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PROPOSED ATTORNEYS FOR MONARCH LANDING, INC.

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

In re:	§	CASE NO. 10-34179
	§	
MONARCH LANDING, INC.,	§	CHAPTER 11
	§	(Joint Administration Pending)
Debtor.	§	

**DEBTOR'S MOTION TO EXTEND TIME TO
FILE SCHEDULES AND STATEMENTS**

Monarch Landing, Inc., the debtor and debtor in possession herein (the "Debtor" or "Monarch"), by counsel, files this Emergency Motion to Extend Time to File Schedules and Statements (the "Motion"), and in support thereof states as follows:

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This Motion is a core proceeding within the meaning of 28 U.S.C. § 157.

2. The relief sought with this Motion is based upon section 521 of title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq. (the “Bankruptcy Code”) and rule 1007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

The Debtor’s Chapter 11 Proceeding

3. On June 15, 2010 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

4. The Debtor intends to continue in the possession of its property and the management of its business as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

5. No creditors committee has been appointed in this case by the United States Trustee.

Related Chapter 11 Proceeding

6. Contemporaneous with the filing of the Debtor’s case, Naperville Campus, LLC (“Naperville”), filed a petition for relief under Chapter 11 of the Bankruptcy Code in this Court [Case No. 10-34176 (SGJ)]. The Debtor leases its principal Facility from Naperville and has various financial as well as contractual relationships with Naperville.

7. Approximately nine (9) months prior to the Petition Date, Naperville’s parent corporation, Senior Living Retirement Communities, LLC, formerly known as Erickson

Retirement Communities, LLC (“Senior Living”), and certain other of its related entities¹ filed for bankruptcy in this Court (Main Case No. 09-37010). Senior Living developed and managed the Facility for the Debtor. Senior Living’s Chapter 11 Plan was confirmed on April 16, 2010 (“Senior Living’s Plan”). Senior Living and its related entities cases are still pending before this Court.

The Debtor and Its Business Operations

8. The Debtor was established on August 10, 2004, as a Maryland nonstock corporation to operate a continuing care retirement community in Naperville, Illinois (the “Facility”), which opened in July, 2006. The Debtor is classified as an Internal Revenue Code Section 501(c)(3) organization based on its mission to provide affordable senior housing to seniors. The Debtor is a supported organization of National Senior Campuses, Inc. (“NSC”), a not-for-profit organization organized to support the Debtor and 16 other not-for-profit organizations that operate Continuing Care Retirement Communities (“CCRCs”). NSC is the sole member of the Debtor and appoints all of the members of the Debtor’s board of directors.

9. The Facility and NSC’s other CCRCs are designed to offer seniors a continuum of care during their retirement years from independent living to skilled nursing care on the same campus. These facilities provide affordable living accommodations and related healthcare and support services to a target market of middle-income seniors aged sixty-two (62) years and older.

¹ The Debtors in Senior Living’s chapter 11 cases are: (i) Erickson Retirement Communities, LLC; (ii) Ashburn Campus, LLC; (iii) Columbus Campus, LLC; (iv) Concord Campus GP, LLC; (v) Concord Campus, LP; (vi) Dallas Campus GP, LLC; (vii) Dallas Campus, LP; (viii) Erickson Construction, LLC; (ix) Erickson Group, LLC; (x) Houston Campus, LP; (xi) Kansas Campus, LLC; (xii) Littleton Campus, LLC; (xiii) Novi Campus, LLC; (xiv) Senior Campus Services, LLC; (xv) Warminster Campus GP, LLC; and (xvi) Warminster Campus, LP.

