



UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY

**Caption in Compliance with D.N.J. LBR 9004-2(c)**

**COURTER, KOBERT & COHEN**

A Professional Corporation

1001 Route 517

Hackettstown, New Jersey 07840

(908) 852-2600

Attorneys for AFCO Credit Corporation

By: Michael B. Lavery MBL #1484

In Re: St. Mary's Hospital, Inc.

Debtor.

Case No.: Case No. 09-15619 (MS)  
Chapter 11

Adv. No.:

Hearing Date:

Judge: Hon. Morris Stern

**CAPTION OF ORDER**

The relief set forth on the following pages, numbered two (2) through five (5) is hereby **ORDERED**.

**DATED: 4/20/2009**

  
\_\_\_\_\_  
Honorable Morris Stern  
United States Bankruptcy Judge

It is hereby stipulated, by and between the debtor, St. Mary's Hospital, Inc. ("St. Mary's") and AFCO Credit Corporation ("AFCO"), as represented by their attorneys below, that:

1. AFCO is a secured creditor having a valid, perfected security interest in and first lien upon all return and unearned premiums under certain policies of insurance set forth on the annexed premium finance agreement, (the "Financed Insurance");

2. AFCO's security interest stems from a loan made by Cananwill, Inc. and assigned to and funded by AFCO on January 13, 2009. AFCO, at the debtor's request, loaned the total sum of \$550,133.81 for the purpose of paying for the insurance coverage of St. Mary's, set forth in paragraph (1) supra, for the benefit of the borrower, St. Mary's.

3. As of March 9, 2009, the date of filing of the petition in this Court, debtor owed the total sum of \$495,901.70, which the parties acknowledge was then due AFCO;

4. AFCO has certain rights pursuant to the contract between the parties dated January 13, 2009 and pursuant to controlling State law. Among those rights, upon debtor's default, is the right to cancel the Financed Insurance, to obtain all of the return premiums thereon, to retain the sums due it, and to then return any excess, if there be such, to St. Mary's;

5. The filing of the petition in this Court on March 9, 2009 stayed AFCO from enforcing any of the rights which it has with regard to St. Mary's default;

6. AFCO has indicated that it intends to move this Court pursuant to 11 U.S.C. § 362 to vacate the automatic stay in order to allow it to exercise the rights that it has under the contract dated January 13, 2009 and under State law and debtor seeks approval of the Court to make adequate protection payments;

7. AFCO will forebear from making said motion, subject to the terms of this stipulation;

8. St. Mary's shall pay to AFCO the total sum of \$495,901.70 as and for adequate protection payments, which are approved by the Court and not subject to disgorgement, as follows: \$1,937.85 per day, commencing from the March 9, 2009 filing date which shall be paid immediately upon execution of this agreement and thereafter on the first day of each succeeding month (1,937.85 multiplied by the number of days in the month) until paid in full. In the event that the Court does not approve this stipulation or the payments made hereunder, then all sums paid hereunder shall be returned to the debtor forthwith;

9. In the event of a default in any payment required by paragraph "8", then, upon ten (10) days' notice to counsel for the debtor and the debtor and unless the debtor cures the default within such time frame, the automatic stay shall be vacated, without further application to the Court, and AFCO shall be free to exercise all rights that it has under the contract between the parties dated January 13, 2009 and under all applicable laws, regulations, and statutes and shall be free thereupon to cancel the Financed Insurance. The parties hereto acknowledge that among those rights is the right to cancel the Financed Insurance, and to obtain all unearned and return premiums payable thereunder which shall be paid directly to AFCO. Notice provided hereunder shall be deemed to be notice of intent to cancel as required under controlling State law and the parties hereto agree that no additional notice shall be required to satisfy the requirements thereof. Notice shall be served by mail or by facsimile. Out of the funds obtained upon cancellation, AFCO is authorized to retain the sum of \$495,901.70, less any sums paid by the debtor pursuant to paragraph "8" hereof, together with any additional charge which may be due under the premium finance agreement. In the event that there are any funds in excess of the sum then due which are obtained by AFCO, then upon clearing of such funds, AFCO shall pay to the debtor such excess amount. In the event that AFCO obtains an amount less than the sum then due, then

such deficiency balance shall be due to AFCO forthwith. AFCO shall have the right to enforce its claim for such deficiency balance in any lawful manner. The parties further stipulate that, notwithstanding any other provision hereof, the deficiency balance shall be treated as an administrative expense of the estate;

10. As partial consideration for this stipulation, debtor, St. Mary's, on its behalf and on behalf of the estate and all successors in interest, waives any claims, causes of action, counterclaims, set-offs, or rights of recoupment of any kind against AFCO Credit Corporation;

11. In the event that any of the Financed Insurance expires or is canceled for any reason, or if the insurance carrier shall otherwise require, the debtor agrees to take all reasonable steps to cooperate with any audit conducted by such insurance carrier and shall make all books and records available for such audit.

COURTER, KOBERT & COHEN, P.C.  
Attorneys for AFCO Credit Corp.

Dated: 4/7/09

By: /s/ Michael B. Lavery  
Michael B. Lavery

McCARTER & ENGLISH LLP  
Attorneys for Debtor

Dated: 4/7/09

By: /s/ Eduardo J. Glas  
Eduardo J. Glas

In accordance with LBR 9013-1(j)(2), the undersigned, as council to the official committee of unsecured creditors, gives written consent to a consent order in lieu of a motion under Code §363(e):

**PORZIO, BROMBERG & NEWMAN P.C.**  
**Counsel to Official Committee of Unsecured  
Creditors**

Dated: 4/7/09

By: /s/ Robert M. Schechter  
Robert M. Schechter

Certificate of Service Page 6 of 6  
**CERTIFICATE OF NOTICE**

District/off: 0312-2  
Case: 09-15619

User: rheim  
Form ID: pdf903

Page 1 of 1  
Total Served: 1

Date Rcvd: Apr 20, 2009

The following entities were served by first class mail on Apr 22, 2009.  
db +St. Mary's Hospital, Passaic, N.J., 350 Boulevard, Passaic, NJ 07055-2840

The following entities were served by electronic transmission.  
NONE.

TOTAL: 0

\*\*\*\*\* BYPASSED RECIPIENTS \*\*\*\*\*

NONE.

TOTAL: 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.  
USPS regulations require that automation-compatible mail display the correct ZIP.

**I, Joseph Speetjens, declare under the penalty of perjury that I have served the attached document on the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.**

**Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.**

Date: Apr 22, 2009

Signature:

