

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

BURROUGHS ROADHOUSE, LLC,

Debtor.

Case No. 18-30319

Chapter 11

Hon. Daniel S. Opperman

**COVER SHEET FOR MOTION TO USE CASH
COLLATERAL OR TO OBTAIN CREDIT**

The debtor has filed a motion to use cash collateral or to obtain postpetition financing, which is attached to this Cover Sheet. In accordance with LBR 4001-2(b) (E.D.M.), the debtor has identified below, by page and paragraph number, the location in the proposed order accompanying the motion of each of the following provisions:

Provision	Contained in Proposed Order	Location in Proposed Order
(1) Provisions that grant liens on the estate's claims and causes of action arising under Chapter 5 of the Code.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __

<p>(2) Provisions that grant cross-collateralization protection to the prepetition secured creditor (i.e., clauses that secure prepetition debt with categories of collateral that were not covered by the secured party's lien prepetition) other than liens granted solely as adequate protection against diminution in value of a prepetition creditor's collateral.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Page ____, ¶ __</p>
<p>(3) Provisions that establish a procedure or conditions for relief from the automatic stay.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Page ____, ¶ __</p>
<p>(4) Provisions regarding the validity or perfection of a secured creditor's prepetition liens or that release claims against a secured creditor.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Page 17, ¶ 3 Page 18, ¶ 4 Page 22, ¶ 19</p>
<p>(5) Provisions that prime any lien without that lienholder's consent.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Page ____, ¶ __</p>
<p>(6) Provisions that relate to a sale of substantially all of the debtor's assets.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Page ____, ¶ __</p>
<p>(7) Provisions for the payment of professional fees of the debtor or any committees, including any carve-outs for such payments.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Page 18, ¶ 6 Page 21, ¶ 17</p>
<p>(8) Provisions for the payment of prepetition debt.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Page ____, ¶ __</p>

(9) Provisions that waive the debtor's exclusive right to file or solicit acceptances of a plan during the time periods specified in 11 U.S.C. § 1121.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(10) Provisions that require the debtor's plan to be on terms acceptable to the secured creditor.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(11) Provisions that require or prohibit specific terms in the debtor's plan.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(12) Provisions establishing that proposing a plan inconsistent with the order constitutes a default.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(13) Provisions that waive surcharge under 11 U.S.C. § 506(c).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(14) Provisions that address the rights and obligations of guarantors or co-obligors.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __
(15) Provisions that prohibit the debtor from seeking approval to use cash collateral without the secured creditor's consent.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 22, ¶ 19
(16) Provisions that purport to bind a subsequent trustee.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Page 19, ¶ 6 Page 19, ¶ 9
(17) Provisions that obligate the debtor to pay any of a secured creditor's professional fees.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Page ____, ¶ __

Respectfully submitted

SCHAFFER AND WEINER, PLLC

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Dated: February 12, 2018

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

BURROUGHS ROADHOUSE, LLC,

Debtor.

Case No. 18-30319

Chapter 11

Hon. Daniel S. Opperman

**FIRST DAY MOTION FOR ENTRY OF INTERIM AND FINAL ORDER
AUTHORIZING DEBTOR TO (A) USE CASH COLLATERAL;
(B) OBTAIN POST-PETITION FINANCING; (C) GRANT
SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS AND
SENIOR SECURITY INTERESTS, AND OTHER ADEQUATE
PROTECTION UNDER 11 U.S.C. §§ 361, 363, AND 364;
FED.R.BANKR.P. 4001; AND E.D. MICH. LBR 4001-2 AND 9013-1**

Burroughs Roadhouse, LLC (the “Debtor”), as the debtor and debtor-in-possession, by and through its proposed counsel, Schafer and Weiner, PLLC, for its *First Day Motion for Entry of an Interim and Final Order Authorizing Debtor to (A) Use Cash Collateral; (B) Obtain Post-Petition Financing; (C) Grant Superpriority Administrative Expense Status and Senior Security Interests, and other Adequate Protection under 11 U.S.C. §§ 361, 363, and 364; Fed. R. Bankr. P. 4001; and E.D. Mich. LBR 4001-2 and 9013-1* (the “Financing Motion”) states as follows:

I. CONCISE STATEMENT FOR REQUESTED RELIEF

1. Through this Financing Motion, the Debtor seeks entry of interim and final orders, substantially in the form attached as **Exhibit B**, (i) authorizing it to

use cash collateral and provide adequate protection under 11 U.S.C. § 363(c) and (e), (ii) authorizing it to obtain post-petition financing pursuant to the proposed DIP loan under 11 U.S.C. § 364(c), (iii) granting superpriority status to the proposed DIP lender's claim under § 364(c)(1), (iv) granting senior security interests in the Debtor's pre and post-petition assets to secure the proposed DIP lender's claim under § 364(c)(2) and (3) subject to valid, perfected and enforceable prepetition liens, and (v) authorizing the Debtor to use the proceeds of the DIP loan, and (vi) scheduling a final hearing ("Final Hearing") on this Financing Motion and establishing notice procedures in respect thereof.

2. The salient terms of the proposed Debtor-in-Possession financing (the "DIP Loan") are as follows:¹

Borrower:	Debtor
DIP Lender:	William W. Wright, James A. Wright and/or Robert Saurer (collectively, " <u>DIP Lender</u> ") ²
Amount of DIP Loan:	Up to \$50,000
Use of DIP Loan:	A revolving loan to fund operating costs and reorganization expenses
Application of Proceeds:	In addition to payments of interest, fees and costs required by the DIP Financing Agreement, Debtor is only permitted to

¹ This summary is based on the DIP Loan, as proposed in **Exhibit A**. Further, this summary is qualified in its entirety by reference to the provisions of the DIP Loan, the interim order, and the final order. The DIP Loan will control in the event of any inconsistency between this Financing Motion and the DIP Loan.

² The DIP Lender is comprised of equity members of the Debtor.

	make payments, consistent with a Budget for administrative expenses and payment of certain secured, priority and/or critical debts as may be permitted by Court order
Maturity Date:	Earlier of (i) one year from the date of entry of the order approving the relief requested in this Financing Motion or (ii) default under the terms of the DIP Loan
Interest Rate	4.5% per annum
Priority and Liens for DIP Lender:	A superpriority administrative claim under § 364(c)(1) and a lien on all assets of the Debtor not secured by a prepetition lien under § 364(c)(2) and (3) (" <u>DIP Lender Claim</u> ")
Events of Default:	The DIP Loan contains usual and customary events of default for facilities of this type
Waiver of Perfection Requirements	Interim and final Order provide for automatic perfection of DIP Lender's liens

II. GENERAL ALLEGATIONS

3. On February 10, 2018 (the "Petition Date"), the Debtor filed its Voluntary Petition under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code").³

4. Debtor is operating as a debtor-in-possession pursuant to sections 1107 and 1108.

5. James A. Wright is the Debtor's responsible person.

³Except as otherwise noted to the contrary, all section references herein are references to sections of the Bankruptcy Code.

6. No official committee of creditors holding unsecured claims or other committees have been appointed under section 1102 and no such committees are expected in this case.

7. The Debtor files this Financing Motion pursuant to sections 361, 363 and 364; Fed. R. Bankr. P. 4001; and E.D. Mich. LBR 4001-2 and 9013-1.

8. This Court has jurisdiction to grant the relief requested in this Financing Motion under 28 U.S.C. § 1334(a).

9. This matter is a core proceeding under 28 U.S.C. § 157(b)(1) and (2).

10. Venue is proper under 28 U.S.C. §§ 1408 and 1409.

III. BACKGROUND

11. The Debtor is a single-location American-style restaurant and entertainment venue in Brighton, Michigan established in 2015.

12. The *Declaration of James A. Wright in Support of the Debtor's Chapter 11 Petition and First Day Pleadings* (the "Wright Declaration") [DN 7], incorporated by reference herein, describes Debtor's operations and the events leading up to its bankruptcy.

