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Linden Ponds, Inc. & Hingham Campus, LLC File for Chapter 11 Protection in Texas

Affiliated entities Linden Ponds, Inc. and Hingham Campus, LLC voluntarily filed for chapter 11 protection earlier today in Dallas. The companies, which are related to Senior Living Retirement Communities LLC (formerly known as Erickson Retirement Communities, LLC), operate [Linden Ponds](#) which is a 108-acre continuing care retirement community located in [Hingham, Massachusetts](#) (approximately 20 miles outside of Boston). As of March, the community had "(a) 988 completed independent living units, 5 of which are units utilized for guest rooms and services, 869 of which are occupied units, resulting in an 87.9% occupancy rate of independent living units; and (b) 132 skilled nursing beds, of which 90 are occupied by residents, resulting in a 68% occupancy rate." However, upon completion of the facility (which opened in October 2004), it is expected to have up to 1,705 independent living units and 228 assisted living and skilled nursing beds. Hingham Campus, LLC owns the land on which Linden Ponds is located and Linden Ponds, Inc. operates the facility. It was anticipated, according to court filings, that Linden Ponds, Inc. would acquire the facility and the land on which it is located once the facility was completed.

The companies state that they "suffered a substantial loss of revenue and lower than anticipated absorption rates" due to a difficult market for senior living facilities as a result of the overall economy. Over the past two years, Senior Living Retirement Communities LLC and other affiliates of Hingham Campus and Linden Ponds have also sought chapter 11 protection in the same court (main cases were 09-37010 and 10-34176).

The trustee for a \$156.4 million municipal bond offering issued by the Massachusetts Development Finance Agency in 2007 has asserted that the debtors have defaulted on the bonds as a result of several events, including Linden Ponds's failure to make principal and interest payments in March 2011. The debtors, the bond trustee and other parties began negotiating the terms of a consensual restructuring and entered into a restructuring term sheet at the beginning of April. Pursuant to the terms of that non-binding agreement, the parties would "among other things, (i) conduct an out-of-court exchange offer whereby the 2007 Bonds would be exchanged for new bonds to be issued by the Massachusetts Development Finance Agency and/or amended 2007 Bonds and (ii) simultaneously solicit votes for a prepackaged plan of reorganization under chapter 11 of the Bankruptcy Code on substantially the same terms as the exchange offer and provide all of the Debtors' other creditors with payment in full." However, according to court filings, Sovereign Bank (which issued a \$55.8 million irrevocable transferable direct-pay letter of credit to provide liquidity support for the 2007 bonds and which was a party to the restructuring term sheet) "demanded a term in the deal that neither the Debtors nor the Consenting Holders [of the 2007 bonds] could accept." As a result, Sovereign Bank "indicated that it no longer wished to participate in the exchange offer or a prepackaged plan on the terms outlined in the Restructuring Term Sheet" on May 26, 2011.

Upon the decision of Sovereign Bank, Linden Ponds and Hingham Campus state that they "were left with no feasible alternative other than to commence these chapter 11 cases in order to effectuate the restructuring." However, last week they did enter into a Restructuring,



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Lockup, Plan Support and Forbearance Agreement with the consenting holders of the 2007 bonds. Pursuant to that agreement, the consenting holders (which collectively hold approximately 62% of the Series 2007 A bonds and approximately 40% of all of the 2007 bonds) have agreed to "support the Debtors to use of cash collateral[,] its efforts to obtain debtor-in-possession financing [and] vote in favor of the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code." The debtors filed their proposed plan of reorganization and the accompanying disclosure statement with the bankruptcy court as part of their first day court filings.

Access copies of key court filings by visiting the following links:

- [Joint Chapter 11 Plan of Reorganization](#)
- [Disclosure Statement With Respect To The Joint Chapter 11 Plan of Reorganization](#)
- [Affidavit by Paul Rundell in Support of First Day Motions](#)
- [Motion of Debtors For Interim and Final Orders \(I\) Authorizing Debtors To Obtain Postpetition Financing On A Senior Secured Superpriority Basis Pursuant To 11 U.S.C. §§ 105, 361, 362, 363, and 364; \(II\) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001\(b\) and \(c\); And \(III\) Granting Related Relief](#)
- [Motion of Debtors For Interim and Final Orders \(I\) Authorizing the Use of Cash Collateral, \(II\) Granting Adequate Protection To The Bond Trustee and \(III\) Scheduling a Final Hearing Thereon](#)
- [Motion of the Debtors, Pursuant to 11 U.S.C. §365\(a\), For an Order Assuming the Restructuring, Lockup, Plan Support and Forbearance Agreement. Filed by Debtor Hingham Campus, LLC \(Attachments: # 1 Exhibit A - Proposed Order# 2 Exhibit B - Lockup Agreement\)](#)

Search and download copies of all key court filings from this case by visiting: http://www.chapter11cases.com/Linden-Ponds-Inc-Hingham-Campus-LLC_c_26444.html