

**PROPOSED 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 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. 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**”)¹ [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 (11:00 a.m. prevailing Eastern Time)

Objection Deadline: [], 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.

¹ 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.

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

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 [11:00 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] 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 **[_____] 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.

PROPOSED