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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

SOUND SHORE MEDICAL CENTER
OF WESTCHESTER, et al.

Chapter 11
Case No. 13- _____ ()

Debtors.

(Joint Administration Pending)

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**MOTION FOR ENTRY OF ADMINISTRATIVE ORDER,
PURSUANT TO LOCAL RULE 2016-1 AND 11 U.S.C. §§ 105(A) AND 331,
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Sound Shore Medical Center of Westchester ("SSMC"), and certain of its debtor affiliates, as debtors and debtors-in-possession (each a "Debtor" and collectively the "Debtors")¹, in the above captioned chapter 11 cases (the "Chapter 11 Cases"), by and through their proposed attorneys, Garfunkel Wild, P.C., hereby move (the "Motion") for entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals. In support of the Motion, the Debtors rely on the Affidavit of John Spicer Pursuant to Local Rule 1007 and in Support of First Day Motions, and respectfully represent as follows:

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: Sound Shore Health System, Inc. (1398), Sound Shore Medical Center of Westchester (0117), The Mount Vernon Hospital, Inc. (0115), Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center (0781), NRHMC Services Corporation (9137), The M.V.H. Corporation (1514) and New Rochelle Sound Shore Housing, LLC (0117). There are certain additional affiliates of the Debtors who are not debtors in these Chapter 11 Cases and have not sought relief under Chapter 11.

SUMMARY OF RELIEF REQUESTED

1. By this Motion, the Debtors seek entry of an Order, in the form attached hereto as Exhibit A, pursuant to sections 105 and 331 of title 11 of the United States Code (the "**Bankruptcy Code**"), establishing procedures for interim compensation and reimbursement of expenses of professionals who are or may, in the future, be retained pursuant to Section 327 of the Bankruptcy Code and reimbursement of expenses to committee members (if any) (collectively, the "**Professionals**").

2. The procedures would require each Professional to file with the Court and submit to the Debtors, the United States Trustee, the postpetition lender, Montefiore Medical Center, as purchaser, and the Committee (if and when appointed) a detailed statement of all services rendered and expenses incurred by the Professional for the prior month. In the absence of any objections to the fees, the Debtors would pay eighty percent (80%) of the fees incurred for the applicable month, with a twenty percent (20%) holdback, and one hundred percent (100%) of disbursements for the month. These payments would be subject to Court approval upon the filing of interim applications by each of the Professionals approximately once every one hundred and twenty (120) days.

JURISDICTION AND VENUE

3. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are 11 U.S.C. § 105 and 331 (the "**Bankruptcy Code**"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 2016-1 of the Local Rules for the Southern District of New York (the "**Local Rules**").

4. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

5. On the date hereof, (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Contemporaneously herewith, the Debtors have requested that the Chapter 11 Cases be jointly administered for procedural purposes only.

6. The Debtors remain in possession of their assets and continue to manage their business as a debtor-in-possession pursuant to Bankruptcy Code sections 1107 and 1108. A detailed description of the Debtors' business, the reasons for the filing of these Chapter 11 Cases is set forth in detail in the Spicer Affidavit, filed simultaneously herewith and incorporated herein by reference.

7. No trustee, examiner or committee of creditors has been appointed.

DEBTORS' HISTORY AND BUSINESS

8. A significant portion of the Debtors' core business is focused around Sound Shore Medical Center of Westchester ("**SSMC**"). SSMC is a not-for-profit 242-bed, community-based teaching hospital offering primary, acute, emergency and long-term health care to the working class residents of southern Westchester. Founded in 1892 and located in New Rochelle, New York, SSMC is a teaching affiliate of New York Medical College. SSMC is home to a comprehensive orthopedic program and stroke and bariatric centers of recognized excellence and boasts the only trauma center in southern Westchester as well as a reputable level 3 perinatal hospital.

