

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

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In re:

SHELTERING ARMS CHILDREN AND  
FAMILY SERVICES, INC.

Chapter 11

Case No. 24-41037 (JMM)

Debtor.  
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**ORDER: (A) APPROVING BIDDING PROCEDURES; (B) APPROVING A  
BREAK-UP FEE; (C) SCHEDULING AN AUCTION, SCHEDULING A SALE  
HEARING, AND APPROVING RELATED NOTICES; (D) APPROVING THE  
DEBTOR’S SALE OF ITS REAL PROPERTY LOCATED AT 305 7TH AVENUE,  
UNITS 4A AND 4B, NEW YORK, NEW YORK 10001, FREE AND CLEAR OF  
ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, AND  
(E) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>1</sup> [ECF 262], of Sheltering Arms Children and Family Services, Inc., (“**Sheltering Arms**” or the “**Debtor**”), as a debtor and debtor-in-possession in the above referenced chapter 11 case (the “**Chapter 11 Case**”), for entry of an order, pursuant to sections 105(a) and 363 of Title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Local Rule 6004-1, and the Sale Guidelines: (a) approving the Bidding Procedures in the form attached hereto as **Schedule 1** to be used in connection with the proposed Sale of the Debtor’s real property at 305 7th Avenue, Units 4A and 4B, New York, New York 10001 (collectively, the “**Property**”) to the bidder (the “**Successful Bidder**”) that submits the highest and/or best offer for the Property (the “**Sale**”); (b) approving the Break-up Fee; (c) scheduling an auction (the “**Auction**”), scheduling a hearing to approve the Sale (the “**Sale Hearing**”), and approving the form and manner of the Notice of the Auction and Sale Hearing (the “**Sale Notice**”) substantially

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<sup>1</sup> Capitalized terms used herein, unless herein defined, shall be used with the meanings ascribed to such terms in the Motion.

in the form attached hereto as **Schedule 2**; (d) approving the Debtor's Sale of the Property; and (e) granting related relief; all as described more fully in the Motion; 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 due and appropriate notice of the Motion having been provided under the circumstances of this case and as set forth in the Motion, and it appearing that no other or further notice of the Motion need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtor, its estate and all parties in interest; and upon the record of the hearing held by the Court on the Motion on June 10, 2026 (the "**Hearing**"); and just cause having been established at the Hearing; and all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor:

**NOW, THEREFORE, IT IS HEREBY FOUND AND DETERMINED THAT:<sup>2</sup>**

A. This Court has jurisdiction over the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Motion and the relief requested therein is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Good and sufficient notice of the relief sought by the Motion has been given and no further notice is required. A reasonable opportunity to object or be heard regarding the relief requested in the Motion has been afforded to interested persons and entities, including: (i) all parties requiring service pursuant to the *Amended Order Establishing Case Management Procedures* (the "**Case Management Order**"), entered on March 19, 2024 [ECF 39]; (ii) all parties who have an ownership interest in the Property or a Lien on the Property; and (iii) any

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<sup>2</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. *See* Fed. R. Bankr. P. 7052.

parties previously having viewed the property or contacted MYC regarding the Property (collectively, the “**Notice Parties**”).

C. The Sale Notice is good, appropriate, adequate, sufficient, and is reasonably calculated to provide all interested parties, including the Notice Parties and all parties which the Debtor believes may have an interest in acquiring the Property, with timely and proper notice of the Motion, the Auction, the Sale Hearing and the proposed sale of the Property.

D. The Debtor has articulated good and sufficient reasons for this Court to grant the relief requested in the Motion, as provided for herein, including this Court’s: (i) approval of the Bidding Procedures, attached hereto as **Schedule 1**; (ii) approval of payment of the Break-Up Fee; and (iii) approval of the form and manner of service of the Sale Notice attached hereto as **Schedule 2**.

E. The Debtor has articulated good and sufficient reasons for, and the best interests of the Debtor’s estate will be served by, this Court scheduling a subsequent Sale Hearing to consider whether to grant the remainder of the relief requested in the Motion, including approval of the proposed Sale in accordance with a Modified Sale Agreement between the Debtor and a Successful Bidder, or the Purchaser, as the case may be, free and clear of, among other things, all liens, claims, encumbrances, and interests (collectively, the “**Encumbrances**”) with the same to attach to the proceeds thereof pursuant to section 363 of the Bankruptcy Code.

F. The Break-Up Fee that will be provided to the Purchaser is: (i) an actual and necessary cost and expense of preserving the Debtor’s estate within the meaning of section 503(b) of the Bankruptcy Code; (ii) commensurate to the real and substantial benefit conferred upon the Debtor’s estate by the Purchaser; (iii) reasonable and appropriate in light of the size and

nature of the proposed sale and comparable transactions, the commitments that have been made, and the efforts that will be expended by the Purchaser; and (iv) necessary to induce the Purchaser to continue to pursue the sale of the Property and to be bound by the Sale Agreement.

