

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF LOUISIANA

IN RE:

BELTWAY 8 ASSOCIATES, LIMITED PARTNERSHIP  
d/b/a WATERMARKE APARTMENTS

CASE NO. 11-10001

Debtor

CHAPTER 11

**INTERIM ORDER PURSUANT TO SECTIONS 361 AND 363 OF THE  
BANKRUPTCY CODE AND BANKRUPTCY RULE 4001: (1) AUTHORIZING  
USE OF CASH COLLATERAL; (2) GRANTING ADEQUATE PROTECTION  
LIENS; (3) SCHEDULING AND APPROVING THE FORM AND METHOD  
OF NOTICE FOR A FINAL ORDER; AND (4) FOR RELATED RELIEF**

Consideration the emergency motion of debtor and debtor in possession Beltway 8 Associates, Limited Partnership D/B/A Watermarke Apartments (the “Debtor”) pursuant to sections 361 and 363 of title 11 of the Bankruptcy Code and Rule 4001 of the Bankruptcy Rules: (1) to use cash collateral; (2) to grant adequate protection; (3) to schedule and approve the form and method of notice of the final hearing on the Motion; and (4) for other related relief as necessary (the “Motion”) [P-8], the statements of counsel, record of the case, agreement of FST Watermarke, LLC (“FST”) and applicable law, and for reasons orally assigned at an expedited hearing on January 5, 2011;

**IT IS ORDERED THAT:**

a. The Debtor shall not use Cash Collateral except as provided in this order and pursuant to the Budget attached to this order as Exhibit A. The Debtor shall be permitted to use Cash Collateral solely to pay the expenses and costs set forth in the Budget to entities other than insiders of the Debtor during the term of this order, in an amount not to exceed those amounts set forth in the Budget, subject to Permitted Variances (as defined in this order) plus any payment of a utility deposit required to be made pursuant to order of Court if not included in the budget. As

used in this order, "Permitted Variances" shall mean a variance of not more than ten percent (10%) of any Budget line item, so long as the aggregate amount of the Budget on a monthly basis is not exceeded by more than ten percent (10%). The Budget may be supplemented, modified or extended by agreement of the Debtor and FST, or upon court approval after notice and hearing.

b. Each Tuesday the Debtor shall provide to FST's counsel a written accounting of all expenses (on a cash basis) for the previous Saturday through Friday (for example on January 14, 2011, the Debtor shall provide an accounting for the week of January 5-11, 2011). The Debtor shall deliver to FST's counsel on or before the twentieth day following the end of each calendar month, a reconciliation of all budgeted amounts and copies of all reports provided by the Debtor's third-party property management company to the Debtor and/or its counsel. For example, on or before February 20, 2011, the Debtor must deliver to FST a reconciliation of all budgeted amounts for the post-petition period of January, 2011, and copies of all reports provided by the Debtor's third-party property management company to the Debtor and/or its counsel in the post-petition period of January, 2011. If the Debtor fails to comply with these reporting obligations without the prior written consent of the FST, the Debtor shall have three (3) business days to cure any default regarding the reporting requirements identified in this paragraph. If the Debtor fails to cure the default, the Debtor's right to use Cash Collateral shall terminate two (2) business days following receipt by Debtor's counsel of a written notice of the default from FST's counsel. Thereafter, the Debtor shall have the right to seek court authority to use Cash Collateral on an expedited basis.

c. If the Debtor's use of cash collateral exceeds the Permitted Variances (on a weekly basis) authorized by this order without the prior consent of FST, the Debtor's right to use Cash

Collateral shall terminate three (3) business days following receipt by Debtor's counsel of a written notice of such default from FST's counsel. Thereafter, the Debtor shall have the right to seek court authority to use Cash Collateral on an expedited basis.

