

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF LOUISIANA  
LAFAYETTE DIVISION

IN RE: PROGRESSIVE ACUTE CARE,  
LLC, *et al.*,

Debtors.

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS,

Plaintiff

v.

BUSINESS FIRST BANCSHARES, INC.  
D/B/A BUSINESS FIRST BANK,  
PROGRESSIVE ACUTE CARE, LLC,  
PROGRESSIVE ACUTE CARE  
AVOYELLES, LLC, PROGRESSIVE  
ACUTE CARE OAKDALE, LLC, and  
PROGRESSIVE ACUTE CARE WINN,  
LLC,

Defendants.

CASE NO. 16-50740

CHAPTER 11

JOINTLY ADMINISTERED

ADVERSARY PROCEEDING NO.  
\_\_\_\_\_

**COMPLAINT FOR ANNULMENT AND/OR AVOIDANCE OF OBLIGATIONS  
AND LIENS, AVOIDANCE OF PREFERENTIAL TRANSFERS, DECLARATORY  
JUDGMENT, DETERMINATION OF SECURED CLAIM, DISALLOWANCE OF  
CLAIM, AND SURCHARGE OF COLLATERAL**

The Official Committee of Unsecured Creditors of Progressive Acute Care, LLC, *et al.*  
(“Plaintiff” or the “Committee”) through undersigned counsel alleges:

**JURISDICTION AND VENUE**

1. This is an adversary proceeding seeking annulment and/or avoidance of obligations and liens, avoidance of preferential transfers, declaratory judgment, determination of

a secured claim, disallowance of a claim, and surcharge of collateral, and brought pursuant to Federal Rule of Bankruptcy Procedure 7001.

2. This adversary proceeding arises in and relates to the above-captioned, jointly administered Chapter 11 cases now pending in this Court (the “Chapter 11 Cases”).

3. This adversary proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (C), (F), (K), and (O).

4. This Court has jurisdiction over this proceeding pursuant to 28 U.S.C. §§ 157 and 1334.

5. Venue of this adversary proceeding in this Court is proper pursuant to 28 U.S.C. § 1409.

#### **PLAINTIFF**

6. Plaintiff, the Committee, is an official creditors’ committee of Progressive Acute Care, LLC, *et al.* in the Chapter 11 Cases, appointed pursuant to 11 U.S.C. § 1102.

#### **DEFENDANTS**

7. Defendant Business First Bancshares, Inc. d/b/a Business First Bank (“Business First”), is a corporation having an office at 8440 Jefferson Highway, Suite 101, Baton Rouge, LA 70809.

8. Defendant Progressive Acute Care, LLC (“PAC”) is a debtor in the jointly administered Chapter 11 Cases.

9. Defendant Progressive Acute Care Avoyelles, LLC (“PAC Avoyelles”) is a debtor in jointly administered the Chapter 11 Cases.

10. Defendant Progressive Acute Care Oakdale, LLC (“PAC Oakdale”) is a debtor in the jointly administered Chapter 11 Cases.

11. Defendant Progressive Acute Care Winn, LLC (“PAC Winn,” and collectively with PAC, PAC Avoyelles, and PAC Oakdale, the “Chapter 11 Debtors”) is a debtor in the jointly administered Chapter 11 Cases.

### **FACTUAL ALLEGATIONS**

#### **PROCEDURAL BACKGROUND**

12. On May 31, 2016 (the “Petition Date”), the Chapter 11 Debtors each filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Western District of Louisiana (the “Court”).

13. The Debtors’ Chapter 11 Cases (Case Nos. 16-50740, 16-80584, 16-50742, and 16-50743, respectively) are being jointly administered as Case No. 16-50740 in this Court.

14. No trustee has been appointed in the Chapter 11 Debtors’ Chapter 11 Cases, and the Chapter 11 Debtors continue in the possession of their respective property and the operation of their respective businesses as debtors-in-possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

15. The Chapter 11 Debtors have consented to the grant of leave, standing, and authority to the Committee to commence, prosecute, and settle certain claims of the Chapter 11 Debtors and their estates, including claims under Chapter 5 of the Bankruptcy Code, including the claims set forth in this Complaint.