G. The Debtor's authorization to pay the Break-Up Fee is an essential inducement and condition relating to the Purchaser's entry into, and continuing obligations under, the Sale Agreement. The Debtor's promise to pay the Break-Up Fee, which shall serve as the inducement for the Purchaser to submit its bid that will serve as a minimum or floor bid on which the Debtor can rely, provides a material benefit to the Debtor's estate, and its creditors by increasing the likelihood that the best possible purchase price for the Property will be received. Accordingly, the Break-Up Fee is reasonable and appropriate.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. The findings of fact set forth above and conclusions of law stated herein shall constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014

2. All objections to the entry of this Order or to the relief provided herein that have not been withdrawn, waived, resolved, or settled are hereby denied and overruled in their entirety.

**The Bidding Procedures**

3. The Bidding Procedures, as set forth on **Schedule 1** hereto, and incorporated herein by reference as if fully set forth herein, are hereby approved in all respects and shall govern all bids and bid proceedings relating to the Property. Notwithstanding the above, on or

before the Post-Auction Objection Deadline (defined below), any party in interest may object to the Debtor's designation of Qualified Bidders, the conduct of the Auction, the selection of the highest or otherwise best offer for the Property, or the certification by the Debtor that no bid met or exceeded the Minimum Bid.

4. The deadline for submitting bids for the Property shall be **July 22, 2026, at 4:00 p.m. (prevailing Eastern Time)** (the "**Bid Deadline**").

5. Except as may be limited by the Sale Agreement or a Modified Sale Agreement, as applicable, the Debtor is authorized to extend the deadlines set forth in this Order and/or adjourn, continue, or suspend the Auction and/or the Sale Hearing for any reason.

6. The Debtor is authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.

### **The Auction**

7. The Auction shall commence at **10:00 a.m. (prevailing Eastern Time) on July 29, 2026** at the offices of Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, or such later time or other place (including, without limitation via Zoom or other electronic format) as decided by the Debtor, and the Debtor shall notify all Qualified Bidders, if any, of any such later time or other place; *provided, however*, that in the event that no Qualified Bids are received by the Bid Deadline, the Debtor shall not be required to conduct an Auction.

### **The Break-Up Fee**

8. The Break-Up Fee is approved and binding on the Debtor and its estate with respect to the Purchaser. In the event the sale of the Property is ultimately consummated with a Successful Bidder other than the Purchaser, the Debtor is authorized, but not directed, to pay the Break-Up Fee to the extent incurred and solely from the proceeds of the sale of the Property without further order of the Court.

9. The terms of the Purchaser's Sale Agreement shall govern: (a) the conditions under which the Purchaser's bid is terminable (which are terms and conditions for termination of the Sale Agreement); (b) the entitlement to payment of the Deposit between the entry of this order and the entry of the Sale Order; and (c) the Break-Up Fee in the event the sale of the Property is ultimately consummated with a Successful Bidder other than the Purchaser.

### **The Sale Hearing**

10. The Sale Hearing shall be held before the Court on, **August 5, 2026 at 10:00 a.m. (prevailing Eastern Time)** at which time this Court shall consider: (a) approval of the sale of the Property to the Successful Bidder; (b) the entry of the proposed sale order, which shall be provided by the Debtor prior to the Sale Hearing, including provisions providing for the sale of the Property pursuant to applicable non-bankruptcy law, notable sections 510 and 511 of New York's Not-for-Profit Corporations Law (the "**Sale Order**"); (c) any issues or objections that are timely interposed by any parties; and (d) such other or further relief as this Court may deem just or proper.

11. The Sale Hearing may be adjourned by the Debtor without further order of this Court by filing a notice with this Court and serving such notice on all Qualified Bidders and the United States Trustee, or by announcing such adjournment on the record of the Sale Hearing.

12. In the event the Auction is cancelled, the Sale Hearing may be cancelled by the Debtor without further order of this Court by: (a) filing a notice with this Court listing the bids received and certifying that no bid met or exceeded the Minimum Bid; and (b) serving such notice on the Master Service List (as defined in the Case Management Order) and all parties with an interest in the Property.

### Notice

13. The Sale Notice substantially in the form attached hereto as **Schedule 2** is hereby approved.

14. As soon as practicable after the entry of this Order by the Court, the Debtor shall cause a copy of the Bidding Procedures, the Sale Notice, and this Order to be served upon the Notice Parties and the Potentially Interested Parties via email or, if service by email is not possible, by first class mail.

15. As soon as practicable after entry of this Order, the Debtor shall submit the Sale Notice for publication on one or more occasions in either a print or digital edition of a New York City regional general circulation or real estate focused publication pursuant to Bankruptcy Rule 2002(l).

16. The notices as set forth herein shall constitute good and sufficient notice of the Motion, the Bidding Procedures, the Bid Protections, the Auction, the sale of the Property, the

Sale Hearing, and the proposed Sale Order, and no other or further notice of the Motion, the Auction, the Sale Hearing, and/or the proposed Sale Order shall be necessary or required.