13. The Debtor anticipates proposing a plan of reorganization under new management to continue in business.

14. On the Petition Date, the Debtor, without admission, believes that its

cash collateral as defined in § 363 (“Cash Collateral”) consists of the following:

- Cash of approximately \$746;
- Unpaid credit card receivables of approximately \$4,726; and
- Food inventory of approximately \$9,031 as of January 26, 2018; and
- Alcohol inventory of approximately \$8,922 as of January 26, 2018.

15. The Debtor’s value arises from its ongoing operation and service to its customers. Without authority to use its Cash Collateral, the Debtor will be unable to obtain the goods and services it needs to function as a restaurant and entertainment venue, such as food, beverages, and other inventory, utilities, and the services of its employees. If the relief requested herein is not granted, the Debtor will suffer immediate and irreparable harm, because, rather than preserving the business for a successful reorganization, the Debtor will be forced to immediately lock its doors and shut down entirely.

16. To the best of the Debtor’s knowledge, information, and belief, Snap Advances LLC (“Snap”) is the only creditor⁴ that may assert an interest in the

⁴ The IRS might also assert a lien on the Debtor’s Cash Collateral. Based on the Debtor’s knowledge, information, and belief, the IRS does not have such a lien. The IRS has not filed a notice of tax lien with the Michigan’s Secretary of State. *See, e.g.*, MCL 211.663(3)(a) (requiring federal liens against corporations to be filed “in the office of the secretary of state”); Internal Revenue Manual 5.12.7.5.3(7) (requiring federal liens against LLCs to be filed “in the location specified for corporations”), *available at* https://www.irs.gov/irm/part5/irm_05-012-007#idm139654206481856. However, the IRS did improperly file a notice of tax lien against the Debtor with the Livingston County Register of Deeds Office. As such, the IRS’s federal tax liens are not perfected, and, therefore, the IRS has

portion of Debtor's Cash Collateral that consists of certain future credit card receivables.⁵ Snap may assert that it is owed approximately \$70,890 as of January 29, 2018. Prior to the Petition Date, Snap received 9% of all credit card receivables, which amount was paid directly to Snap from the Debtor's credit card processor.

17. There are other secured creditors whose security interests arise in connection with certain equipment leases and/or the purchase of certain specific pieces of equipment (the "Secured Equipment Creditors"). To that extent, the Secured Equipment Creditors will claim a security interest only in the equipment of the Debtor and have no interest in any of Debtor's Cash Collateral.

18. Nothing in the Financing Motion may be construed as an admission with respect to liability for any indebtedness, nor should anything within the Financing Motion be construed as an admission with respect to the extent, status, validity and/or enforceability of any lien against any of the Debtor's assets.

no interest in the Debtor's Cash Collateral.

Additionally, Gibraltar Capital Advance, LLC ("Gibraltar") filed a financing statement that asserts an interest all of the Debtor's assets, including its Cash Collateral. Prior to the Petition Date, the Debtor fully paid its obligation to Gibraltar. Thus, Gibraltar is owed no money by the Debtor, and it has no interest in Cash Collateral.

⁵ Snap did not file a UCC-1 showing itself as a secured creditor, but DLR, Inc. may have done so in its stead. The Debtor is not indebted to DLR, Inc. in any amount, and, therefore, DLR, Inc. has no interest in Debtor's Cash Collateral. Debtor reserves all of its rights to object to the extent, amount, status, validity, perfection and/or enforceability of Snap's or DLR, Inc.'s alleged secured interests.

19. In order to maintain its working capital and cover its reorganization costs, the Debtor also requires additional post-petition financing to supplement Cash Collateral for any shortfall. Without such financing, the Debtor will suffer the same irreparable harm that it would endure without the use of its Cash Collateral.⁶

20. A cash-flow projection showing the Debtor's projected revenues and expenses in the first 60 days of these proceedings is attached as **Exhibit B** ("the Budget").

21. The amount of cash collateral and borrowings under the DIP Loan necessary to avoid immediate and irreparable harm to the Debtor before the date of the final hearing is \$177,182 (assuming seven weeks of Cash Collateral usage per the Budget) and the Debtor's authorized use of the Cash Collateral and borrowings under DIP Loan will be limited to that aggregate amount prior to the entry of a final order authoring the use Cash Collateral and the DIP Loan.