16. The Chapter 11 Debtors and the Committee have filed a joint motion to approve a consent order (the “Consent Order”) granting leave, standing, and authority to the Committee to commence, prosecute, and settle certain claims of the Chapter 11 Debtors and their estates, including claims under Chapter 5 of the Bankruptcy Code, including the claims set forth in this

Complaint, and entered into a stipulation in support of and consenting to entry of the Consent Order.

### **THE CHAPTER 11 DEBTORS**

17. PAC owns, and at all relevant times owned, all outstanding membership interests, including all non-economic and economic rights, in PAC Avoyelles, PAC Oakdale, and PAC Winn.

18. As of the Petition Date, and at all relevant times, PAC Avoyelles owned and operated a hospital in the town of Marksville, Louisiana; PAC Oakdale owned and operated a hospital in the town of Oakdale, Louisiana; and PAC Winn (collectively with PAC Avoyelles and PAC Oakdale, the “Operating Debtors”) owned and operated a hospital in the town of Winnfield, Louisiana.

### **PROGRESSIVE ACUTE CARE DAUTERIVE, LLC**

19. PAC also owns, and at all relevant times owned, all outstanding membership interest, including all non-economic and economic rights, in Progressive Acute Care Dauterive, LLC (“PAC Dauterive”).

20. PAC Dauterive filed a voluntary petition for relief under Chapter 7 of the Bankruptcy Code with the Court on the Petition Date.

21. PAC Dauterive’s Chapter 7 bankruptcy case (the “Chapter 7 Case”) is being separately administered in this Court as Case No. 16-50739.

22. From approximately May 1, 2013 to approximately January 2016, PAC Dauterive owned and operated a hospital in New Iberia, Louisiana (the “Dauterive Hospital”).

**THE BUSINESS FIRST FINANCING AND  
ACQUISITION OF THE DAUTERIVE HOSPITAL**

23. PAC Dauterive acquired the Dauterive Hospital on May 1, 2013 (the “Dauterive Purchase”).

24. The Dauterive Purchase, related obligations, and simultaneous payments of outstanding loans to Business First in the name of PAC were financed with the proceeds of (i) a promissory note in the principal amount of \$20,700,000 between the Chapter 11 Debtors and PAC Dauterive as borrowers and Business First as lender dated April 30, 2013 (as amended, and collectively with all documents relating thereto, including any loan agreements, mortgages, and security agreements, the “Term Note”) and (ii) a promissory note in the principal amount of \$3,000,000 between the Debtors and PAC Dauterive as borrowers and Business First as lender dated April 30, 2013 (as amended, and collectively with all documents relating thereto, including any loan agreements, mortgages, and security agreements, the “LOC Note,” and together with the Term Note, the “Notes”).

25. In addition, the Chapter 11 Debtors and PAC Dauterive incurred not less than \$247,308.16 in finance charges and other fees in connection with the Notes.

26. Pursuant to Disbursement Requests and Authorizations executed by the Chapter 11 Debtors and PAC Dauterive with respect to the Notes, copies of which are attached hereto as Exhibit A, the proceeds of the Notes were disbursed as follows:

a. Term Note:

i. \$4,549,982.65 in payment of loans by Business First to PAC.

ii. \$16,150,017.35 in connection with the acquisition of the Dauterive

Hospital as follows:

(1) \$15,525,017.35 to First American Title.

(2) \$625,000.00 to Rodrigue & Rodrigue (law firm).

b. LOC Note:

i. \$469,636.16 in payment of a loan by Business First to PAC.

ii. \$2,530,363.84 undisbursed.

27. The Notes were purportedly cross-collateralized and secured by a multiple indebtedness mortgage and a commercial security agreement, among other documents, granting liens and/or security interests in substantially all of the Chapter 11 Debtors' and PAC Dauterive's respective real and personal property (the "Security Grants").

28. The Operating Debtors received no reasonably equivalent benefit in exchange for obligating themselves under the Notes and pledging their respective property as collateral through the Security Grants, which instead benefitted PAC, PAC Dauterive, and Business First.

