

**MORITT HOCK HAMROFF & HOROWITZ LLP**

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Attorneys for General Electric Capital Corporation  
and General Electric Company d/b/a  
GE Healthcare Financial Services  
Lee J. Mendelson (3374)  
Leslie A. Berkoff (4584)

**Hearing Date: November 20, 2007**

**Hearing Time: 11:00 a.m.**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

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In re:

Chapter 11

PASCACK VALLEY HOSPITAL ASSOCIATION, INC. Case No. 07-23686-rg

Debtor.

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**GENERAL ELECTRIC CAPITAL CORPORATION  
AND GENERAL ELECTRIC COMPANY d/b/a GE HEALTHCARE FINANCIAL  
SERVICES' RESPONSE TO THE MOTION BY THE DEBTOR TO REJECT CERTAIN  
UNEXPIRED EQUIPMENT LEASES**

General Electric Capital Corporation and General Electric Company d/b/a GE Healthcare Financial Services ("GECC"), by its attorneys, Moritt Hock Hamroff & Horowitz LLP, hereby submits this Response to the Motion by the above-referenced debtor-in-possession, Pascack Valley Hospital Association, Inc. (the "Debtor") to Reject Certain Unexpired Equipment Leases (collectively, the "Motion"). In support of this Response, GECC respectfully sets forth and represents as follows:

1. Prior to the Debtor's bankruptcy filing the Debtor entered into a series of Master Leases and Schedules with GECC which are more fully identified in the Motion with copies appended thereto as Exhibits G, H, I, J, K and O (collectively the "Lease(s)"), and which provided for the leasing of certain equipment more fully described therein (the "Equipment").

2. By its Motion the Debtor seeks to reject the Leases.

3. While GECC does not object to the rejection of the Leases, GECC believes that several open issues need to be clarified prior to this Court granting the Motion.

4. First, the Debtor proposes to have this Court determine that the rejection of all but one of the Leases will become effective as of the end of November, with the remaining Lease (Exhibit O to the Motion) being rejected effective the end of December. To the extent that the Debtor will continue to utilize the Equipment covered by the Leases, then payment for such use must be made through the effective rejection date (i.e. November 30 or December 31).<sup>1</sup> Thus, in the first instance any Order granting the Motion must provide that payments shall continue through the applicable rejection date.

5. Second, the Motion fails to state that upon rejection the automatic stay will be modified pursuant to Section 362(d)(1) of the Bankruptcy Code to allow GECC to recover the Equipment. Presumably, by rejecting the Leases the Debtor also intends to allow GECC to recover the Equipment; the Motion is silent on this fact, and in light of the Debtor's expressed intention to sell the Hospital, this certainly needs to be clarified. Thus, the Order must clearly state that the automatic stay is modified and the Debtor must identify a party whom GECC can contact to facilitate recovery of the Equipment.

6. However, GECC is open to exploring whether there is a utility in not seeking immediate recovery of the Equipment and instead allow the Equipment could be marketed as part of any sale (thereby enhancing the value of the Debtor's assets overall).<sup>2</sup> However, if GECC

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<sup>1</sup> It should be noted that the monthly obligation listed in the Motion with respect to Exhibit O is incorrect, the correct monthly amount is \$9,359.12. It should also be noted that this obligation is past due for the month of November. If the Debtor wishes to retain the Equipment covered by Exhibit O to the Motion, it must now pay November and, soon, December.

<sup>2</sup> GECC would not be amenable to allowing the Debtor to retain the Equipment covered by Exhibit G to the Motion; rather GECC has responsibility to a third party on this machine and upon the granting of the Motion would ask for

were to agree to allow the Equipment to remain at the Debtor's premises, then certain additional protections would have to be built in to any Order and certain issues would have to be resolved.

7. For example, GECC would want it clarified that it has the independent right to market the Equipment for sale and in the event that GECC were to secure a purchaser sooner than the Debtor were to finalize any potential sale of its assets, GECC would have the right (and the Debtor's cooperation) to remove and sell the Equipment. GECC would also need interim access to the Debtor's premises to show potential purchasers the Equipment.

8. GECC also would need confirmation that the Equipment was being protected both from theft and damage, as well as be provided with comfort that the temperature at the Debtor's premises would remain constant so that there is no damage to the Equipment.

9. Finally, under any of these scenarios, GECC would request that the Debtor provide it with copies of all service records so that GECC can effectively market the Equipment.

10. Provided that the foregoing issues and concerns are addressed, GECC does not oppose the Motion.

Dated: November 16, 2007  
Garden City, New York

**MORITT HOCK HAMROFF & HOROWITZ LLP**

Attorneys for General Electric Capital Corporation  
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Financial Services

By:           /s/ Lee J. Mendelson            
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the immediate right to recover the same.

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**AFFIDAVIT OF SERVICE**

STATE OF NEW YORK)

) ss.:

COUNTY OF NASSAU )

Gabrielle LaRosa, being duly sworn, deposes and says: I am not a party to the action, am over 18 years of age and reside at Massapequa, New York.

On the 16th day of November, 2007, I served a true copy of the General Electric Capital Corporation And General Electric Company d/b/a GE Healthcare Financial Services' Response To The Motion By The Debtor To Reject Certain Unexpired Equipment Leases via first class mail, in a sealed envelope, with postage prepaid thereon, in an official depository of the U.S. Postal Service within the State of New York, addressed to the last known addresses as indicated below:

To:

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Attorneys for the Official Committee of Unsecured Creditors

All parties having filed a Notice a Appearance electronically

/s/ Gabrielle LaRosa  
Gabrielle LaRosa

Sworn to before me this  
16th day of November, 2007.

/s/ Elizabeth A. Augello  
Notary Public  
Elizabeth A. Augello  
Notary Public, State of New York  
No. 01AU6039945  
Qualified in Nassau County  
Commission Expires 4/10/2010