22. A substantial portion of the Debtor's value arises from its ongoing operations. The Debtor and its creditors will be harmed in the Debtor is not authorized to use its Cash Collateral and DIP Loan proceeds because, without this ability, the Debtor will not be able to make the payments set forth in the Budget and will be unable to continue its operations.

⁶ The Debtor will only use the additional post-petition financing to the extent such funds are not otherwise available from Cash Collateral.

IV. BASIS FOR RELIEF

A. **Basis for Use of Cash Collateral**

23. Section 363(c) & (e) permits a debtor to use cash collateral after a notice and hearing, if the Court finds that parties with an interest in the cash collateral are adequately protected.

24. Under § 361, “[w]hen adequate protection is required under § . . . 363 . . . such adequate protection may be provided by . . . (2) providing to such entity an . . . replacement lien to the extent that such . . . use . . . results in a decrease in the value of such entity’s interest in such property[.]”

25. As adequate protection under § 361 and § 363 for any security interests that Snap or any other secured creditor (each individually a “Secured Creditor”) asserts in the Debtor’s Cash Collateral, the Debtor offers replacement liens to the extent of any diminution in value of its prepetition Cash Collateral (“Replacement Lien”). The Replacement Lien shall be a lien on the assets which are created, acquired, or arise after the Petition Date, but limited to only those types and descriptions of collateral in which the Secured Creditor holds a prepetition lien. The Replacement Lien shall have the same priority and validity as Secured Creditor's prepetition lien.

26. As additional adequate protection to Snap, the Debtor will make monthly interest only payments to Snap equal to interest at 4.5 percent per annum

of the total amount claimed owing to Snap, which is \$266 per month. The first adequate protection payment shall be paid on February 21, 2018 and on the twenty-first (21st) day of each month thereafter.

27. Given Debtor's need to use the Cash Collateral and the adequate protection that it is offering to Snap and any other Secured Creditor, Debtor should be granted authority to use the Cash Collateral.

B. Basis for Use of DIP Financing

28. Section 364(a) authorizes a debtor "to obtain unsecured credit and incur unsecured debt in the ordinary course of business allowable under § 503(b)(1) . . . as an administrative expense.

29. Section 364(b) authorizes a debtor "after notice and a hearing . . . to obtain unsecured credit or incur unsecured debt other than under subsection (a) . . . allowable under § 503(b)(1) . . . as an administrative expense."

30. If a debtor is unable to obtain unsecured credit or incur unsecured debt under § 364(a) or (b), then a court after notice and a hearing may authorize the debtor to obtain credit or incur debt (1) with priority over any or all administrative expenses of the kind specified in § 503(b) or § 507(b), (2) secured by a lien on property of the estate that is not otherwise subject to a lien, or (3) secured by a junior lien on property of the estate that is subject to a lien under § 364(c). *See In re Garland Corp.*, 6 B.R. 456, 461 (1st Cir. BAP 1980) (indicating that secured

credit under § 364(c)(2) is authorized, after notice and a hearing, upon showing that unsecured credit cannot be obtained); In re Crouse Group, Inc., 71 B.R. 544, 549 (Bankr. E.D. Pa. 1987) (showing that a debtor seeking unsecured credit under § 364(c) must prove that it was unable to obtain unsecured credit pursuant to § 364(b)); In re Ames Dept. Stores, Inc., 115 B.R. 34, 37-39 (Bankr. S.D.N.Y. 1990) (recognizing that a debtor must show that it has made a reasonable effort to seek other sources of financing under § 364(a) and (b)).

31. To show that the credit required is not obtainable on an unsecured basis under § 364(a) or (b), a debtor need only demonstrate “by a good faith effort that credit was not available” without the protections afforded to potential lenders under § 364(c) or (d). Bray v. Shenandoah Fed. Sav. & Loan Ass'n (In re Snowshoe Co.), 789 F.2d 1085, 1088 (4th Cir. 1986). Thus, “[t]he statute imposes no duty to seek credit from every possible lender before concluding that such credit is unavailable.” Id.; *see also Ames*, 115 B.R. at 40 (holding that the debtor made a reasonable effort to secure financing when it selected the least onerous financing option from the remaining two lenders).