### **Objections**

17. Objections, if any, to the sale of the Property, **to the Debtor's designation of Qualified Bidders, the conduct of the Auction, and/or the selection of the highest or otherwise best offer for the sale of the Property, (JMM)** shall be made in writing, shall state with particularity the grounds for the objection, and shall be filed with the Court, in electronic format, by utilizing the Court's electronic case filing system at: <https://ecf.nyeb.uscourts.gov/>, or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a CD-ROM containing same in Word and PDF format, with a hard copy provided to the Clerk of the Court's Office at the Bankruptcy Court, Conrad B. Duberstein U.S. Courthouse, 271-C Cadman Plaza East, Suite 1595, Brooklyn, NY 11201, and served upon: (a) Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, Attn: Adam T. Berkowitz, Esq. and Michael D. Goldberg, Esq., proposed counsel for the Debtors; and (b) the Office of the United States Trustee for the Eastern District of New York, Alexander Hamilton Custom House, One Bowling Green, Suite 510, New York, New York 10004, Attn: Jeremy S. Sussman, Esq., so as to be actually received by no later than **August 3, 2026 at 4:00 p.m. (prevailing Eastern Time)** (the "**Objection Deadline**").

~~18. — Objections, if any, to the Debtor’s designation of Qualified Bidders, the conduct of the Auction, and/or the selection of the highest or otherwise best offer for the sale of the Property shall be made in writing, shall state with particularity the grounds for the objection, and shall be filed with the Court, in electronic format, by utilizing the Court’s electronic case filing system at: <https://ecf.nyeb.uscourts.gov/>, or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a CD-ROM containing same in Word and PDF format, with a hard copy provided to the Clerk of the Court’s Office at the Bankruptcy Court, Conrad B. Duberstein U.S. Courthouse, 271-C Cadman Plaza East, Suite 1595, Brooklyn, NY 11201, and served upon: (a) Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, Attn: Adam T. Berkowitz, Esq. and Michael D. Goldberg, Esq., proposed counsel for the Debtors; and (b) the Office of the United States Trustee for the Eastern District of New York, Alexander Hamilton Custom House, One Bowling Green, Suite 510, New York, New York 10004, Attn: Jeremy S. Sussman, Esq., so as to be actually received by no later than **August 3, 2026 at 4:00 p.m. (prevailing Eastern Time)** (the “**Post-Auction Objection Deadline**”): (JMM)~~

#### **Additional Provisions**

19. The Debtor is authorized and empowered to take such steps, incur and pay such costs and expenses, and do such things as may be reasonably necessary to fulfill the requirements established by this Order.

20. Nothing contained in this Order precludes any party in interest from objecting to the Sale in accordance with the objections procedures set forth herein and no party shall be deemed to have consented to the Sale by virtue of not having objected to the Motion.

21. The fourteen (14) day stay set forth in Bankruptcy Rule 6004(h) is hereby waived with respect to this Order and that the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

22. This Court shall retain jurisdiction over any matter or dispute arising from, or relating to, the interpretation or implementation of this Order.

Dated: June 26, 2026  
Brooklyn, New York



  
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**Jil Mazer-Marino**  
Chief United States Bankruptcy Judge

**Schedule 1**

**Bidding Procedures**

**BIDDING PROCEDURES  
AND TERMS AND CONDITIONS OF SALE**

Sheltering Arms Children and Family Services, Inc. (“**Sheltering Arms**” or the “**Debtor**”) has entered into that certain Purchase and Sale Agreement, dated as of April 20, 2026 (the “**Sale Agreement**”) with Method Design Architecture and Urbanism PLLC (the “**Purchaser**”). The Sale Agreement provides for the sale and conveyance (the “**Sale**”) of its real property located at 305 7<sup>th</sup> Avenue, Units 4A and 4B, New York, New York 10001 (collectively, the “**Property**”), free and clear of all liens, claims, encumbrances, and other interests. The Debtor is currently soliciting other higher or better bids for the Sale of the Property.

A. **Bidding Procedures**

Set forth below are the bidding procedures (the “**Bidding Procedures**”) with respect to the Sale of the Property by the Debtor. On June \_\_, 2026, the United States Bankruptcy Court for the Eastern District of New York (the “**Bankruptcy Court**”) entered an order (the “**Bidding Procedures Order**”) [ECF \_\_] granting the Debtor’s motion (the “**Bidding Procedures Motion**”)³ [ECF 262] insofar as it sought the approval of the Bidding Procedures, Bid Protections (as defined below), and an auction (the “**Auction**”) for the Sale of the Property. A form of Sale Agreement for the Sale of the Property is annexed to the Bidding Procedures Motion.

B. **Relevant Dates**

Bid Deadline:	July 22, 2026 (4:00 p.m. prevailing Eastern Time)
Auction:	July 29, 2026 (10:00 a.m. prevailing Eastern Time)
Objection Deadline:	August 3, 2026 (4:00 p.m. prevailing Eastern Time)
Sale Hearing:	August 5, 2026 (10:00 a.m. prevailing Eastern Time)

C. **Property to be Sold Free and Clear**

Except as otherwise provided in the Sale Agreement with respect to the Sale, all of the Debtor’s right, title and interest in and to the Property shall be sold free and clear of all liens, claims and encumbrances, security interests and other restrictions on transfer (collectively, the “**Liens**”) to the extent permitted by section 363 of the Bankruptcy Code and other applicable law (except as otherwise expressly provided in the Sale Agreement) with such Liens to attach to the proceeds of the Sale.