9. SSMC's affiliate, Mount Vernon Hospital ("MVH"), is a voluntary, not-for-profit, 176-bed hospital located in Mount Vernon, New York. MVH also operates the Dorothea Hopfer School of Nursing, chartered by New York State since 1901. Since its founding in 1891, MVH has housed a full range of diagnostic and therapeutic medical and surgical services, specialty programs and ambulatory clinics. MVH also offers comprehensive inpatient and outpatient behavioral health programs consisting of psychiatric services designed specifically for individuals whose needs have not been met through traditional approaches

10. Howe Avenue Nursing Home d/b/a Helen and Michael Schaffer Extended Care Center ("SECC") is a 150-bed, comprehensive facility offering short-term rehabilitation/sub-acute care, as well as skilled long-term care. SECC dedicates 100-beds for long-term skilled medical management for individuals with chronic conditions or disabilities who are no longer capable to live independently. The remaining 50-beds are utilized for short-term stays and rehabilitation to accommodate patients recovering from heart surgery, heart attacks, strokes, and orthopedic surgery. (SSMC, MVH and SECC are sometimes collectively referred to as the "Medical Centers")

11. SSMC, MVH and SECC (with their affiliated Debtors) together comprise the Sound Shore Health System, Inc. ("SSHS" or the "System") which was formed in 1997 when the three affiliated healthcare institutions joined together to create one of the largest regional healthcare systems between New York City and Albany. Today, the System provides a range of specialized services, including orthopedic surgery, behavioral health, pediatrics, OB/GYN, continuing care facilities, a nursing home and community care clinics providing primary care services for the indigent and uninsured. Their affiliation with the New York

College of Medicine also enables the Debtors to provide a teaching environment in multiple disciplines to their community and patients.

12. As the largest “safety net” providers for southern Westchester County, the Medical Centers serve a disproportionate share of patients in the Medicaid and uninsured populations. Annually, they are responsible for approximately 13,000 acute discharges, 55,000 emergency department visits and 60,000 indigent care clinic visits.

13. As is true with many community hospitals serving a working class constituency, the Medical Centers have been beset by the financial pressures caused by cuts in Medicare and Medicaid funding, declining indigent pool payments, and changing demographics in the communities served by the Debtors. Commencing in 2006 and increasingly each year thereafter, the Debtors experienced a progressive decline in patient volume and discharges and reduction in acuity of the case mix. Operating revenues decreased, leading to significant losses in the years preceding these filings. Cash book balances were frequently negative, and vendor payables increased to over 225 days past due. With a substantial portion of their assets liened, the Debtors had limited ability to obtain sufficient working capital financing. Simultaneously, the Debtors are faced with increased competition from other regional healthcare providers.

14. The Debtors sought to address one component of this liquidity crisis, vendor payables, through a voluntary restructuring and reduction of unsecured indebtedness and in 2008 effectuated a creditor compromise. More than \$20 million of unsecured indebtedness obligations were settled at significant discounts. Coupled with cost cutting measures, the Debtors were repositioned to improve financially.

15. Additionally, in order to increase overall efficiency in their operations, in October 2011, MVH and SSMC executed a conversion to a new electronic medical record and

billing system. Multiple problems were encountered during the conversion process which still have not been fully remedied. Major delays in billing and cash collections resulting from the conversion led to increased patient account denials and bad-debt write offs. To avoid continued delays and losses, it became necessary (at significant cost) to dedicate additional resources to resolve the conversion issues, resulting in a further drain on available cash and resources. As a consequence, liquidity again became a pressing issue, this time preventing the Debtors from implementing critical system updates vital to improving its infrastructure and physical plant.

16. Liquidity delays have also extended vendor disbursements. The mounting trade payable liabilities led, in some cases, to the immediate termination of necessary service relationships. In other cases, the Debtors were forced to renegotiate existing terms and payment of outstanding liabilities. Simultaneously, the Debtors were facing a decrease in volume and a shift over the course of the last two years from the provision of inpatient care to increased ambulatory care at lower reimbursement rates. During this same period of time, provider costs continued to increase.

17. As the Debtors' financial condition continued to deteriorate, the Debtors began to actively search for a viable healthcare partner or other affiliation for the Medical Centers. The Debtors recognized that a merger or affiliation with a strong healthcare partner was critical to their ability to maintain operations and their charitable mission, achieve administrative efficiencies and reduce overhead costs, attract and retain quality physicians, gain increased access to much needed capital, make necessary capital improvements and implement long overdue technological upgrades.