10. Senior Living was the developer of the Facility. Senior Living and its affiliates are not related to or affiliated with the Debtor or NSC. The Debtor has entered into a master lease agreement and certain other agreements with Naperville. In addition, the Debtor and Senior Living have entered into a management and marketing agreement (the “Management Agreement”), pursuant to which Senior Living it to manage the community. As of April 30, 2010, pursuant to a transitional subcontract agreement, Senior Living subcontracted its right and obligations under the Management Agreement to Erickson Living Management, LLC (“ELM”), which is presently managing the Debtor’s Facility (the “Transitional Subcontract Agreement”). In return for its management services, the Debtor pays ELM a monthly management fee, per the Management Agreement. The Debtor also reimburses ELM for the costs of: (a) marketing the re-occupancy of the units at the Facility; (b) the salary and benefits of the Debtor’s employees and ELM’s management personnel located at the Facility, and (c) the Debtor’s share of certain other centralized services.

11. The Debtor leases the Facility from Naperville (which Senior Living owns, directly or indirectly) pursuant to a master lease. As of the Petition Date, the Facility had 362 completed independent living units and a seventy one percent (71%) occupancy rate. It was originally anticipated that the Facility would include up to 1,498 independent living units, 96 assisted living units and 132 skilled nursing beds.

12. The Debtor’s capital structure consists of permanent financing in the form of project bonds and special tax district bonds. The Debtor’s receipts from its operations are not sufficient to cover its debt service and operating expenses, and the Facility is having difficulty attracting the middle market customer to which it is supposed to appeal. There is significant competition in the greater Chicago area, which has caused the Facility’s occupancy rate to

increase at a rate which is lower than expected. Moreover, the Chicago metropolitan area's employment rates and home prices have declined more than in other markets, thereby causing the Debtor to have problems selling units as well as causing significant liquidity and capital structure difficulties.

Events Leading to Chapter 11 Filing

13. As mentioned previously, the Debtor leases the Facility from Naperville (which Senior Living owns, directly or indirectly) pursuant to a master lease.

14. Under the terms of Senior Living's Plan, Wells Fargo Bank, N.A., the bond trustee for the Facility (the "Bond Trustee"), was to negotiate in good faith with the Debtor and Redwood-ERC Senior Living Holdings, LLC, a Maryland limited liability company ("Redwood"), regarding the possible sale of the Facility to Redwood during the 90-day period following the confirmation of the Plan (i.e. from April 30, 2010 through July 31, 2010) (the "Negotiation Period").² Although the Bond Trustee had an obligation to negotiate in good faith during the Negotiation Period, approximately two weeks ago, the Bond Trustee inappropriately effectuated a set-off against the Debtor's cash reserves in the amount of \$15,166,737.69. The

² Section 6.2.3.1 of Senior Living's Plan provides:

Disposition. During the 90-day period immediately following the Plan Confirmation Date, Redwood will negotiate (non-exclusively) in good faith with the applicable NFPs and Bond Trustees for the Bond Communities to reach a resolution regarding such Bond Communities. During such 90-day period, the applicable NFP, with the consent of the applicable Bond Trustee, may market the applicable Bond Community for sale with the consent of the applicable Bond Trustee and letter of credit provider, may consummate such sale. At the conclusion of the 90-day period, if the parties have reached a resolution with respect to a particular Bond Community then the Debtor will facilitate a definitive agreement regarding such a resolution for such Bond Community. If Redwood does not reach an agreement with respect to resolution of a particular Bond Community during this 90-day period that is acceptable to Redwood, the applicable NFP, the letter of credit provider and the applicable Bond Trustee, then promptly at the end of such 90-day period, ERC's interests in the entity related to such Bond Community (Naperville Campus, LLC, Linconshire Campus, LLC and/or Hingham Campus, LLC, as applicable will be transferred to the applicable NFP.

Bond Trustee's actions threatened to destabilize the Debtor's operations and, as a result of such actions, the Debtor filed this Chapter 11 proceeding to stop the Bond Trustee from causing further damage to its operations and, thereby, threatening the well being of its residents.