29. The Operating Debtors entered into the Notes and gave the Security Grants when they were insolvent or were rendered insolvent by entry into the Notes and the Security Grants. No single Operating Debtor had the ability to satisfy the obligations of the borrowers under the Notes.

30. In addition to the foregoing, insiders (the "Guarantors") of the Chapter 11 Debtors provided \$1,000,000 personal guaranties of the amounts owed under the Notes (the "Personal Guaranties"). The total of such Personal Guaranties was \$3,000,000. Plaintiff reserves all rights and claims with respect to such parties and the Personal Guaranties.

### **SALE OF THE DAUTERIVE HOSPITAL**

31. In January 2016, PAC Dauterive sold the Dauterive Hospital (the "Dauterive Sale").

32. The proceeds of the Dauterive Sale were used to pay down outstanding amounts to Business First under the Notes (the “Sale Payment”).

### **CAUSES OF ACTION**

#### **COUNT I – REVOCATORY ACTION (AS TO BUSINESS FIRST AND THE CHAPTER 11 DEBTORS)**

##### **(La. Civ. Code art. 2036 and 11 U.S.C. § 544)**

33. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

34. Each of the Operating Debtors’ respective liabilities exceeded the value of their respective fairly appraised assets on the date(s) of the Notes and the Security Grants or were caused to exceed the value of their respective fairly appraised assets by the Notes and Security Grants.

35. As a result of the Operating Debtors’ entry into the Notes and the Security Grants, the Operating Debtors’ liabilities increased without a corresponding reasonably equivalent benefit to the Operating Debtors and assets that would otherwise have been available to satisfy claims of the Operating Debtors’ creditors other than Business First were pledged to Business First.

36. Pursuant to La. Civ. Code art. 2036 “[a]n obligee has a right to annul an act of the obligor . . . made or effected after the right of the obligee arose, that causes or increases the obligor’s insolvency.”

37. Pursuant to 11 U.S.C. § 544(b), a debtor-in-possession “may avoid any transfer of an interest of the debtor in property or any obligation incurred by the debtor that is voidable under applicable law by a creditor holding an unsecured claim that is allowable under section 502 of [the Bankruptcy Code].”

38. One or more creditors holding claims against the Operating Debtors allowable under 11 U.S.C. § 502 has the right to annul and/or avoid the Notes and the Security Grants under La. Civ. Code art. 2036.

39. Based upon the foregoing, Plaintiff is entitled to annul and/or avoid the Notes to the extent they caused or increased the Operating Debtors' insolvency.

40. Based upon the foregoing, Plaintiff is entitled to annul and/or avoid the Security Grants to the extent they caused or increased the Operating Debtors' insolvency.

**COUNT II – PREFERENTIAL TRANSFER  
(AS TO BUSINESS FIRST)**

**(11 U.S.C. § 547)**

41. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

42. The Sale Payment benefitted the Guarantors of the Operating Debtors' obligations under the Notes.

43. The Sale Payment was a transfer of an interest of the Operating Debtors in property.

44. The Sale Payment was for the benefit of the Guarantors as creditors of the Operating Debtors.

45. The Sale Payment was made on account of antecedent debt owed by the Operating Debtors before the Sale Payment was made.

46. The Sale Payment was made while the Operating Debtors were insolvent.

47. The Sale Payment was made between 90 days and one year before the Petition Date.



48. The Sale Payment enabled such creditors to receive more than they would receive if the Operating Debtors' Chapter 11 Cases were cases under Chapter 7 of the Bankruptcy Code, the Sale Payment had not been made, and such creditors received payment of the debts owed by the Operating Debtors to the extent provided under the provisions of the Bankruptcy Code.

49. Based upon the foregoing, Plaintiff is entitled to judgment avoiding the Sale Payment under 11 U.S.C. § 547(b).

**COUNT III – DECLARATORY JUDGMENT  
(AS TO BUSINESS FIRST)**

**(28 U.S.C. § 2201)**

50. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

51. The Operating Debtors' respective schedules of assets and liabilities filed in their respective bankruptcy cases identify cash in deposit accounts held at banks other than Business First in an amount of not less than \$122,310.57.