18. A proposed transaction was discussed with several major hospitals and healthcare institutions, including: Montefiore Medical Center ("MMC"), Yale-New Haven Health System, North Shore-LIJ Health System, NYU Medical Center and Westchester County Health Care Corporation ("WCHCC"). In November, 2012, a memorandum of understanding which contemplated a full asset merger between SSHS and WCHCC was entered into and several months of negotiations followed. However, a transaction at sufficient purchase consideration could not be finalized. As a result, discussions commenced among the Debtors and MMC. At the conclusion of these efforts, the Debtors and MMC entered into an asset purchase agreement (the "Purchase Agreement"). As part of their restructuring strategy, the Debtors intend to sell all of their Owned Real Property, Furniture, Fixtures, Inventory, Assigned Contracts and related operating assets, which collectively comprise the Acquired Assets (all as defined in the Purchase Agreement), to MMC which will thereafter continue operations at the Debtors' current facilities.

19. It is a condition of the Purchase Agreement that the Sale Transaction be consummated pursuant to the provisions of section 363 of the Bankruptcy Code, and subject to higher and better offers. In furtherance of that effort, the Debtors' respective Boards voted to approve the filing of Chapter 11 petitions for the Debtors.

RELIEF REQUESTED

20. Pursuant to sections 105(a) and 331 of the Bankruptcy Code, the Debtors are seeking the entry of an order, substantially in the form annexed hereto as Exhibit A, establishing an orderly, regular process for the allowance and payment of compensation and reimbursement for attorneys and other professionals whose retentions are approved by the Court pursuant to sections 327, 328, 333 or 1103 of the Bankruptcy Code and who will be required to file

applications for allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code, including the Debtors' professionals. In addition, the Debtors request entry of an order establishing a procedure for the reimbursement of reasonable out-of-pocket expenses incurred by members of the committee appointed in these Chapter 11 Cases.

21. Since the Petition Date, the Debtors have filed applications to retain certain Professionals, and may be seeking to retain certain other Professionals as these cases continue to progress. The Debtors also anticipate that, upon the formation of a committee of unsecured creditors (the "Committee"), the Committee will also retain counsel and possibly other Professionals. The Debtors requests the issuance of an order establishing an orderly, regular process for allowance and payment of compensation and reimbursement of expenses for the Professionals.

22. Essentially, the requested procedures herein would require each Professional, subject to these procedures, to serve, among others, the Debtors, the Office of the United States Trustee, the Debtors' post-petition lender, MMC, as Purchaser, and the Committee with a detailed statement of services rendered and expenses incurred by such Professional by the twentieth (20th) day of each month following the month for which compensation is sought. If there is no timely objection by the thirty-fifth (35th) day following the month for which compensation is sought, the Debtors would pay eighty percent (80%) of the amount of fees incurred for the month, with a twenty percent (20%) holdback, and one hundred percent (100%) of disbursements for the month. These payments would be subject to the Court's subsequent approval as part of the normal interim fee application process, approximately every 120 days.

23. The Debtors request issuance of an order in accordance with Local Rule 2016-1 and the standing General Order M-412 of the Bankruptcy Court for the Southern District of New York, signed on December 21, 2010 (the "**Standing Order**"), establishing procedures for monthly compensation and reimbursement of expenses of professionals and pursuant to sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2014.

THE PROPOSED PROCEDURES

24. The Debtors propose that the monthly payment of compensation and reimbursement of expenses of the Professionals be structured as follows (collectively, the "**Compensation Procedures**"):

- (a) On or before the twentieth (20th) day following the month for which compensation is sought, each Professional will serve a monthly statement (the "**Monthly Fee Statement**") for professional services rendered and reimbursement of expenses incurred during the relevant compensation period on the following service parties (the "**Service Parties**"):
- (1) Debtors: Sound Shore Medical Center of Westchester, 16 Guion Place, New Rochelle, New York 10802, Attn: John Spicer;
 - (2) Counsel to the Debtors: Garfunkel Wild, P.C., 111 Great Neck Road, Great Neck, New York 11021; Attn: Burton S. Weston, Esq. and Afsheen A. Shah, Esq.;
 - (3) Counsel to the Committee: at such address as is subsequently noticed in its retention application, or, until such time that a Committee is appointed, to the 30 largest unsecured creditors on a consolidated basis;
 - (4) Counsel to MidCap Financial, LLC, the Debtors' postpetition lender, Lisa J. Lenderman, Esq., Deputy General Counsel, MidCap Financial, LLC, 7255 Woodmont Ave., Suite 200, Bethesda, MD 20814
 - (5) Counsel to MMC, Togut, Segal & Segal, One Penn Plaza, New York, New York 10119, Attn: Frank Oswald, Esq. and Scott Griffin, Esq.
 - (6) Office of the United States Trustee: 33 Whitehall Street, 21st Floor, New York, New York, 10004, Attn: _____;