Except as expressly provided in the Sale Agreement, the Sale of the Property shall be on an “AS IS, WHERE IS AND WITH ALL FAULTS” basis and without representations or warranties of any kind, nature or description by the Debtor or its agents.

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<sup>3</sup> Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Bidding Procedures Order and Bidding Procedures Motion, as the case may be.

D. **Purchaser as Stalking Horse Bidder**

The Agreement provides that the Purchaser shall act as the “stalking horse bidder” in the Auction for the Property, with the right to receive a Break-Up Fee totaling one and one-half (1.5%) of the Purchase Price under the Sale Agreement (the “**Break-Up Fee**”). The Break-Up Fee shall be paid solely from the proceeds of an Alternate Transaction..

E. **Mailing the Auction and Hearing Notice**

The Debtor shall provide notice of the Auction and Sale of the Property (the “**Sale Notice**”) together with a copy of these Bidding Procedures by email, or if email is not available with respect to a party by first class mail, postage prepaid, in accordance with the Case Management Order, as well as: (i) all parties who have an ownership interest in the Property or a Lien on the Property; and (ii) any parties previously having viewed the property or contacted MYC regarding the Property (collectively, the “**Notice Parties**”).

Any other party in interest that wishes to receive a copy of the Bidding Procedures Order and/or the Procedures Motion may make such request in writing to Adam T. Berkowitz, Esq., Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, by telephone: (516) 393-2200, or via email at: [aberkowitz@garfunkelwild.com](mailto:aberkowitz@garfunkelwild.com).

F. **Confidentiality Agreement / Due Diligence**

Parties interested in conducting due diligence regarding the Properties should contact the Debtor’s counsel in writing to Adam T. Berkowitz, Esq., Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, by telephone at : (516) 393-2200, or via email at: [aberkowitz@garfunkelwild.com](mailto:aberkowitz@garfunkelwild.com)

Any entity that wishes to conduct due diligence with respect to the Property must: (i) deliver to the Debtor an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtor; and (ii) deliver to the Debtor a written non-binding expression of interest to purchase the Property, reasonably acceptable to the Debtor.

Interested parties that comply with the foregoing (each such entity referred to as a “**Potential Bidder**”), shall be permitted to conduct due diligence with respect to the Property, *provided, however*, that the Debtor shall not be obligated to furnish any due diligence information after the Bid Deadline (as defined below).

G. **Qualification of Bids and Bidders**

In order to participate in the bidding process and to have a bid considered by the Debtor, each Potential Bidder must deliver a written, irrevocable offer for the Debtor’s Property, satisfying the below criteria. A “**Qualified Bidder**” is a Potential Bidder that delivers a binding bid that in the Debtor’s discretion, after consultation with the Creditors’ Committee, satisfies the following (a “**Qualified Bid**”):

(i) **Bid Deadline**. Each Bid Package (as defined below) must be delivered in written form to: general bankruptcy counsel to the Debtor, Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, Attn: Adam T. Berkowitz, Esq., and special real estate

counsel to the Debtor, Spencer Fane, 711 Third Avenue, Suite 1700, New York, New York 10017, Attn: David M. Rubin, Esq., in each instance so as to actually be received no later than 4:00 p.m. (prevailing Eastern Time) on **July 22, 2026** (the “**Bid Deadline**”).

(ii) **Bid Package**. Each bid must include (collectively, the “**Bid Package**”): (i) a written and signed irrevocable offer stating that: (A) the bidder offers to consummate a sale transaction on terms and conditions no less favorable than in the Sale Agreement and in an amount at least equal to the Minimum Bid (as defined below), (B) confirming that the bid will remain irrevocable until: (1) the closing of the sale of the Property if such bidder is selected as the Successful Bidder, or (2) the earlier of the closing of the sale of the Property or the date that is one hundred eighty (180) days following the entry of the Bidding Procedures Order if such bid is selected as the Back-Up Bid, unless otherwise agreed to by the Debtor, in consultation with the Back-Up Bidder, (C) that the Bidder has had the opportunity to conduct due diligence prior to its offer and does not require further due diligence, has relied solely upon its own independent review and investigation, and did not rely on any written or oral representation except as expressly provided with the Modified Sale Agreement (as defined below); (ii) an executed copy of the Sale Agreement, as modified by the bidder in accordance with its bid (the “**Modified Sale Agreement**”), and (iii) an electronic markup of the Modified Sale Agreement clearly showing the revisions in the Modified Sale Agreement (formatted as a Microsoft Word document, PDF, or such other word processing format acceptable to the Debtor), as marked against the Sale Agreement. The Debtor shall determine whether any Modified Sale Agreement that modifies the Sale Agreement in any respect beyond the identity of the purchaser and the purchase price under the agreement is a Qualified Bid.

(iii) **Minimum Bid**. The amount of the purchase price in such bid must provide for net cash (or cash equivalent) that is at least in the amount of \$25,000 more than the base price contained in the Sale Agreement plus the Break-Up Fee (or \$2,359,500 in the aggregate) (the “**Minimum Bid**”).

(iv) **Financial Information**. The Bid Package must contain such financial and other information that will allow the Debtor to make a determination as to the bidder’s financial and other capabilities to consummate the transactions contemplated by the Modified Sale Agreement, including any proposed conditions to closing.

