

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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

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In re:

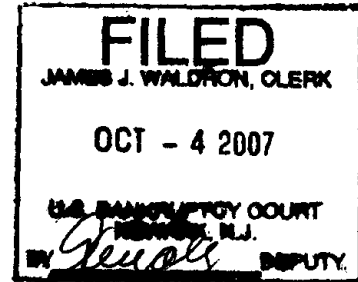
PASCACK VALLEY HOSPITAL ASSOCIATION,
INC.,

De btor.

Case No. 07-23686

Chapter 11

Judge: Honorable Rosemary Gambardella



**ORDER, PURSUANT TO 11 U.S.C. § 364, AUTHORIZING THE DEBTOR
TO ENTER INTO AN INSURANCE PREMIUM FINANCING
AGREEMENT WITH AICCO, INC.**

The relief set forth on the following pages, numbered two (2) through four (4) is hereby **ORDERED**.

10-4-07

USBT

A large, stylized handwritten signature in cursive, written over a horizontal line. The signature is slanted to the right and appears to be "Rosemary Gambardella".

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This matter having been raised before this Court by motion (the "Motion") of Pascack Valley Hospital Association, Inc., the debtor and debtor-in-possession herein (the "Debtor"), seeking the entry of an order, pursuant to section 364 of Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code"), authorizing the Debtor to (a) enter into in an Insurance Premium Finance Agreement, Disclosure Statement and Security Agreement (the "Premium Financing Agreement") with AICCO, Inc. ("AICCO") with respect to certain of the Debtor's insurance policies (collectively, the "Insurance Policies"); (b) grant AICCO security interests in certain of the Debtor's insurance-related assets and (c) grant AICCO an administrative expense claim with respect to any deficiency claim of AICCO remaining in the event that AICCO must proceed against the Debtor's collateral; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District of New Jersey; and the consideration of the Motion, the supporting application (the "Application"), and the relief requested therein being a core proceeding in accordance with 28 U.S.C. § 157(b); and the Court having considered the Application filed in support of the Motion and any responses or objections thereto; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Motion is hereby granted in all respects.
2. Pursuant to 11 U.S.C. § 364(c)(2), the Debtor is hereby authorized to enter into the Premium Financing Agreement in the form attached to the Application as Exhibit A, and made part hereof.

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3. The Debtor is hereby authorized to pay AICCO all sums due and to become due under the Premium Financing Agreement.

4. Pursuant to 11 U.S.C. § 364(c) and the terms of the Premium Financing Agreement, the Debtor is authorized to grant AICCO a first priority security interest (the "Lien") in the Insurance Policies including (but only to the extent permitted by applicable law) (i) all money that is or may become due under the Premium Financing Agreement because of a loss under the Insurance Policies that reduces unearned premiums (subject to the interest of any applicable mortgagee or loss payee, and specifically subject to the mortgage lien of The Bank of New York, as indenture trustee and The Bank of New York as successor master trustee for those certain New Jersey Health Care Facilities Financing Authority Revenue Bonds Pascack Valley Hospital Association Issue, Series 1998 and those certain New Jersey Health Care Facilities Financing Authority Revenue Bonds Pascack Valley Hospital Association Series 2003); (ii) any return of premiums or unearned premiums under the Insurance Policies and (iii) any dividends that may become due the Debtor in connection with the Insurance Policies.

5. The full rights of AICCO pursuant to the Premium Financing Agreement and controlling state law hereby are fully preserved and protected and are and shall remain unimpaired by the pendency of these bankruptcy cases or any subsequent conversion to a Chapter 7 or any subsequent appointment of a trustee.

6. In the event that the Debtor defaults upon any of the terms of the Premium Financing Agreement, the automatic stay of 11 U.S.C. § 362 shall be immediately lifted and AICCO may exercise such rights as it may otherwise have under state law, but for the pendency of these cases, and without the necessity of further application to this Court, cancel all insurance

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policies identified in the Premium Financing Agreement or any amendment thereto, and receive and apply any unearned insurance premiums to the Debtor's account. In the event that after such application of unearned premiums any sums still remains due to AICCO pursuant to the Premium Financing Agreement, such deficiency shall be deemed an administrative expense of the Debtor's estate pursuant to 11 U.S.C. § 503.

7. Any reversal or modification on appeal of the authorization under this Order shall not affect the validity of the debt, priority, or lien granted to AICCO under this Order, as provided by 11 U.S.C. § 364(e).

8. Upon the occurrence of a default by the Debtor under the terms and conditions of the Premium Financing Agreement and applicable law, no action shall be taken to hinder, impede, or delay the exercise by AICCO of its rights and remedies under the Premium Financing Agreement and applicable law, including but not limited to, an action under title 11 of the United States Code or otherwise to enjoin exercise by AICCO of such rights.

9. The Debtor is authorized and directed to execute and deliver such documents and amendments to the Premium Financing Agreement as the Debtor may deem necessary or desirable to carry out the provisions of this Order.

10. This Order shall be binding on the Debtor and its estate, and all successors and assigns of the Debtor and its estate, including but not limited to, any trustee appointed in the Debtor's bankruptcy case under Chapter 7 or Chapter 11 of the Bankruptcy Code.