d. To the extent an emergency expenditure is needed to protect the health, safety and welfare, the Debtor shall notify FST prior to making any expenditures. The notification shall include: (i) the reason for the expenditure; and (ii) the cost of the expenditure and proposed scope of work. FST shall have 48 hours to respond to the request. If an affirmative response or no response is received by the Debtor, then the expenditure may be made and shall not count as a budget line item. If FST does not consent to the expenditure, it shall so advise the Debtor as to the basis for the lack of consent. FST consents to an expedited hearing on 48 hours notice.

e. The court grants the FST as adequate protection a claim in the amount of any post-petition diminution in the value of the FST's security interest in the assets of the Debtor (the "Adequate Protection Claim").

f. To secure the Adequate Protection Claim, the FST is granted replacement security interests in and liens upon (collectively, the "Adequate Protection Liens") all post-petition personal property of the Debtor and its estate and all proceeds and products of that personal property, and post-petition accounts and cash to the extent that the FST prepetition possessed a valid and perfected security interest and lien in any such accounts and/or cash (collectively, the "Post-Petition Collateral"). The foregoing Adequate Protection Liens shall not include any claims, causes of action and proceeds arising under Sections 510, 544, 546, 547, 548, 549, 550 and 551 of the Bankruptcy Code (collectively, the "Avoidance Actions"). The respective Adequate Protection Liens granted to FST in this order shall be subject only to valid, perfected, enforceable and unavoidable liens and security interests granted by the Debtor or operation of

law to any person or entity that were superior in priority to the prepetition security interests and liens held by the FST and only to the extent such prepetition liens are not otherwise subject to avoidance or subordination.

g. In addition, FST as additional security for its Adequate Protection Claim shall have an allowed claim pursuant to 11 U.S.C. §507.

h. The Debtor shall: (a) continue to keep the Collateral fully insured against all loss, peril and hazard; and (b) pay any and all post-petition taxes, assessments and governmental charges with respect to the collateral that serves as security for the FST Debt that are billed after the Petition Date.

i. FST reserves any and all objections it may have regarding the use of cash collateral, its right to adequate protection and approval of authorized budget expenditures with respect to any future hearings involving the use of cash collateral.

j. Notwithstanding anything in this order to the contrary, all rights, claims and causes of action of any sort of the Debtor and its estate against FST, including, without limitation, the rights of the Debtor or its estate to challenge the validity, extent or priority of FST's security interests in and liens upon the Prepetition Collateral and the Post-Petition Collateral, are specifically reserved.

k. The Debtor shall maintain current and updates books and records of original entry, including without limitation, records of sale, credits authorized (whether or not credit memoranda have been issued), purchases, accounts receivable, cash receipts, and cash disbursements, so that all business activity is posted to them in the ordinary course of the Debtor's business.

l. Notwithstanding Bankruptcy Rule 7062, the terms and conditions of this interim order shall: (a) be immediately enforceable pursuant to Bankruptcy Rule 8005; and (b) not be stayed absent: (i) an application by a party in interest for such stay in conformance with such Bankruptcy Rule 8005; and (ii) a hearing upon notice to the Debtor.

m. The Debtor shall forthwith serve by first-class United States Mail a copy of this interim order (which shall constitute adequate notice of the Final Hearing) upon (a) the Office of the United States Trustee; (b) FST; and (c) the Debtor's 20 largest unsecured creditors as set forth in list filed with the Debtor's petition, and any party that has filed a request to receive service in this case.

n. The hearing to consider the entry of a final order authorizing and approving the use of Cash Collateral and providing adequate protection shall be held January 28, 2011 at 11:00 a.m. All objections to the entry of a final order authorizing the use of Cash Collateral shall be filed and served so as to be received by debtor's counsel, counsel to any appointed committee and the Office of the United States Trustee, no later than January 24, 2011.

o. The court retains jurisdiction to hear and determine all matters arising from the implementation of this interim order.

Baton Rouge, Louisiana, January 5, 2011.