- (b) On or before the twentieth (20th) day following the month for which compensation is sought, each Professional seeking compensation under this Order shall file a Monthly Fee Statement with the Court; however a courtesy copy need not be delivered to Chambers as payment of such Monthly Statement under the procedures set forth herein is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code. All Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court;
- (c) Each Monthly Statement must contain a list of the individuals who provided services during the statement period, their respective titles and billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no Professional should seek reimbursement of an expense which would otherwise not be allowed pursuant to the Court's Administrative Orders dated June 24, 1991 and April 21, 1995 or the U.S. Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated January 30, 1996) and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour;
- (d) If any party in interest has an objection to the compensation or reimbursement sought in a particular Monthly Fee Statement, such party shall, by no later than the thirty fifth (35th) day following the month for which compensation is sought, file with the Court and serve upon the Professional whose Monthly Fee Statement is objected to, and the other Service Parties, a written "Notice of Objection to Fee Statement" setting forth the nature of the objection with particularity and the amount of fees or expenses at issue;
- (e) At the expiration of the thirty five (35) day period, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Statement;
- (f) If a Notice of Objection to Fee Statement is filed, the Debtors shall withhold payment on that portion of the Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e) unless the professional whose statement is objected to seeks an order from the Court, upon notice and a hearing, directing payment to be made;
- (g) If the parties to an objection are able to resolve their dispute following the service of Notice of Objection to Fee Statement, and if the party whose Monthly Fee Statement was objected to files (a) a statement indicating that the objection has been withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the Monthly Fee Statement that is no longer subject to an objection;

- (h) All objections that are not resolved by the parties shall be preserved and presented to the Court at the next interim or final fee application hearing to be held by the Court (see sub-paragraph (j) below);
 - (i) The service of an objection in accordance with paragraph (d) shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground, whether raised in the objection or not. Further, the decision by any party not to object to a Monthly Fee Statement shall not be a waiver of, or constitute prejudice to, that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
 - (j) Approximately every 120 days, but not later than 150 days, each of the Professionals shall serve and file with the Court an application for interim or final Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code (as the case may be), of the compensation and reimbursement of expenses requested;
 - (k) Any Professional who fails to file an application seeking approval of compensation and expenses previously paid under the procedures set forth herein, when due, shall be ineligible to receive further monthly payments of fees or expenses as provided herein until further order of the Court and may be required to disgorge any fees paid since retention or the last fee application, whichever is later;
 - (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper shall not disqualify a Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court;
 - (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein, shall have any effect on the Court's interim and final allowance of compensation and reimbursement of any Professional;
 - (n) Counsel to the Committee may, in accordance with the foregoing Compensation Procedures collect and submit statements of expenses, with supporting affidavits, from members of the Committee, provided, however, that such counsel ensures that these reimbursement requests comply with any operative guidelines promulgated by the Office of the United States Trustee and this Court's Administrative Orders dated June 24, 1991 and April 21, 1995; and
25. The Debtors will include all payments to Professionals on their monthly operating reports, indicating the amount paid to each of the Professionals.

26. The Compensation Procedures suggested herein will benefit the Debtors, the estates and all parties-in-interest by enabling: (a) all parties to closely monitor costs of administration; and (b) the Debtors to maintain a more level cash flow throughout the pendency of this case.

27. The Debtors also request that the Court limit service of interim fee applications and the final fee application (collectively, the "**Fee Application**") to the Service Parties. The Debtors further request that all other parties that have filed a notice of appearance with the Clerk of this Court and requested notice of pleadings in the Chapter 11 Cases shall be entitled to receive only notice of hearings on the Applications (the "**Hearing Notices**"). Service of the Fee Applications and Hearing Notices in this manner will save unnecessary expenses for the estates while still permitting the parties who are most active in these Chapter 11 Cases to review and object to the Professionals' fees.