52. On information and belief, Business First was not a party to any control agreement(s) with respect to deposit accounts held at other banks sufficient to perfect any security interest in funds held in such accounts.

53. Section 544(a) of the Bankruptcy Code, among other things, grants a debtor-in-possession the rights and powers of: (i) "a creditor that extends credit to the debtor at the time of the commencement of the case, and that obtains, at such time and with respect to such credit, a judicial lien on all property on which a creditor on a simple contract could have obtained such a judicial lien, whether or not such a creditor exists[;]" (ii) "a creditor that extends credit to the debtor at the time of the commencement of the case, and obtains at such time and with respect to such credit, an execution against the debtor that is returned unsatisfied at such time, whether or

not such a creditor exists[;]” and (iii) a bona fide purchaser of real property, other than fixtures, from the debtor, against whom applicable law permits such transfer to be perfected, that obtains the status of a bona fide purchaser and has perfected such transfer at the time of the commencement of the case, whether or not such a purchase exists.”

54. Pursuant to 11 U.S.C. § 544(a), the interest(s) of the Operating Debtors and/or their estates in funds held in deposit accounts at banks other than Business First (or proceeds of such funds) are superior and/or senior to that of Business First.

55. Based on the foregoing, Plaintiff is entitled to declaratory judgment that any purported lien or security interest of Business First in funds held in deposit accounts at banks other than Business First is junior to the interest(s) of the Operating Debtors and/or their estates and/or not enforceable with respect to such funds (or proceeds of such funds) pursuant to 28 U.S.C. § 2201(a).

**COUNT IV – DETERMINATION OF SECURED CLAIM  
(AS TO BUSINESS FIRST)**

**(11 U.S.C. § 506(a), (d))**

56. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

57. Pursuant to 11 U.S.C. § 506(a), (i) Business First’s claim under the Notes, to the extent allowable, is an allowed secured claim only to the extent of the value of the collateral securing it and (ii) Business First’s claim under the Notes, to the extent allowable, is an allowed unsecured claim to the extent that the value of the collateral is less than the amount of the claim.

58. Pursuant to 11 U.S.C. § 506(d), a lien that secures a claim against a debtor that is not an allowed secured claim is void.

59. Based upon the foregoing, Plaintiff is entitled to a judgment determining that Business First's claim under the Notes is a secured claim only to the extent of the value of the collateral securing the Chapter 11 Debtors' obligations under the Notes in an amount to be determined at trial.

60. Based upon the foregoing, Plaintiff is entitled to a judgment determining that any lien securing Business First's claim under the Notes is void to the extent Business First's claim is not an allowed secured claim.

**COUNT IV – OBJECTION TO CLAIM  
(AS TO BUSINESS FIRST)**

**(11 U.S.C. § 502)**

61. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

62. Pursuant to 11 U.S.C. § 502(a), parties in interest may object to claims.

63. Pursuant to 11 U.S.C. § 502(b), after an objection is made, the Court shall determine the amount of such claim.

64. Based upon the foregoing, Plaintiff is entitled to a judgment allowing Business First's claim under the Notes only to the extent the validity, amount, and priority of the asserted claim are supported by Business First at trial.

**COUNT V – SURCHARGE OF COLLATERAL  
(AS TO BUSINESS FIRST)**

**(11 U.S.C. § 506(c))**

65. Plaintiff repeats the allegations in each of the foregoing paragraphs, which are incorporated by reference as if set forth fully herein.

66. Pursuant to 11 U.S.C. § 506(c), a debtor-in-possession "may recover from property securing an allowed secured claim the reasonable, necessary costs and expenses of

preserving, or disposing of, such property to the extent of any benefit to the holder of such claim[.]”

67. The Operating Debtors incurred reasonable, necessary administrative costs and expenses in the course of preserving and disposing of property purportedly securing Business First’s claim under the Notes, including without limitation the costs of the sale of such assets to Central Louisiana Hospital Group, LLC in the Debtors’ jointly administered Chapter 11 Cases.

