IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:	:	
	:	
DVI, INC.	:	
DVI FINANCIAL SERVICES, INC.	:	
DVI BUSINESS CREDIT CORPORATION	:	**Case Nos. 03-12656-03-12658**
	:	**Chapter 11**
Debtor	:	**Jointly Administered**
	:	Hearing Date:
		Objection Deadline:

RESPONSE TO DEBTORS' EMERGENCY MOTION
FOR USE OF CASH COLLATERAL [DOCKET NO. 5]

USCC Florida Acquisition Corporation, USCC Acquisition Corp., FROG OnCure Southside, L.L.C., Jaxpet/Positech, L.L.C., Pointe West Oncology, LLC, and USCC Healthcare Management Corp. (each a "Respondent" and collectively, the "Respondents"), by counsel, hereby respond to the Debtors' emergency motion for use of cash collateral [Docket No. 5] and state as follows:

1. On August 25, 2003, the Debtors filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code.

2. OnCURE Medical Corp. is the parent of each of the Respondents (the "Parent" and, together with each of the Respondents, "OnCURE").

3. OnCURE owns, operates and manages 14 outpatient radiation treatment centers and is one of the largest operators of freestanding outpatient radiation treatment centers in the United States. OnCURE has more than 155 employees and provides services to more than 3,000 cancer patients per annum.

4. On or about June 30, 2003, the Parent completed a financial and capital restructuring (the "Restructuring").

5. As a condition to and concurrently with the closing of the Restructuring (which required the consent of the Debtor and its affiliates to complete), the Parent (a) purchased shares of preferred stock of the Parent held by DVI Financial Services, Inc., an entity affiliated with the Debtor ("DVI Financial"), for an aggregate purchase price consisting of (i) $5,000,000 in cash ($2,683,328 of which consisted of accrued and unpaid dividends) and (ii) shares of Series A Preferred Stock of the Parent having an aggregate liquidation preference of $2,600,000; and (b) caused the Respondents to amend the existing loan documents between them and DVI Business Credit Corporation (the "Debtor") by entering into that certain Amended and Restated Loan and Security Agreement, dated June 30, 2003 (the "Loan Agreement"), pursuant to which the Debtor extended a $5,500,000 revolving line of credit to OnCURE. A copy of the Loan Agreement is attached hereto and incorporated by reference as Exhibit A.

6. The Parent's willingness to complete the Restructuring, incur the obligations associated therewith and pay DVI Financial the substantial sums required to be paid at the closing of the Restructuring was premised upon OnCURE having continued access to its working capital facility under the Loan Agreement.

7. Amounts outstanding under the Loan Agreement are secured by a continuing first-priority pledge and security interest in, among other things, each Respondent's accounts receivable (the "Accounts").

8. The Loan Agreement provides that all of the Accounts shall be deposited in a lockbox at Fleet Bank (the "Lockbox") in accordance with certain lockbox agreements (the "Lockbox Agreements")., copies of which are attached hereto and incorporated herein by reference as Exhibit B.

9. The Debtor uses the Accounts to repay the Loan and then, based on daily borrowing requests, readvances funds in accordance with the formula set forth in the Loan Agreement.

10. The Accounts deposited in the Lockbox consist of receivables generated from services rendered by OnCURE to beneficiaries under Medicare, Medicaid and other state and federal programs as well as private third party-payor programs.

11. Under the Loan Agreement, the Debtor is required to advance funds not to exceed the lesser of $5,500,000 and the Borrowing Base (as defined in the Loan Agreement). For the past several weeks, DVI has either failed to fund or has underfunded OnCURE's requests. Attached hereto as Exhibit C is a chart demonstrating the Debtor's failure to fund as required under the Loan Agreement.

12. The Debtor has materially breached the Loan Agreement by failing to advance all of the funds available to OnCURE under the Loan Agreement and has informed OnCURE that it may not be able to advance funds in the future. OnCURE relies on the advances under the Loan Agreement to operate its business.

13. Without any cash resources, OnCURE's business will not be able to continue and OnCURE will not be able to pay its employees (or its affiliated physician groups) or provide services to the thousands of cancer patients that rely on the services it provides.

14. The Debtor's failure to perform its obligations under the Loan Agreement has jeopardized OnCURE's operations and the lives of the cancer patients that rely on OnCURE's services.

15. On or about August 7, 2003, OnCURE asked the Debtor to terminate the Lockbox Agreements and to allow OnCURE to collect the Accounts. OnCURE explained to the Debtor that it needed cash to operate its business and provide services to its patients. On or about August 8, 2003, the Debtor informed OnCURE that it would not voluntarily terminate the Lockbox Agreements.

16. On August 11, OnCURE filed a Complaint and a Petition for TRO or preliminary injunction in the Court of Common Pleas for Philadelphia County, Pennsylvania.

17. On August 19, Judge Cohen entered an injunction (the "Injunction"), a copy of which is attached hereto as Exhibit D.

18. Notwithstanding the Injunction, the Debtor refused to instruct Fleet Bank to release the Lockbox until the afternoon of August 22, after OnCURE threatened to call Judge Cohen.

19. Thereafter, the Debtor sent a letter of instruction to Fleet Bank, directing the bank to release the Lockbox to OnCURE. A copy of that letter is attached hereto and incorporated herein as Exhibit E.

20. While Fleet Bank released the funds in the Lockbox on August 22, since that time, Fleet Bank has refused to release any further funds to OnCURE.

21. Since the Petition Date, the Debtor has continued to materially breach the Loan Agreement by failing to advance the full amount of funds available to OnCURE under the Loan Agreement and has continued to collect the Accounts in the Lockbox.

22. The Debtor has failed to provide OnCURE with adequate protection of its interest. The Debtor's actions have had a severe adverse effect on OnCURE's business.

23. The Debtor has filed a motion seeking to use cash collateral and asks that it be "authorized (but not directed)" to continue to fund loans, including OnCURE's loan.

24. OnCURE is concerned that the Debtor will continue to fail to fund under the Loan Agreement, or will continue to underfund, while retaining OnCURE's accounts receivable.

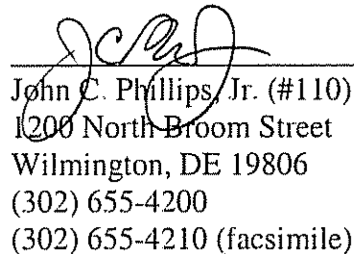
25. OnCURE believes that, in light of the Injunction and the Debtor's subsequent pre-petition instruction letter, OnCURE's accounts receivable in the Lockbox are not property of the estate.

WHEREFORE, the Respondents respectfully request that this Court enter its Order directing the Debtor either to fund fully all amounts owed under the Loan Agreement or direct the Debtor to instruct Fleet National Bank to immediately release OnCURE's accounts receivable in the Lockbox to OnCURE and henceforth to allow OnCURE to collect its Accounts for its own benefit; and granting such other and further relief as this Court may deem just and proper.

Respectfully submitted,

PHILLIPS, GOLDMAN & SPENCE, P.A.

Dated: August 26, 2003



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