BASIS FOR RELIEF

28. Local Rule 2016-1 requires that persons seeking compensation or reimbursement of expenses must comply with guidelines promulgated by this Court. *See* Local Bankruptcy Rule Southern District of New York 2016-1. The Compensation Procedures outlined herein help ensure compliance with Local Rule 2016-1.

29. Additionally, pursuant to Section 331 of the Bankruptcy Code all professionals are entitled to submit applications for interim compensation and reimbursement of expenses every 120 days, or more often if the court permits. 11 U.S.C. § 331.

30. Section 105(a) of the Bankruptcy Code further provides, in relevant part, as follows: “The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

31. The Compensation Procedures will enable the Debtors to closely monitor the costs of administration, maintain cash flow availability, and implement efficient cash management procedures. Moreover, the Compensation Procedures will allow the Court and key parties in interest to ensure the reasonableness and necessity of the compensation and reimbursement sought pursuant to such procedures.

32. The Debtors submit that the efficient administration of these Chapter 11 Cases will be significantly aided by establishing the foregoing interim compensation and expense reimbursement procedures. Further, these procedures are needed to avoid having the Professionals fund the Debtors’ case. Accordingly, the relief requested is in the best interests of the Debtors, their respective estates and their creditors.

33. Furthermore, the Compensation Procedures are in substantial compliance with the standing General Order M-412 of the United States Bankruptcy Court for the Southern District of New York, signed on December 21, 2010 (the “**Standing Order**”), establishing procedures for monthly compensation and reimbursement of expenses of professionals in Chapter 11 cases. Procedures similar to those proposed herein have been approved in other large Chapter 11 cases in this District. See, e.g., In re Saint Vincents Catholic Medical Centers, Case No. 10-11963 (Bankr. S.D.N.Y. April 27, 2010); In re FairPoint Commc’ns, Inc., Case No. 09-16335 (Bankr. S.D.N.Y. Dec. 11, 2009); In re Cabrini Med. Ctr., Case No. 09-14398 (Bankr. S.D.N.Y. Aug. 28, 2009); In re The Reader’s Digest Ass’n, Case No. 09-23529 (Bankr. S.D.N.Y. Sept. 17, 2009); In

re Motors Liquidation Co. (f/k/a Gen. Motors Corp.), 09-50026 (Bankr. S.D.N.Y. Aug. 7, 2009); In re Old Carco, LLC (f/k/a Chrysler LLC), Case No. 09-50002 (Bankr. S.D.N.Y. May 20, 2009); In re Bally Total Fitness of Greater N.Y., Inc., 08-14818 (Bankr. S.D.N.Y. Dec. 7, 2008); In re Frontier Airlines Holdings, Inc., Case No. 08-11298 (Bankr. S.D.N.Y. May 2, 2008); In re Our Lady of Mercy Med. Ctr., Case No. 07-10609 (Bankr. S.D.N.Y. Mar. 30, 2007).

NOTICE

34. As of the filing of this Motion, no trustee, examiner or creditors' committee has been appointed in this Chapter 11 case. Notice of this Motion has been given to (a) United States Trustee; (b) the Debtors' material prepetition and postpetition secured lenders or any agent therefore; (c) the holders of the 30 largest unsecured claims on a consolidated basis; (d) the following state and local taxing and regulatory authorities: (i) the Centers for Medicare and Medicaid Services, (ii) the New York State Department of Health, (iii) the United States Attorney for the Southern District of New York, (iv) the Attorney General of the State of New York; (v) the Westchester County Attorney; (vi) the New Rochelle City Attorney, (vii) the Mount Vernon City Attorney; (viii) the Internal Revenue Service; and (ix) the New York State Department of Taxation and Finance; (e) counsel to MMC; (f) the United States Department of Justice, Commercial Litigation; (g) the United States Department of Health and Human Services, and (h) all parties in interest who have requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that no other notice need be given.

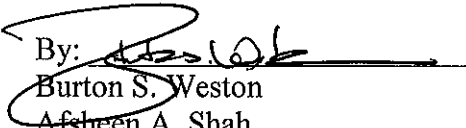
NO PRIOR REQUEST

35. No previous request for the relief sought herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully requests that the Court enter an order substantially in the form annexed hereto as Exhibit A granting the relief requested herein, and such other and further relief as may be just and proper.