68. To the extent that Business First is allowed a secured claim in the Chapter 11 Cases, Business First has and will benefit from the costs and expenses of preserving and disposing of Business First’s collateral.

69. Based upon the foregoing, Plaintiff is entitled to judgment in the amount of the expenses and costs of the Debtors of preserving and disposing of Business First’s collateral (to be determined at trial), to be satisfied from such collateral or the proceeds thereof pursuant to 11 U.S.C. § 506(c).

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays that this Court issue a summons requiring Business First, the Chapter 11 Debtors, and PAC Dauterive (collectively, the “Defendants”) to respond to this Complaint within the time provided by law, and after due proceedings held, issue the following relief:

1. Judgment annulling and/or avoiding the Notes to the extent they caused or increased the Operating Debtors’ insolvency.
2. Judgment annulling and/or avoiding the Security Grants to the extent they caused or increased the Operating Debtors’ insolvency
3. Judgment avoiding the Sale Payment.

4. Declaratory judgment that any purported lien or security interest of Business First in funds held in deposit accounts at banks other than Business First are junior to the interest(s) of the Operating Debtors and/or their estates and/or not enforceable with respect to such funds (or proceeds of such funds)
5. Judgment determining that Business First's claim under the Notes is a secured claim only to the extent of the value of the collateral securing the Chapter 11 Debtors' obligations under the Notes.
6. Judgment determining that any lien securing Business First's claim under the Notes is void to the extent Business First's claim is not an allowed secured claim.
7. Judgment allowing Business First's claim under the Notes only to the extent the validity, amount, and priority of the asserted claim are supported by Business First at trial.
8. Judgment in the amount of the expenses and costs of the Debtors of preserving and disposing of Business First's collateral, to be satisfied from such collateral or the proceeds thereof.
9. Judgment in the amount of Plaintiff's attorneys' fees and costs of suit.
10. Such other and further relief that the Court determines necessary and proper under 28 U.S.C. § 2202

11. Such other and further relief that the Court deems just and appropriate.

DATED: October 11, 2016

/s/ J. Eric Lockridge

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-and-

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Phone: (225) 387-0999  
*Co-Counsel for Plaintiff*

# **EXHIBIT A**



\*00000000037001051034504302013026-31473320CL\*

### DISBURSEMENT REQUEST AND AUTHORIZATION

**Borrower:** Progressive Acute Care Oakdale, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Winn, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Avoyelles, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Dauterive, LLC (TIN: [REDACTED]); and Progressive Acute Care, LLC (TIN: [REDACTED])  
 2210 7th Street, Suite B  
 Mandeville, LA 70471

**Lender:** Business First Bank  
 North Shore Banking Center  
 1675 Hwy 190  
 Covington, LA 70433

**LOAN TYPE.** This is a Variable Rate Nondisclosable Loan to five Limited Liability Companies for \$20,700,000.00 due on May 5, 2018

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is: Refinance existing term debt with Lender and to purchase properties located at 600 North Lewis Street, New Ibera, LA 70563 and 4239 Highway 1192, Marksville, LA 71351.

**FLOOD INSURANCE.** Some of the property that will secure the loan is not located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards. Therefore, although flood insurance may be available for the property, no special flood hazard insurance protecting property not located in an area having special flood hazards is required by law for this loan at this time.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$20,700,000.00 as follows:

<b>Amount paid on Borrower's account:</b>	\$4,549,982.65
\$1,346,945.45 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
\$2,998,201.56 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
\$204,835.64 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
<b>Amount paid to others on Borrower's behalf:</b>	\$16,150,017.35
\$15,525,017.35 to First American Title	
\$625,000.00 to Rodrigue & Rodrigue	
<b>Note Principal:</b>	\$20,700,000.00

