consent to Jurisdiction as Condition to Bidding.

The Stalking Horse Purchaser and all other Qualified Bidders at the Auction shall be deemed to have (a) consented to the jurisdiction of the court presiding over this matter to enter an order or orders, which shall be binding in all respects, in any way related to the Receiver, the Receivership Estate, the Bidding Procedures, the Rome APA, the Proposed Purchased Assets, the Auction, or the construction and enforcement of any Qualified Bid or related documents and (b) waived any right to a jury trial in connection with any disputes relating to the foregoing.

BID PROTECTIONS

Pursuant to the Bidding Procedures Order, the Proposed Stalking Horse is entitled to the Bid Protections in accordance with the terms of the Rome APA and the Bidding Procedures Order. Pursuant to the Bidding Procedures Order, except for the Proposed Stalking Horse, no

other party submitting an offer, Bid, Qualified Bid, or Overbid shall be entitled to any expense reimbursement or breakup, termination, or similar fee, unless the Receiver and the Proposed Stalking Horse (in each of their sole discretion) expressly agree otherwise in writing, and by submitting an offer, Bid, Qualified Bid, or Overbid, a Bidder (other than the Proposed Stalking Horse) shall be deemed to waive any right with respect to same.

RETURN OF GOOD FAITH DEPOSITS

The Good Faith Deposits of All Qualified Bidders shall be held in the Escrow Account, but shall not become property of the Receivership Estate absent further order of the court, except as expressly set forth in these Bidding Procedures. The Good Faith Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the Sale Hearing. The Good Faith Deposit of the Backup Bidder, if any, shall be returned as set forth above. If a Successful Bidder timely closes the transaction(s) contemplated by its Successful Bid, the Successful Bidder's Good Faith Deposit shall be credited towards its purchase price.