Dated: May ~~28~~, 2013
Great Neck, New York

GARFUNKEL WILD, P.C.

By: 
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*Proposed Attorneys for Debtors
and Debtors in Possession*

Exhibit A

Form of Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x
In re:

SOUND SHORE MEDICAL CENTER
OF WESTCHESTER, et al.

Chapter 11
Case No. 13-_____()

Debtors.

(Jointly Administered
-----x

**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 331
ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF PROFESSIONALS**

Upon consideration of the motion (the "**Motion**")¹ of Sound Shore Medical Center of Westchester ("**SSMC**") and certain of its affiliated debtor entities (each a "**Debtor**" and collectively the "**Debtors**") dated May __, 2013, seeking entry of an Order, pursuant to sections 105(a) and 331 of title 11 of the United States Code (as amended, the "**Bankruptcy Code**"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") and Rule 2016-1 of the Local Rules for the Southern District of New York, establishing procedures for interim compensation and reimbursement of expenses; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and it appearing that venue of this case and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157; and due notice of the Motion having been provided and it appearing that no other or further notice of the Motion need be provided; and a hearing on this Motion having been conducted before this Court on _____, 2013 (the "**Hearing**"); and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, creditors and all parties in interest; and the Court having reviewed the Motion, the Spicer

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

Affidavit; and upon the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion, the Spicer Affidavit, and at the Hearing establish just cause for the relief granted herein; and upon all of the prior proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED, that except as otherwise may be provided in Court orders authorizing the retention of specific professionals, all professionals in these cases may seek monthly compensation in accordance with the following procedures:

- (a) On or before the twentieth (20th) day following the month for which compensation is sought, each Professional will serve a monthly statement (the "**Monthly Statement**") for professional services rendered and reimbursement of expenses incurred during the relevant compensation period on the following service parties (the "**Service Parties**"):

1. Debtors: Sound Shore Medical Center of Westchester, 16 Guion Place, New Rochelle, New York 10802, Attn: John Spicer;
2. Counsel to the Debtors: Garfunkel Wild, P.C., 111 Great Neck Road, Great Neck, New York 11021; Attn: Burton S. Weston, Esq. and Afsheen A. Shah, Esq.;
3. Counsel to the Committee: at such address as is subsequently noticed in its retention application, or, until such time that a Committee is appointed, to the 30 largest unsecured creditors on a consolidated basis;
4. Counsel to MidCap Financial, LLC, the Debtors' postpetition lender, Lisa J. Lenderman, Esq., Deputy General Counsel, MidCap Financial, LLC, 7255 Woodmont Ave., Suite 200, Bethesda, MD 20814
5. Counsel to Montefiore Medical Center, Togut, Segal & Segal, One Penn Plaza, New York, New York 10119, Attn: Frank Oswald, Esq. and Scott Griffin, Esq.

6. Office of the United States Trustee: 33 Whitehall Street, 21st Floor, New York, New York, 10004, Attn: Susan D. Golden, Esq. and William E. Curtin, Esq.;
- (b) On or before the twentieth (20th) day following the month for which compensation is sought, each Professional seeking compensation under this Order shall file a Monthly Fee Statement with the Court; however a courtesy copy need not be delivered to Chambers as payment of such Monthly Statement under the procedures set forth herein is not intended to alter the fee application requirements outlined in sections 330 and 331 of the Bankruptcy Code. All Professionals are still required to serve and file interim and final applications for approval of fees and expenses in accordance with the relevant provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules of this Court;
- (c) Each Monthly Fee Statement must contain a list of the individuals who provided services during the statement period, their respective titles and billing rates, the aggregate hours spent by each individual, a reasonably detailed breakdown of the disbursements incurred (no Professional should seek reimbursement of an expense which would otherwise not be allowed pursuant to the Court's Administrative Orders dated June 24, 1991 and April 21, 1995 or to the U.S. Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated January 30, 1996) and contemporaneously maintained time entries for each individual in increments of tenths (1/10) of an hour;
- (d) If any party in interest has an objection to the compensation or reimbursement sought in a particular Monthly Fee Statement, such party shall, by no later than

the thirty fifth (35th) day following the month for which compensation is sought, file with the Court and serve upon the Professional whose Monthly Fee Statement is objected to, and the other Service Parties, a written "Notice of Objection to Fee Statement" setting forth the nature of the objection with particularity and the amount of fees or expenses at issue;

- (e) At the expiration of the thirty five (35) day period, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each Monthly Fee Statement to which no objection has been served in accordance with paragraph (d) above;
- (f) If a Notice of Objection to Fee Statement is filed, the Debtors shall withhold payment on that portion of the Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth in paragraph (e) unless the professional whose statement is objected to seeks an order from the Court, upon notice and a hearing, directing payment to be made;
- (g) If the parties to an objection are able to resolve their dispute following the service of Notice of Objection to Fee Statement, and if the party whose Monthly Fee Statement was objected to files (a) a statement indicating that the objection has been withdrawn and describing in detail the terms of the resolution, then the Debtors shall promptly pay, in accordance with paragraph (e), that portion of the Monthly Fee Statement that is no longer subject to an objection;

- (h) All objections that are not resolved by the parties shall be preserved and presented to the Court at the next interim or final fee application hearing to be held by the Court (see sub-paragraph (j) below);
- (i) The service of an objection in accordance with paragraph (d) shall not prejudice the objecting party's right to object to any fee application made to the Court in accordance with the Bankruptcy Code on any ground, whether raised in the objection or not. Furthermore, the decision by any party not to object to a Monthly Fee Statement shall not be a waiver of, or constitute prejudice to, that party's right to object to any fee application subsequently made to the Court in accordance with the Bankruptcy Code;
- (j) Approximately every 120 days, but not later than 150 days, each of the Professionals shall serve and file with the Court an application for interim or final Court approval and allowance, pursuant to sections 330 and 331 of the Bankruptcy Code (as the case may be), of the compensation and reimbursement of expenses requested;
- (k) Any Professional who fails to file an application seeking approval of compensation and expenses previously paid under the procedures set forth herein, when due, shall (1) be ineligible to receive further monthly payments of fees or expenses as provided herein until further order of the Court and (2) may be required to disgorge any fees paid since retention or the last fee application, whichever is later;

- (l) The pendency of an application or a Court order that payment of compensation or reimbursement of expenses was improper shall not disqualify a Professional from the future payment of compensation or reimbursement of expenses as set forth above, unless otherwise ordered by the Court;
- (m) Neither the payment of, nor the failure to pay, in whole or in part, monthly compensation and reimbursement as provided herein, shall have any effect on the Court's interim and final allowance of compensation and reimbursement of any Professional;
- (n) Counsel to the Committee may, in accordance with the foregoing Compensation Procedures, collect and submit statements of expenses, with supporting affidavits, from members of the Committee, provided, however, that such counsel ensures that these reimbursement requests comply with any operative guidelines promulgated by the Office of the United States Trustee and this Court's Administrative Orders dated June 24, 1991 and April 21, 1995; and it is further

ORDERED, that each professional may seek, in its first request for compensation and reimbursement of expenses pursuant to this Order, compensation for work performed and reimbursement for expenses incurred during the period beginning on the date of the professional's retention and ending on _____, 2013; and it is further

ORDERED, that the amount of fees and disbursements sought be set out in U.S. dollars (if the fees and disbursements are to be paid in foreign currency, the amount shall be set out in U.S. dollars and the conversion amount in the foreign currency, calculated at the time of the submission of the application); and it is further

ORDERED, that the Debtors shall include all payments to professionals on their monthly operating reports, detailed so as to state the amount paid to each of the professionals; and it is further

ORDERED, that any party may object to requests for payments made pursuant to this Order on the grounds that the Debtors have not timely filed monthly operating reports, remained current with their administrative expenses and 28 U.S.C. § 1930 fees, or a manifest exigency exists by seeking a further order of this Court, otherwise, this Order shall continue and shall remain in effect during the pendency of this case; and it is further

ORDERED, that all time periods set forth in this Order shall be calculated in accordance with Federal Rule of Bankruptcy Procedure 9006(a); and it is further

ORDERED, that any and all other and further notice of the relief requested in the Motion shall be, and hereby is, dispensed with and waived; provided, however, that the Debtors must serve a copy of this Order on all entities specified in paragraph (a) hereof.

Dated: _____, 2013
White Plains, New York

HON. ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE