

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
MODIVCARE INC., <i>et al.</i>)	Case No. 25-90309 (ARP)
)	
Debtors. ¹)	(Jointly Administered)
)	

**DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER AUTHORIZING
THE DEBTORS TO ENTER INTO AND PERFORM UNDER THE EXIT
FINANCING TERM SHEET AND GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 2:00 p.m. (prevailing Central Time) on December 11, 2025.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on December 11, 2025 at 2:00 p.m. (prevailing Central Time) in Courtroom 400, 4th floor, 515 Rusk Street, Houston, Texas 77002.

You may participate in the hearing either in person or by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Pérez's conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Pérez's home page. The meeting code is "JudgePerez". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Pérez's home page. Select the case name, complete the required fields and click "Submit" to complete your appearance.

¹ A complete list of each of the Debtors in these chapter 11 cases (the "*Chapter 11 Cases*") and the last four digits of each Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Debtors' claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Debtor ModivCare Inc.'s principal place of business and the Debtors' service address in the Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.



ModivCare Inc. and its debtor affiliates in the above-captioned cases, as debtors and debtors in possession (collectively, the “**Debtors**”), respectfully state as follows in support of this motion (this “**Motion**”):

RELIEF REQUESTED

1. By this Motion, the Debtors hereby seek entry of an order, substantially in the form attached hereto (the “**Proposed Order**”), authorizing the Debtors to enter into and perform under the Term Sheet (as defined herein)² and granting related relief.³

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction to consider this Motion under 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and the Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are sections 105(a), 363(b), 503(b), and 507(a)(2) of title 11 of the United States Code (the “**Bankruptcy Code**”), rule 6004(h) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local Rules**”), and the Procedures for Complex Cases in the Southern District of Texas.

² Substantially contemporaneous with the filing of this Motion, the Debtors are filing a motion to file the Term Sheet and confidential information related thereto contained in this Motion, under seal. The Debtors will provide an unredacted copy of the Motion and an unsealed version of the Term Sheet to: the Court; the Office of the United States Trustee for the Southern District of Texas; the Committee (as defined below) (on a confidential and professional eyes only basis); and any other party as may be ordered by the Court or agreed to by the Debtors and the Potential Exit Lender (as defined below), in each case under appropriate confidentiality agreements reasonably satisfactory to the Debtors.

³ Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the *Second Amended Joint Chapter 11 Plan of Reorganization of ModivCare Inc. and its Debtor Affiliates* [Docket No. 959].

BACKGROUND

4. On August 20, 2025 (the “**Petition Date**”), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code. On September 5, 2025, the U.S. Trustee appointed an official committee of unsecured creditors [Dockets No. 124 and 568] (the “**Committee**”). No request for the appointment of a trustee or an examiner has been made in the Chapter 11 Cases.

5. The factual background regarding the Debtors, including their business, their capital structure, and the events leading to the commencement of the Chapter 11 Cases is set forth in the *Declaration of Chad J. Shandler in Support of Debtors’ Chapter 11 Petitions and First Day Relief* [Docket No. 14] (the “**First Day Declaration**”).

6. As discussed in greater detail in the Disclosure Statement⁴, the Debtors and their advisors engaged in extensive negotiations with the Consenting Creditors on the terms of a comprehensive restructuring that will result in a significant reduction of the Debtors’ secured and unsecured debt to ensure the long-term viability of the Debtors’ enterprise. After good-faith, arm’s-length negotiations, the Debtors and Holders of approximately 93% of First Lien Claims and 70% of Second Lien Claims entered into a restructuring support agreement dated as of August 20, 2025 (including any amendments, modifications, and joinders thereto, the “**Restructuring Support Agreement**”). On October 6, 2025, the Debtors filed the Disclosure Statement and the *First Amended Joint Chapter 11 Plan of Reorganization of ModivCare Inc. and its Debtor Affiliates* [Docket No. 465] and began solicitation of votes. The deadline to vote to accept or reject

⁴ “**Disclosure Statement**” means the *Disclosure Statement for First Amended Joint Chapter 11 Plan of Reorganization of ModivCare Inc. and its Debtor Affiliates* [Docket No. 550].

the Plan elapsed on November 25, 2025. On December 5, 2025, the Debtors filed the *Second Amended Joint Chapter 11 Plan of Reorganization of ModivCare Inc. and its Debtor Affiliates* [Docket No. 959] (as may be amended, modified, or supplemented, the “**Plan**”). The Debtors are now positioned to move expeditiously towards confirmation and emergence from the Chapter 11 Cases.

THE EXIT FACILITY

7. To facilitate the transactions contemplated by the Plan and emerge from the Chapter 11 Cases, the Debtors, with the assistance of their advisors undertook a competitive, arm’s-length marketing and negotiation process with several lending institutions to procure the exit credit facility (the “**Exit Facility**”) contemplated by the Plan. The Debtors sent requests for proposals for certain key terms of an exit financing facility to 47 sophisticated financial institutions and received nine proposals as of December 8, 2025, including a wide range of structures (the “**Preliminary Proposals**”). The Debtors previously sought relief to enter into certain fee and reimbursements agreements with potential exit facility lenders pursuant to the *Debtors’ Motion for Entry of an Order Authorizing the Debtors to Enter Into and Perform Under the Exit Financing Engagement Letters and Granting Related Relief* [Docket No. 661]. After carefully reviewing and assessing additional information regarding the Preliminary Proposals with their advisors, the Debtors are now seeking authority to engage with [REDACTED] (the “**Potential Exit Lender**”). The Potential Exit Lender has expressed a willingness to engage with the Debtors on potentially providing the Exit Facility and to undertake related diligence and examinations to make such a determination (the “**Underlying Diligence**”). The Debtors understand that the Potential

Exit Lender requires the Debtors to enter the Term Sheet before they begin to conduct the Underlying Diligence.

8. Accordingly, by this Motion, the Debtors are seeking authority to execute the *Summary of Terms and Conditions For Senior Secured Credit Facility with the Potential Exit Lender* dated as of December 8, 2025 (the “*Term Sheet*”). Pursuant to the Term Sheet and in return for the Potential Exit Lender’s undertakings to diligence and examine the potential Exit Facility, the Debtors have agreed, subject to Court approval, to (a) pay the Potential Exit Lender’s reasonable and documented costs and expenses in connection with the examination, review, due diligence investigation, documentation, and negotiation of the Exit Facility, including an initial \$350,000 deposit in connection therewith (the “*Initial Due Diligence Deposit*”) and once the Initial Due Diligence Deposit is utilized, additional deposits (the “*Additional Due Diligence Deposits*” and together with the Initial Due Diligence Deposit, the “*Due Diligence Deposits*”) in increments of \$100,000 as required for additional reasonable and documented costs and expenses incurred or to be incurred by the Potential Exit Lender (collectively, the “[REDACTED] Fees”).

9. The [REDACTED] Fees sought by the Potential Exit Lender are reasonable and appropriate for the benefits provided by the Potential Exit Lender in connection with the Debtors’ efforts to secure the Exit Facility. Accordingly, the Debtors believe that entry into the Term Sheet is in the best interests of their estates and should be approved.

BASIS FOR RELIEF

A. Entry Into The Term Sheet Is An Exercise Of The Debtors’ Sound Business Judgment And Should Be Approved.

10. The Bankruptcy Code authorizes a debtor, after notice and a hearing, to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). It is well established in this jurisdiction that a debtor may use property of the estate

outside the ordinary course of business if there is a good business reason for doing so. *See, e.g., Black v. Shor (In re BNP Petroleum Corp.)*, 642 F. App'x 429, 435 (5th Cir. 2016) (sale of debtors' assets under section 363(b) of the Bankruptcy Code must "be supported by an articulated business justification, good business judgment, or sound business reasons." (internal quotation marks omitted)); *Petfinders, L.L.C. v. Sherman (In re Ondova Ltd. Co.)*, 620 F. App'x 290, 291 (5th Cir. 2015) (sale of debtors' assets under section 363(b) of the Bankruptcy Code "is an exercise of the Trustee's sound business judgment"); *Cadle Co. v. Mims (In re Moore)*, 608 F.3d 253, 258 (5th Cir. 2010) (stating that the proposed sale of assets is "supported by an articulated business justification, good business judgment, or sound business reasons"); *In re ASARCO, LLC*, 441 B.R. 813, 830 (Bankr. S.D. Tex. 2010) (outside of the ordinary course of business, "for the debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors, and equity holders, there must be some articulated business justification for using, selling, or leasing the property" (internal quotation marks omitted)). To determine whether the business judgment test is satisfied, courts require "a showing that the proposed course of action will be advantageous to the estate." *In re Pisces Energy, LLC*, 2009 WL 7227880, at *6 (Bankr. S.D. Tex. Dec. 21, 2009). In the absence of a showing of bad faith or an abuse of business discretion, a debtor's business judgment will not be altered. *See, e.g., id.; NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982), *aff'd*, 465 U.S. 513 (1984); *Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043, 1047 (4th Cir. 1985).

11. The Debtors' performance of their obligations under the Term Sheet is in the best interests of the Debtors' estates and is a sound exercise of their business judgment. An integral component of the Plan is entry into and performance under the Exit Facility, which will provide a portion of the capital necessary to fund post-emergence operations. The terms of the Term Sheet

are the product of extensive arm's-length negotiations and are fair and reasonable under the circumstances.

B. The Term Sheet Contains Reasonable and Essential Terms of the Exit Facility.

12. The Term Sheet contains customary and usual terms for similar types of transactions. The Term Sheet results from a competitive market process undertaken by the Debtors, with the assistance of their advisors, and are the product of vigorous arm's-length negotiations among the parties. Additionally, the work fees and the expense reimbursement set forth in the Term Sheet are comparable to other exit financings available to similarly-situated debtors. Without the Debtors agreeing to pay the expenses contemplated under the Term Sheet, the Potential Exit Lender would not agree to consider providing the Exit Facility, including undertaking the necessary work required to provide such financing. The Exit Facility is a necessary component of the Plan and the failure to secure the Exit Facility would result in the Debtors being unable to emerge from the Chapter 11 Cases.

13. For all the aforementioned reasons, the Debtors determined, in their business judgment, that entering into the Term Sheet and agreeing to pay the [REDACTED] Fees were an essential and reasonable means of attempting to secure the Exit Facility with the Potential Exit Lender. The [REDACTED] Fees are actual and necessary costs under the Exit Facility, not only for preserving the Debtors' estates, but also for maximizing the value thereof and allowing the Debtors to emerge from these Chapter 11 Cases.

EMERGENCY CONSIDERATION

14. The Debtors respectfully request emergency consideration of this Motion pursuant to Bankruptcy Rule 9013-1(i). Emergency consideration is necessary in order to ensure the Exit Facility is procured on a timeline that will permit both the preservation of the Debtors' estates and the Debtors' emergence from these Chapter 11 Cases.

NOTICE

15. Notice of this Motion will be given to the parties on the Debtors' Master Service List and all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

16. A copy of this Motion is available on (a) the Court's website, at www.txs.uscourts.gov and (b) the website maintained by the Debtors' claims and noticing agent, Kurtzman Carson Consultants, LLC d/b/a Verita Global, at <https://www.veritaglobal.net/ModivCare>.

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WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: December 11, 2025
Houston, Texas

Respectfully submitted,

/s/ Timothy A. ("Tad") Davidson II

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In re:)	
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MODIVCARE INC., <i>et al.</i>)	Case No. 25-90309 (ARP)
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Debtors. ¹)	(Jointly Administered)
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**ORDER AUTHORIZING THE DEBTORS TO
ENTER INTO AND PERFORM UNDER THE EXIT
FINANCING TERM SHEET AND GRANTING RELATED RELIEF**

Upon the motion (the “*Motion*”)² of the Debtors for entry of an order (this “*Order*”) authorizing the Debtors to enter into and perform under the Term Sheet, and granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for

¹ A complete list of each of the Debtors in these chapter 11 cases (the “Chapter 11 Cases”) and the last four digits of each Debtor’s taxpayer identification number (if applicable) may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Debtor ModivCare Inc.’s principal place of business and the Debtors’ service address in the Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.

² Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Motion.

the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Debtors are authorized to enter into and perform under the Term Sheet attached to this Order as Exhibit 1 (filed under seal) and the prior execution thereof is hereby ratified, approved, and authorized.

2. The [REDACTED] Fees are approved and payable upon entry of this Order. Notwithstanding anything to the contrary in the Term Sheet, the Debtors shall provide the Committee notice of any proposed payment of the out-of-pocket fees and expenses incurred by the Potential Exit Lender, and the Committee shall have three business days to object to the reasonableness of such out-of-pocket fees and expenses; *provided that*, notwithstanding anything to the contrary, the foregoing shall not apply to the non-refundable portions of the [REDACTED] Fees.

3. Under the facts and circumstances of the Motion, notice of the Motion is adequate under Bankruptcy Rule 6004(h) and the Bankruptcy Local Rules.

4. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

5. The Debtors are further authorized and empowered to take all actions necessary or appropriate to implement the relief granted in this Order.

6. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: December [●], 2025

Alfredo R Pérez
United States Bankruptcy Judge

EXHIBIT 1

(FILED UNDER SEAL)