(v) **Additional Bid Protections**. The bid must not request or entitle the Potential Bidder to any termination fee, transaction or break-up fee, expense reimbursement, or similar type of payment.

(vi) **Identity of Bidders**. Each Potential Bidder must fully disclose the identity of each entity that will be bidding for the Property, as well as disclose the organization, form, the business conducted by each entity, the individual members of each entity, and what, if any, connection the Potential Bidder has with the Debtor. Potential Bidders shall be required to provide such additional information as the Debtor may require regarding a bidder’s ability to satisfy the requirements of the transaction contemplated by the Modified Sale Agreement.

(vii) **Due Diligence**. The bid must not contain any contingencies of any kind, including, among others, obtaining (i) financing; (ii) shareholder, board of directors, or other approval; (iii) the outcome or completion of due diligence. Each Potential Bidder must also

affirmatively acknowledge that the Potential Bidder: (x) had an opportunity to conduct due diligence regarding the Property prior to making its offer and does not require further due diligence; (y) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Property in making its bid; and (z) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Property, or the completeness of any information provided in connection therewith except as expressly stated in these Bidding Procedures.

(viii) Consents. Each Potential Bidder must represent that it obtained all necessary organizational approvals to make its competing bid and to enter into and perform under its Modified Sale Agreement.

(ix) Deposit. A Potential Bidder must deposit five percent (5%) of the initial purchase price set forth in Modified Sale Agreement with the Debtor in the form of a certified check or wire transfer on or before the Bid Deadline (the “**Deposit**”). The Potential Bidder or the Backup Bidder (defined below) shall forfeit the Deposit if: (i) the Potential Bidder or the Backup Bidder is determined to be a Qualified Bidder and withdraws or modifies its bid other than as provided herein before the Bankruptcy Court approves the Debtor’s selection of the Successful Bidder; or (ii) the Potential Bidder is a Successful Bidder (defined below) and: (A) modifies or withdraws the bid without the Debtor’s consent before the consummation of the sale contemplated by the bid, or (B) breaches the provisions of the Modified Sale Agreement such that the Debtor would be entitled to retain the Deposit. The Deposit shall be returned to the bidder: (y) as soon as practicable if the bidder is not determined to be a Qualified Bidder; or (z) no later than five (5) business days after entry of the Sale Order if the bidder is a Qualified Bidder (who has not otherwise forfeited its Deposit), but is not the Successful Bidder or the Backup Bidder. The Debtor will maintain any Deposit in a non-interest bearing Debtor account.

(x) As Is. Where Is. Any Modified Sale Agreement must provide that the Sale will be on an “AS IS, WHERE IS AND WITH ALL FAULTS” basis and without representations or warranties of any kind except and solely to the extent expressly set forth in the Modified Sale Agreement of the Successful Bidder. Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Property prior to making its bid and that it has relied solely upon its own independent review and investigation in making its bid.

(xi) Debtor’s Considerations. The Debtor will have the right to determine that a bid is not a Qualified Bid if the terms of the bid are materially more burdensome or conditional than the terms of the Sale Agreement and are not offset by a material increase in purchase price, which determination may take into consideration: (i) whether the bid requires any indemnification of such Qualified Bidder; (ii) whether the bid does not provide sufficient cash consideration; (iii) whether the bid includes a non-cash instrument or similar consideration that is not freely marketable; or (iv) any other factors the Debtor may deem relevant. The Debtor shall have the exclusive right to determine whether a bid is a Qualified Bid and shall notify bidders whether their respective bid(s) have been determined to be a Qualified Bid(s) prior to the Auction. The Debtor may reject any bid that is on terms more burdensome or conditional than the Sale Agreement or is otherwise contrary to the best interests of the Debtor’s estate. In addition to the requirements above, the Debtor may request any additional information from any

bidder to assist the Debtor in making a determination as to whether a bid is a Qualified Bid. For the avoidance of doubt, the Buyer is a Qualified Bidder and the bid set forth in the Sale Agreement is a Qualified Bid.

The Debtor shall have the exclusive right to determine whether a bid is a Qualified Bid and shall notify bidders whether their respective bid(s) have been determined to be a Qualified Bid(s) prior to the commencement of the Auction. The Debtor may reject any bid that is on terms more burdensome or conditional than the Agreements or is otherwise contrary to the best interests of the Debtor's estate. In addition to the requirements above, the Debtor may request any additional information from any bidder to assist the Debtor in making a determination as to whether a bid is a Qualified Bid.

#### H. **Sale to the Stalking Horse Bidder, if Applicable**

The Sale Agreement shall constitute a Qualified Bid and the Purchaser shall be deemed a Qualified Bidder. If no Qualified Bid other than that of the Purchaser's is submitted by the Bid Deadline, the Debtor shall not conduct the Auction, but may proceed with the Sale Hearing and seek approval by the Bankruptcy Court of the Agreements and the transactions contemplated thereby.

#### I. **Auction**

In the event that the Debtor timely receives at least one Qualified Bid for the Property by the Bid Deadline, the Debtor shall conduct the Auction with respect to the Property. The Auction will take place at the offices of counsel to the Debtor, Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530 on July 29, 2026 at 10:00 a.m., or at such other later date and time or other place (including via Zoom or other electronic format), as may be determined by the Debtor at or prior to the Auction. The Auction shall be governed by the following procedures:

(i) **Participation.** Only the Qualified Bidders that have submitted a Qualified Bid and provided a Deposit will be eligible to participate in the Auction, and each Qualified Bidder shall appear in person at the Auction (and any attorney for a Qualified Bidder may appear at the Auction at the discretion of the Qualified Bidder). In the event the Qualified Bidder does not appear in person, but an attorney for the Qualified Bidder does appear, such attorney must provide documentation sufficient to satisfy to the Debtor that such attorney has authorization to bid on behalf of the Qualified Bidder. In the event a Qualified Bidder does not attend the Auction, the relevant Qualified Bid shall nonetheless remain fully enforceable against that Qualified Bidder in accordance herewith. The Debtor will evaluate all Qualified Bids received and will select the Qualified Bid that reflects the highest or otherwise best offer for the Property, and otherwise complies with the bid requirements set forth herein, as the "**Starting Auction Bid.**" The Debtor may consider a variety of factors to determine the Starting Auction Bid including changes to the Sale Agreement and the Qualified Bidder's ability to consummate the purchase of the Property. At the Auction, the Debtor shall announce the material terms of each overbid and the basis for calculating the total consideration offered in each such overbid.

(ii) **Bidding.** Bidding at the Auction shall commence at the amount of the Starting Auction Bid. Qualified Bidders may then submit successive bids in increments of \$25,000 (the

**“Bid Increment”**); *provided, however*, that the Debtor shall retain the right to modify the Bid Increment at the Auction. Any bid submitted after the conclusion of the Auction shall not be considered for any purpose.

(iii) **Higher or Better**. The Debtor reserves the right to determine whether any bid is better, if not higher, than another bid submitted during the Auction. The Debtor may consider a variety of factors in making this decision, including without limitation, whether the bid is materially more burdensome than the terms of the Modified Sale Agreement, any proposed conditions to closing, whether the bid includes any non-cash components and provides significant cash consideration for the payment of required costs of the transaction, and any other factors deemed relevant.

(iv) **Successful Bid**. The Auction shall continue until there is only one offer for the Property that the Debtor determines is the highest or otherwise best offer from among the Qualified Bids submitted at the Auction (the **“Successful Bid”**) and the Debtor announces that the Auction is closed. The Qualified Bidder submitting such Successful Bid shall become the **“Successful Bidder,”** and shall have such rights and responsibilities of the purchaser, as set forth in such Successful Bidder’s Modified Sale Agreement or the Sale Agreement (as the same may be amended), as applicable. Within one (1) business day after the conclusion of the Auction (but in any event prior to the commencement of the Sale Hearing), the Successful Bidder shall: (i) complete and execute all Sale Agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made; and (ii) supplement its Deposit by wire transfer or other immediately available funds so that, to the extent necessary, such Deposit equals five percent (5%) of the Successful Bid.

(v) **Anti-Collusion**. At the commencement of the Auction, each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with any other Qualified Bidder or Potential Bidder with respect to the bidding or the Sale of the Property.

(vi) **Conduct of Auction**. The Auction may be conducted openly with the proceeding being transcribed and each Qualified Bidder being informed of the terms of the previous bid; the Debtor or its counsel may meet privately with any Qualified Bidder to negotiate the terms of its bid. The Debtor may adopt other rules for the conduct of the Auction at the Auction which, in its judgment, will better promote the goals of the Auction.

(vii) **Backup Bid**. At the conclusion of the Auction, the Debtor will also announce the second highest or otherwise best bid from among the Qualified Bids submitted at the Auction (the **“Backup Bid”**). The Qualified Bidder submitting such Backup Bid shall become the **“Backup Bidder,”** and subject to the rights of the Successful Bidder, shall have such rights and responsibilities of the Purchaser, as set forth in the Modified Sale Agreement or the Sale Agreement (as same may be amended), as applicable. The Backup Bid shall remain open and irrevocable until the closing of the sale of the Property; provided, however, if the Purchaser’s bid is deemed the Backup Bid, the Purchaser’s rights and obligations with respect to such bid shall be subject to the terms of the Sale Agreement. The Backup Bidder’s Deposit will be returned by the Debtor upon consummation of the Sale of the Property to the Successful Bidder or will be otherwise applied or forfeited, as the case may be, if the Backup Bidder is determined to be the Successful Bidder.

(viii) Extensions/Adjournment. The Debtor reserves its rights, in the exercise of its judgment, to modify any non-material provisions of the Bidding Procedures at or prior to the Auction, including, without limitation, extending the deadlines set forth in the Auction procedures, modifying bidding increments, adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice consistent with the Sale Agreement and Bidding Procedures Order.

**J. Sale Hearing and Return of Deposits**

The Successful Bid and the Backup Bid will be subject to approval by entry of an order (the “**Sale Order**”) by the Bankruptcy Court after a hearing (the “**Sale Hearing**”) that will take place on **August 5, 2026 at 10:00 a.m. (prevailing Eastern Time)**. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of any such adjournment in open court. Upon approval of the Backup Bid by the Bankruptcy Court, the Backup Bid shall remain open and irrevocable until the Closing of the Sale.

No offer shall be deemed accepted unless and until it is approved by the Bankruptcy Court.

Objections, if any, to the Sale Motion and any filed supplements thereto, shall be made in writing, shall state with particularity the grounds for the objection, and shall be filed with the Court, in electronic format, by utilizing the Court’s electronic case filing system at: <https://ecf.nyeb.uscourts.gov/>, or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a CD-ROM containing same in Word and PDF format, with a hard copy provided to the Clerk of the Court’s Office at the Bankruptcy Court, Conrad B. Duberstein U.S. Courthouse, 271-C Cadman Plaza East, Suite 1595, Brooklyn, NY 11201, and served upon: (a) Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, Attn: Adam T. Berkowitz, Esq. and Michael D. Goldberg, Esq., proposed counsel for the Debtors; and (b) the Office of the United States Trustee for the Eastern District of New York, Alexander Hamilton Custom House, One Bowling Green, Suite 510, New York, New York 10004, Attn: Jeremy S. Sussman, Esq., so as to be actually received by no later than **August 3, 2026 at 4:00 p.m. (prevailing Eastern Time)** (the “**Objection Deadline**”).

**K. Consummation of the Sale**

Subject to entry of the Sale Order, following the Sale Hearing, if for any reason the Successful Bidder fails to consummate the purchase of the Property, then the Backup Bidder will automatically be deemed to have submitted the highest or otherwise best bid and the Debtor and the Backup Bidder may proceed to effect the sale of the Property to the Backup Bidder as soon as is commercially reasonable without further order of the Bankruptcy Court. If such failure to consummate the purchase is the result of a breach by the Successful Bidder, its Deposit(s) shall be forfeited to the Debtor and the Debtor specifically reserve the right to seek all available damages from the defaulting bidder.

L. **Jurisdiction**

The Bankruptcy Court shall retain exclusive jurisdiction over any matter or dispute relating to the Sale of the Property, the Bidding Procedures, the Sale Hearing, the Auction, the Successful Bid, the Backup Bid, and/or any other matter that in any way relates to the foregoing.

**Schedule 2**

**Sale Notice**

**Bid Deadline: July 22, 2026 at 4:00 p.m.**  
**Auction: July 29, 2026 at 10:00 a.m.**  
**Objection Deadline: August 3, 2026 at 4:00 p.m.**  
**Sale Hearing: August 5, 2026 at 10:00 a.m.**

**GARFUNKEL WILD, P.C.**  
900 Stewart Avenue, 4th Floor  
Garden City, New York 11530  
Telephone: (516) 393-2200  
Facsimile: (516) 466-5964  
Adam T. Berkowitz, Esq.  
Michael D. Goldberg, Esq.

*Counsel for the Debtor  
and Debtor-in-Possession*

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

-----X  
In re:

SHELTERING ARMS CHILDREN AND  
FAMILY SERVICES, INC.

Chapter 11

Case No. 24-41037 (JMM)

Debtor.

-----X

**NOTICE OF AUCTION AND HEARING TO CONSIDER APPROVAL OF THE SALE  
OF THE DEBTOR’S REAL PROPERTY LOCATED AT 305 7TH AVENUE, UNITS 4A  
AND 4B, NEW YORK, NEW YORK 10001, FREE AND CLEAR OF ALL LIENS,  
CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS**

**NOTICE IS HEREBY GIVEN AS FOLLOWS:**

1. On May 13, 2026, Sheltering Arms Children and Family Services, Inc. (“**Sheltering Arms**” or the “**Debtor**”), as debtor and debtor-in-possession in this chapter 11 case (the “**Chapter 11 Case**”), by and through its attorneys, Garfunkel Wild, P.C., brought a motion (the “**Bidding Procedures Motion**”) seeking entry of an order (the “**Bidding Procedures Order**”) <sup>4</sup> pursuant to sections 105(a) and 363 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the

<sup>4</sup> Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Bidding Procedures Order and the Bidding Procedures Motion, as the case may be.

“**Bankruptcy Rules**”), Local Rule 6004-1, and the Sale Guidelines: (a) approving bidding procedures; (b) approving a break-up fee; (c) scheduling an auction, scheduling a sale hearing, and approving related notices; (d) approving the Debtor’s sale of its real property located at 305 7th Avenue, Units 4A and 4B, New York, New York 10001 (collectively, the “**Property**”), free and clear of all liens, claims, encumbrances, and other interests, and (e) granting related relief.

2. A copy of each of the Bidding Procedures Motion and the Bidding Procedures Order, which includes the full Bidding Procedures, may be obtained by: (i) accessing the Bankruptcy Court’s website at [www.nyeb.uscourts.gov](http://www.nyeb.uscourts.gov) (password required); (ii) accessing the Case Website at <https://dm.epiq11.com/ShelteringArms/>; (iii) going in person to the Office of the Clerk of the Bankruptcy Court at the United States Bankruptcy Court, Eastern District of New York, Conrad B. Duberstein United States Courthouse, 271-C Cadman Plaza East, Suite 1595, Brooklyn, New York 11201, or (iv) contacting Adam T. Berkowitz, Esq. of Garfunkel Wild, P.C., Counsel to the Debtor, at 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, by telephone at (516) 393-2502 or by email to [aberkowitz@garfunkelwild.com](mailto:aberkowitz@garfunkelwild.com).

3. As set forth in the Bidding Procedures, the sale of the Property remains subject to higher and better offers and Bankruptcy Court approval.

4. All interested parties are invited to make competing offers for the Property in accordance with the terms of the Bidding Procedures and Bidding Procedures Order. The deadline to submit competing offers is **July 22, 2026 at 4:00 p.m. (prevailing Eastern Time)** (the “**Bid Deadline**”).

5. Pursuant to the Bidding Procedures Order, if a Qualified Bid is received, the Debtor will conduct an auction (the “**Auction**”) for the sale of the Property at the offices of

Garfunkel Wild, P.C., counsel to the Debtor, at 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, on **July 29, 2026 at 10:00 a.m. (prevailing Eastern Time)**.

6. The Bidding Procedures Order further provides that a Sale Hearing will be held on **August 5, 2026 at 10:00 a.m. (prevailing Eastern Time)** before the Bankruptcy Court, which hearing may be adjourned from time to time, including, without limitation, by announcing any such adjournment on the record at the Sale Hearing.

7. At the Sale Hearing, the Debtor will request that the Bankruptcy Court enter an order, among other things, approving the highest and best bid for the Property. In addition, the Debtor shall request that the Bankruptcy Court provide that the transfer of the Property be free and clear of all liens, claims encumbrances, and other interests and that such transfer be approved pursuant to applicable non-bankruptcy law, notably sections 510 and 511 of New York's Not-for-Profit Corporation Law.

8. At the Sale Hearing, the Bankruptcy Court may enter such orders as it deems appropriate under applicable law and as required by the circumstances and equities of this Chapter 11 Case.

9. Objections, if any, to the sale of the Property shall be made in writing, shall state with particularity the grounds for the objection, and shall be filed with the Court, in electronic format, by utilizing the Court's electronic case filing system at: <https://ecf.nyeb.uscourts.gov/>, or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a CD-ROM containing same in Word and PDF format, with a hard copy provided to the Clerk of the Court's Office at the Bankruptcy Court, Conrad B. Duberstein U.S. Courthouse, 271-C Cadman Plaza East, Suite 1595, Brooklyn, NY 11201, and served upon: (a)

Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, Attn: Adam T. Berkowitz, Esq. and Michael D. Goldberg, Esq., proposed counsel for the Debtors; and (b) the Office of the United States Trustee for the Eastern District of New York, Alexander Hamilton Custom House, One Bowling Green, Suite 510, New York, New York 10004, Attn: Jeremy S. Sussman, Esq., so as to be actually received by no later than **August 3, 2026 at 4:00 p.m. (prevailing Eastern Time)** (the “**Objection Deadline**”).

10. Objections, if any, to the Debtor’s designation of Qualified Bidders, the conduct of the Auction, and/or the selection of the highest or otherwise best offer for the sale of the Property shall be made in writing, shall state with particularity the grounds for the objection, and shall be filed with the Court, in electronic format, by utilizing the Court’s electronic case filing system at: <https://ecf.nyeb.uscourts.gov/>, or if the same cannot be filed electronically, by manually filing same with the Clerk of the Court together with a CD-ROM containing same in Word and PDF format, with a hard copy provided to the Clerk of the Court’s Office at the Bankruptcy Court, Conrad B. Duberstein U.S. Courthouse, 271-C Cadman Plaza East, Suite 1595, Brooklyn, NY 11201, and served upon: (a) Garfunkel Wild, P.C., 900 Stewart Avenue, 4th Floor, Garden City, New York 11530, Attn: Adam T. Berkowitz, Esq. and Michael D. Goldberg, Esq., proposed counsel for the Debtors; and (b) the Office of the United States Trustee for the Eastern District of New York, Alexander Hamilton Custom House, One Bowling Green, Suite 510, New York, New York 10004, Attn: Jeremy S. Sussman, Esq., so as to be actually received by no later than **August 3, 2026 at 4:00 p.m. (prevailing Eastern Time)** (the “**Post-Auction Objection Deadline**”).

11. Requests for information concerning the sale of the Property should be directed by written, electronic, or telephonic request to: Adam T. Berkowitz, Esq. of Garfunkel Wild,

P.C., Counsel to the Debtor, at 900 Stewart Avenue, 4th Floor, Garden City, New York 11530,  
by telephone at (516) 393-2502 or by email to [aberkowitz@garfunkelwild.com](mailto:aberkowitz@garfunkelwild.com).

Dated: Garden City, New York  
June \_\_, 2026

**GARFUNKEL WILD, P.C.**

By:

Adam T. Berkowitz, Esq.  
Michael D. Goldberg, Esq.  
900 Stewart Avenue, 4th Floor  
Garden City, New York 11530  
Telephone: (516) 393-2200  
Facsimile: (516) 466-5964

*Counsel for the Debtor  
and Debtor-in-Possession*