15. Additionally, beginning in December of 2009, the Bond Trustees began removing amounts held in escrow for the benefit of the Debtors in order to pay their professional fees. In doing so, the Bond Trustees did not follow the requisite procedures for removing such funds as proscribed in the bond documents, primarily the submission of bills and request of payment from Sedgebrook or Monarch Landing. Moreover, the Bond Trustees neglected to provide notice of their removal of the funds to either Sedgebrook or Monarch Landing. To date, the Bond Trustees have removed \$835,136 from the Sedgebrook reserve account, and \$792,562 from the Monarch Landing reserve account. The actions of the Bond Trustee have threatened to destabilize Monarch's operations by severely limiting liquidity and endangering its residents. The Debtors filed these chapter 11 proceedings to protect their assets and to stop the Bond Trustee from causing further damage to their operations and threatening the well being of their residents.

Relief Requested

16. Pursuant to 11 U.S.C. § 521(a)(1), a debtor must file with the applicable court a schedule of all assets and liabilities and statement of financial affairs (the "Schedules and Statements").

17. The Debtor has filed with its petition a creditor list of the largest 30 unsecured creditors (the "Creditor List").

18. Where a debtor files a Creditor List with its petition, Bankruptcy Rule 1007(c) allows the debtor to file its Schedules and Statements within 15 days of the Petition Date.

19. Due to the size and complexity of the Debtor's business, the Debtor was unable to complete and file the Schedules and Statements on the Petition Date.

20. Due to the limited staff available to perform the required internal review of the Debtor's business and affairs and the press of numerous other matters incident to the commencement of this case, the Debtor submits that the fifteen (15) day automatic extension of time to file the Schedules and Statements under Bankruptcy Rule 1007(c) will not be sufficient. Indeed, it would be onerous, if not impossible, to complete the Schedules and Statements within the 15-day deadline.

21. The volume of material that must be compiled and reviewed by the Debtor's limited staff provides ample "cause" justifying the requested extension for filing the Schedules and Statements.

22. The Debtor believes it will need forty-five (45) days from the Petition Date to complete its Schedules and Statements. This would constitute a thirty (30) day extension of the deadline beyond the fifteen (15) days provided under Bankruptcy Rule 1007(c) to file the Schedules and Statements. The Debtor requests that such extension be granted without prejudice to its right to seek one or more further extensions of this deadline from the Court, or to seek a waiver of the requirement for filing certain schedules. Additionally, the Debtor will work with the United States Trustee and any subsequently appointed creditors' committee to make available sufficient financial data and creditor information to permit at least an initial section 341 meeting to be timely held.

Notice

23. Notice of this Motion has been provided to: (a) the Office of the United States Trustee; (b) the Debtor's 30 largest unsecured creditors on a consolidated basis (until an official

committee of unsecured creditors is appointed and has retained counsel, in which event, such committee's counsel); (c) counsel to the Bond Trustee; (d) counsel to Erickson Retirement Communities, LLC; (e) counsel to Senior Living Living Management, LLC; (f) Fifth Third Bank, as issuing party of the letter of credit; and (g) those persons who have formally appeared and requested service in these proceedings pursuant to Bankruptcy Rule 2002. The Debtor submits that, in light of the nature of the relief requested, no other or further notice is necessary or required.

Conclusion

WHEREFORE, the Debtor respectfully requests entry of an order of this Court: (i) extending the deadline for the Debtor to file its Schedules and Statements to forty-five (45) days after the Petition Date; and (ii) granting the Debtor such other and further relief as this Court deems just and proper.

Dated: June 18, 2010
Dallas, Texas

Respectfully Submitted,

MCGUIRE, CRADDOCK & STROTHER, P.C.

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Proposed Attorneys for Monarch Landing, Inc.

CERTIFICATE OF SERVICE

I certify that on the 18th day of June, 2010, a copy of the foregoing was sent by electronic mail or First Class U.S. Mail, postage prepaid, on all parties on the attached service list.

/s/J. Mark Chevallier _____

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