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TAWANA C. MARSHALL, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

CLAIMANT

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:
ERICKSON RETIREMENT COMMUNITITES, LLC, et al
Debtors

CASE NO. 09-37010
CHAPTER 11
Jointly Administered

OBJECTION TO AMENDED DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION FOR THE DEBTORS PROPOSED BY ERICKSON RETIREMENT COMMUNITIES, LLC

Pursuant to the "ORDER SETTING HEARING AND DEADLINE TO OBJECT TO AMENDED DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION FOR THE DEBTORS PROPOSED BY ERICKSON RETIREMENT COMMUNITIES, LLC", the Claimant, RICHARD A. BAUMMER, herewith files his objection.

SUMMARY

The Amended Disclosure Statement unfairly denies appropriate and obligated compensation to RICHARD A. BAUMMER and other laid off employees on several levels:

1. The Amended Disclosure Statement allocates 0% ($0) to Unsecured Creditors. This is not a fair and equitable distribution and is contrary to

typical bankruptcy precedents where a dollar amount is set aside or carved out for some level of compensation to Unsecured Creditors.

2. The Amended Disclosure Statement, while correctly proposing that Other Priority Claims will receive 100% of amount owed, does not appear to list any dollar amounts in Schedule F to be set aside for such Other Priority Claims to fulfill that obligation.

3. There are unique claims of inequitable treatment in regards to unpaid Accrued Vacation (Paid Time Off, hereinafter referred to as PTO) that affect YOUR NAME and a very small group of former employees (approx. 5-10 employees) out of the approximately 450 laid off employees. This group has been unfairly denied payment that should have been paid out in full per the Separation Agreement prior to the Bankruptcy date and despite other severed employees with the same termination date receiving payment for Accrued Vacation. Paying this obligation is essential to providing a greater opportunity for the restructured company to achieve success through restoring employee morale by demonstrating that the Company will honor its basic obligations to employees. In addition, the Amended Plan anticipates future Development and Construction to bring more financial stability to uncompleted Communities through recovering more initial entrance deposits and acquiring a more stable revenue stream through increased numbers of monthly deposits. To achieve the greatest success in bringing stability to these Communities, the restructured Company will need the expertise provided by those employees who were laid off just prior to

bankruptcy and denied basic obligations such as Accrued Vacation (PTO) as described in each employee's Separation Agreement.

4. There are unique claims of Severance payment that should be paid out as part of the Amended Plan. Similar to Accrued Vacation, there are a number of employees (approx. 94) who have had their Separation Agreements violated by having needed income from Severance payments suspended. This occurred despite the employees' good faith and hard work for the good of the Company in performing necessary tasks in bringing the Development/Construction process to a close to maximize recovery of Entrance Deposits. These efforts have materially helped enhance the value of the restructured Company and given it a greater chance to succeed in its business going forward. In addition, as cited above for PTO, the Amended Plan and Disclosure Statement anticipates future Development and Construction to bring more financial stability to uncompleted Communities through recovering more initial entrance deposits and acquiring a more stable revenue stream through increased numbers of monthly deposits. To achieve the greatest success in bringing stability to these Communities, the restructured Company will need the expertise provided by those employees who were laid off just prior to bankruptcy and denied basic obligations such as Severance as described in each employee's Separation Agreement.

5. In regards to Severance and PTO/Accrued Vacation, former employees are in unique class for several reasons. First, employees were told by the Company that Severance and PTO were safe from Bankruptcy, and thus employees

acted in good faith in the administration of their obligations per the Separation Agreement only to find that their Severance and PTO have been suspended/denied to date (some have received $0 in Severance and $0 in PTO). Employees acted in good faith in remaining with the Company and have subsequently suffered and continue to suffer significant financial hardship. The impact of unpaid Severance and PTO has the greatest effect on these employees. Unlike other Creditors, employees do not have multiple customers. Other Creditors through these multiple customers can better withstand/dilute the effects of bankruptcy by relying on business with other customers. For employees, their employment represented their whole livelihood, so cutting off these payments has the most injurious effect and thus rises to the highest level of injustice. Furthermore, no other Creditors would have been told by the Debtor Company that the money owed them would be safe from bankruptcy. This was the case with these severed employees, and combined with an employee's income being his or her financial livelihood, this class of former employees has a unique and high priority claim that the Court should use its broad authority to protect. Indeed, the Debtors/Debtors in Possession have expressed their strong support for these employees to be paid their Severance and PTO, as evidenced by the "MOTION OF DEBTORS PURSUANT TO 11 U.S.C. SECTION 105(a) AND 363(b) FOR AN ORDER AUTHORIZING PAYMENT OF PREPETITION EMPLOYEE SEVERANCE BENEFITS" (item #130 on the Court Docket and hereinafter referred to as "Motion for Severance"). **Finally,**

while the proper payout of Severance and PTO would have a hugely positive impact on the affected employees' financial hardship, the total dollar amount would have a microscopic effect on other creditors. The full and proper payout of PTO claims would be less than 0.0005 (or 5/100 of 1%) of the total $365 million sale of the Company. Similarly, the proper payout of Severance claims, though larger than PTO, would still be miniscule and would be less than 0.005 (or less than ½ of 1%) of the total $365 million sale of the Company.

BASIS FOR OBJECTION

Unsecured Creditors

6. Unsecured Creditors Should Not Receive $0 as outlined in the Amended Disclosure Statement. The original Plan as filed (Docket #293) listed Unsecured Creditors as an Impaired Class entitled to vote based on an estimated recovery TBD, the same designation given for Corporate Revolver Claims and UMBC Building Construction Loan Claims, who are now slated to receive 49.6% and 62.7% estimated recoveries. RICHARD A. BAUMMER objects to the diminishment of such allocation from an impaired class with some percentage recovery anticipated to $0 recovery. With the increase of Cash from the Auction and Sale of the Company from an original offer of $100 million to the current sale of $365 million in Cash, the Court should insist

that an appropriate and reasonable percentage of the $365 million be set aside for payment to Unsecured Creditors, consistent with percentages allocated in other Bankruptcy cases to Unsecured Creditors.

Other Priority Claims

7. The full payment of Other Priority Claims is reasonable and consistent with Bankruptcy provisions, which include Severance and Accrued Vacation. However, the Court should make sure that Schedule F, which lists the various allocations to different Classes of Claims, properly allocates the appropriate dollars for such Other Priority Claims.

CONCLUSION

Given the foregoing arguments, I have filed my Objection to the Amended Disclosure Statement and Object to its approval in its current iteration. I believe that the Disclosure Statement and Plan should be modified to equitably address the proper payout of all items noted above. This Objection per instructions from the Court, will be sent to Debtors' counsel as noted below before February 2, 2010:

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Dated: January 29, 2010

RICHARD A. BAUMMER