**s/ Douglas D. Dodd**  
DOUGLAS D. DODD  
UNITED STATES BANKRUPTCY JUDGE

**Beltway 8 Associates, LP**

Management Fees

JTS Management Co., LLC 9,313.64  
deferred by agreement

**Total Management Fees 9,313.64**

Payroll

See attached 25,668.00  
25,668.00

Administrative

AT&T (telephone deposit) 900.00  
Comcast (Internet) 270.00  
Centurion Realty Services 2,500.00  
Lexis-Nexis (Tenant Screening) 400.00  
NetShapers (Website) 55.00  
Office Depot (Office Supplies) 100.00  
Petty Cash Reimbursement 2,500.00  
Quest Communications (Long Distance) 50.00  
Quill (Office Supplies) 100.00  
Texas Messaging 70.00

**Total Administrative 6,945.00**

Marketing

AT&T Yellow Pages 64.00  
Commissions to Locators 3,000.00  
Newsletter Exchange 100.00  
Video Rental Services 200.00  
Ozarka 100.00  
Consumer Source, Inc. 1,800.00

**Total Marketing 5,264.00**

Cleaning

Cintas Corporation 300.00  
D&C Painting 1,000.00  
Republic Services 1,500.00

**Total Cleaning 2,800.00**

Repairs & Maintenance

Home Depot 1,800.00  
Cintas Corporation 300.00  
Kwal Paint 800.00  
Maintenance Supply Headquarters 200.00  
Namco Manufacturing, Inc. 300.00



**Beltway 8 Associates, LP**

Terminix	100.00	
<b>Total R &amp; M</b>		<b>3,500.00</b>
<u>Roads &amp; Grounds</u>		
Poolsure (Monthly Contract)	260.00	
Texas Lawn Works (monthly Contract)	2,660.00	
<b>Total R&amp;G</b>		<b>2,920.00</b>
<u>Security</u>		
Alarmtech (monthly monitoring)	78.00	
Alarmtech (repairs)	1,400.00	
<b>Total Security</b>		<b>1,478.00</b>
<u>Utilities</u>		
Direct Energy (January Invoice)	4,500.00	
Direct Energy (Deposit)	4,500.00	
West Harris County MUD January Invoice)	13,000.00	
West Harris County MUD (Deposit)	13,000.00	
<b>Total Utilities</b>		<b>35,000.00</b>
<u>Insurance</u>		
Imperial Credit Corporation	7,092.98	
<b>Total Insurance</b>		<b>7,092.98</b>
<u>Apartment Make Ready</u>		
GE Appliances	5,000.00	
Redi Carpet Sales of Houston	4,000.00	
<b>Total Make-Ready</b>		<b><u>9,000.00</u></b>
<b>TOTAL JANUARY PAYMENTS</b>		<b><u><u>108,981.62</u></u></b>

**WATERMARKE PAYROLL**

All employees are employees of JTS Management Company, LLC.  
 Beltway 8 Associates, LP reimburses JTS Management for all employees payroll and payroll related expenses.

	HOURLY	SALARY	Estimated Taxes & Benefits	1/14/2011	Commissions & Bonuses	1/28/2011	Jan-11
Housekeeping	11.00		880.00	1,012.00		1,012.00	2,024.00
Leasing	10.00		800.00	920.00		920.00	1,840.00
Painter	13.00		1,040.00	1,196.00		1,196.00	2,392.00
Asst. Manager	13.00		1,040.00	1,196.00		1,196.00	2,392.00
Asst. Manager	12.00		960.00	1,104.00		1,104.00	2,208.00
Acting Mgr	13.00		1,040.00	1,196.00		1,196.00	2,392.00
Make-Ready Manager	11.00		880.00	1,012.00		1,012.00	2,024.00
Punch Carpenter	18.00		1,440.00	1,656.00		1,656.00	3,312.00
Maintenance	17.25		1,380.00	1,587.00		1,587.00	3,174.00
	15.00		1,200.00	1,380.00		1,380.00	2,760.00
Estimated Commissions			1,000.00		1,150.00		1,150.00
Payroll Period End	1/8/2011		11,660.00	1,749.00	12,259.00	1,150.00	12,259.00
Payroll Period End	1/22/2011						25,668.00

Payroll Paid Date 1/14/2011  
 Payroll Paid Date 1/28/2011