

CREDIT AGREEMENT

dated as of April 1, 2024

between

SUNRISE HEALTHCARE SYSTEMS, INC.

(as Borrower)

and

HEALTHCARE FINANCE CORPORATION

(as Administrative Agent and Lender)

SENIOR SECURED TERM LOAN FACILITY
\$40,000,000

1 DEFINITIONS

"Borrower" means Sunrise Healthcare Systems, Inc., a Delaware corporation operating healthcare facilities in the Mid-Atlantic region.

"Commitment Amount" means Forty Million Dollars (\$40,000,000).

"EBITDA" means Net Income plus (a) Interest Expense, (b) income taxes, (c) depreciation, and (d) amortization for any trailing twelve-month period.

"EBITDAR" means EBITDA plus Rent Expense under operating leases.

"Leverage Ratio" means Total Debt divided by EBITDA.

"Debt Service Coverage Ratio" or "DSCR" means (EBITDA minus Capital Expenditures minus Distributions) divided by (Interest Expense plus Scheduled Principal Payments).

"Current Ratio" means Current Assets divided by Current Liabilities.

"Maturity Date" means April 1, 2031.

2 THE CREDIT FACILITY

2.1 Term Loan

The Lender agrees to make a term loan to the Borrower in the aggregate principal amount of \$40,000,000.

2.2 Purpose

Proceeds shall be used for (a) refinancing existing indebtedness, (b) capital expenditures related to facility improvements, and (c) general corporate purposes.

2.3 Interest Rate

The Loan shall bear interest at SOFR plus 2.75%.

2.4 Amortization

Principal shall be payable in quarterly installments of \$1,000,000 beginning July 1, 2024.

2.5 Collateral

All assets of the Borrower, including but not limited to:

- Real property and improvements
- Medical equipment and fixtures
- Accounts receivable (including Medicare/Medicaid receivables)
- Intellectual property and licenses

3 FINANCIAL COVENANTS

3.1 Maximum Leverage Ratio

The Borrower shall maintain a Leverage Ratio not exceeding **4.00:1.00** at all times.

3.2 Minimum Debt Service Coverage Ratio

The Borrower shall maintain a Debt Service Coverage Ratio of not less than **1.25:1.00**.

3.3 Minimum EBITDA

The Borrower shall maintain EBITDA of not less than **\$10,000,000** for any trailing twelve-month period.

3.4 Minimum Current Ratio

The Borrower shall maintain a Current Ratio of not less than **1.50:1.00**.

4 REPORTING REQUIREMENTS

The Borrower shall deliver to the Lender:

- Quarterly financial statements within 45 days of quarter-end
- Quarterly Compliance Certificate within 45 days of quarter-end
- Annual audited financial statements within 90 days of fiscal year-end

- Annual operating budget within 30 days of fiscal year start
- Copies of all Medicare/Medicaid cost reports
- Notice of any material litigation or regulatory action

5 HEALTHCARE-SPECIFIC COVENANTS

5.1 Regulatory Compliance

The Borrower shall maintain all licenses, permits, and certifications required to operate its healthcare facilities.

5.2 Medicare/Medicaid Participation

The Borrower shall maintain its participation in Medicare and Medicaid programs in good standing.

5.3 Professional Liability Insurance

The Borrower shall maintain professional liability insurance with coverage of not less than \$5,000,000 per occurrence.

6 EVENTS OF DEFAULT

The following constitute Events of Default:

1. Non-payment of principal or interest within 5 days of due date
2. Breach of any financial covenant
3. Material misrepresentation
4. Cross-default on other indebtedness exceeding \$500,000
5. Loss of Medicare/Medicaid certification
6. Material adverse change in business condition
7. Change of control without consent

7 REMEDIES

Upon an Event of Default, Lender may:

- Accelerate all outstanding obligations
- Increase interest rate by 2.00%
- Exercise remedies against collateral
- Require appointment of a receiver

8 SIGNATURES

BORROWER:

SUNRISE HEALTHCARE SYSTEMS, INC.

By: _____

Name: Dr. Michael Chen

Title: Chief Executive Officer

Date: April 1, 2024

LENDER:

HEALTHCARE FINANCE CORPORATION

By: _____

Name: Jennifer Martinez

Title: Senior Vice President, Healthcare Lending

Date: April 1, 2024