**CHARGES PAID IN CASH.** Borrower has paid or will pay in cash as agreed the following charges:

<b>Prepaid Finance Charges Paid in Cash:</b>	\$207,125.00
\$207,000.00 Loan Origination Fee	
\$125.00 Flood Determination Fee	
<b>Other Charges Paid in Cash:</b>	\$23,185.55
\$3,500.00 Appraisal Fee to The Lakvold Group, LLC	
\$140.00 Appraisal Handling Fee to RIMS	
\$4,000.00 Appraisal Review Fees to Cheryl Bonnaffons Bella, MAI	
\$4,209.21 Interest due on Loan # [REDACTED] through 4/30/2013	
\$10,930.94 Interest due on Loan # [REDACTED] through 4/30/2013	
\$405.40 Interest due on Loan # [REDACTED] through 4/30/2013	
<b>Total Charges Paid in Cash:</b>	\$230,310.55

**AUTOMATIC PAYMENTS.** Borrower hereby authorizes Lender automatically to deduct from Borrower's Checking account, numbered 30136704, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED APRIL 30, 2013.



**BORROWER:**

**PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.**

**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.**

By: Wayne D. Thompson, Authorized Individual of Progressive Acute Care, LLC

**PROGRESSIVE ACUTE CARE WINN, L.L.C.**

**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.**

By: Wayne D. Thompson, Authorized Individual of Progressive Acute Care, LLC

**PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.**

**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Avoyelles, L.L.C.**

By: Wayne D. Thompson, Authorized Individual of Progressive Acute Care, LLC

**PROGRESSIVE ACUTE CARE DAUTERIVE, LLC**

**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Dauterive, LLC**

By: Wayne D. Thompson, Authorized Individual of Progressive Acute Care, LLC

**PROGRESSIVE ACUTE CARE, LLC**

By: Wayne D. Thompson, Authorized Individual of Progressive Acute Care, LLC



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### DISBURSEMENT REQUEST AND AUTHORIZATION

<b>Borrower:</b>	Progressive Acute Care Oakdale, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Winn, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Avoyelles, L.L.C. (TIN: [REDACTED]); Progressive Acute Care Dauterive, LLC (TIN: [REDACTED]); and Progressive Acute Care, LLC (TIN: [REDACTED]) 2210 7th Street, Suite B Mandeville, LA 70471	<b>Lender:</b>	Business First Bank North Shore Banking Center 1675 Hwy 190 Covington, LA 70433
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**LOAN TYPE.** This is a Variable Rate Nondisclosable Revolving Line of Credit Loan to five Limited Liability Companies for \$3,000,000.00 due on May 5, 2015.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for

Personal, Family, or Household Purposes or Personal Investment.

Business (Including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is Revolving line of credit for working capital and equipment purchases

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$3,000,000.00 as follows:

Undisbursed Funds:	\$2,530,363.84
Amount paid on Borrower's account:	\$469,636.16
\$469,636.16 Payment on Loan # [REDACTED] in the name of Progressive Acute Care, LLC	
<hr/>	
Note Principal:	\$3,000,000.00

**CHARGES PAID IN CASH.** Borrower has paid or will pay in cash as agreed the following charges

Prepaid Finance Charges Paid In Cash:	\$15,000.00
\$15,000.00 Loan Origination Fee (%)	
Other Charges Paid In Cash:	\$1,997.61
\$30.00 UCC Recording Fee to EBRP Clerk of Court	
\$500.00 Documentation Fee	
\$1,467.61 Interest due on Loan # [REDACTED] through 4/30/2013	
<hr/>	
Total Charges Paid In Cash:	\$16,997.61

**AUTOMATIC PAYMENTS.** Borrower hereby authorizes Lender automatically to deduct from Borrower's Checking account, numbered 30136704, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED APRIL 30, 2013.

DISBURSEMENT REQUEST AND AUTHORIZATION  
(Continued)

Loan No: 37001078

Page 2

**BORROWER:**

**PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.**

**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.**

By:   
Wayne D. Thompson, Authorized Individual of  
Progressive Acute Care, LLC

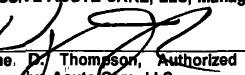
**PROGRESSIVE ACUTE CARE WINN, L.L.C.**

**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.**

By:   
Wayne D. Thompson, Authorized Individual of  
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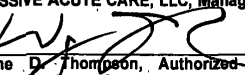
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**PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Avoyelles, L.L.C.**

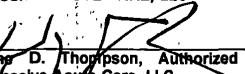
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