32. Here, the Cash Collateral will be insufficient to pay all of the Debtor’s post-petition, on-going expenses including, without limitation, payments to vendors, employees, and those amounts necessary to fund the administrative expenses of this Chapter 11 case.

33. The Debtor made a good faith effort, but was unable to obtain sufficient unsecured credit or incur sufficient unsecured debt under § 364(a) or (b) to cover its ongoing operating expenses.

34. The Debtor was also unable to find needed financing on terms more favorable than those being offered by the DIP Lender. The Debtor is unable to obtain its necessary financing *without* granting the DIP Lender's claims priority status over administrative expenses of the kind specified in § 503(b) and § 507(b) in accordance with § 364(c)(1).

35. The Debtor was also unable to find financing elsewhere that exceeds or matches the DIP Lender's ability to quickly close the loan and provide the necessary funding.

36. The Debtor negotiated the DIP Loan with the DIP Lender in good faith and in its best business judgment. Courts grant a debtor considerable deference in acting in accordance with its business judgment. *See, e.g., Bray*, 789 F.2d at 1088 (approving debtor in possession financing necessary to sustain seasonal business); *Ames*, 115 B.R. at 40

(cases consistently reflect that the court's discretion under § 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit parties in interest).

37. The terms and conditions of the proposed DIP Loan (i) are fair and reasonable; (ii) reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties; (iii) are supported by reasonably equivalent value and fair consideration; (iv) the product of the parties' good-faith negotiations; (v) are the best available to Debtor under current market conditions and financial circumstances of Debtor; and (vi) are in the best interests of the Debtor and all other parties in interest.

38. Based upon the foregoing and reasoning provided below, the Court should approve the DIP Loan under the terms of the Interim Order.

**ESTABLISHING NOTICE PROCEDURES
AND SCHEDULING FINAL HEARING**

39. Notice of this Financing Motion will be given to (a) the Office of the United States Trustee for the Eastern District of Michigan, (b) identified secured creditors, (c) the Debtor' twenty (20) largest unsecured creditors, and (d) the DIP Lender. In light of the nature of the relief requested, the Debtor submits that no further notice is required.

40. The Debtor further respectfully requests that the Court schedule the Final Hearing for Thursday, February 15, 2018, and authorize it to serve copies of the signed interim order, which fixes the time, date and manner for the filing of objections, to (i) the Office of the United States Trustee for the Eastern District of

Michigan; (ii) counsel for official committee(s), if any; (iii) identified secured creditors; (iv) the proposed DIP Lender; (v) the Debtor's twenty (20) largest unsecured creditors; and (vi) any party that has filed, prior to entry of the proposed interim order, a request for notices with this Court. The Debtor requests that the Court consider such notice of the Final Hearing to be sufficient notice under Bankruptcy Rule 4001.

41. No previous request for the relief sought herein has been made to this Court or any other court.

CONCLUSION

42. For the foregoing reasons, the Debtor respectfully requests that the Court grant this Financing Motion.

WHEREFORE, the Debtor respectfully requests that this Court enter an order substantially in the form attached as **Exhibit A**, and provide the Debtor with such other and further relief as is just and proper.

Respectfully submitted

SCHAFER AND WEINER, PLLC

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Dated: February 12, 2018

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

BURROUGHS ROADHOUSE, LLC,

Debtor.

Case No. 18-30319

Chapter 11

Hon. Daniel S. Opperman

**INTERIM ORDER GRANTING FIRST DAY MOTION FOR
ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING
DEBTOR TO (A) USE CASH COLLATERAL; (B) OBTAIN
POST-PETITION FINANCING; (C) GRANT SUPERPRIORITY
ADMINISTRATIVE EXPENSE STATUS AND SENIOR
SECURITY INTERESTS, AND OTHER ADEQUATE
PROTECTION UNDER 11 U.S.C. §§ 361, 363, AND 364;
FED.R.BANKR.P. 4001; AND E.D. MICH. LBR 4001-2 AND 9013-1**

Upon First Day Motion for Entry of an Interim and Final Order Authorizing Debtor to (A) Use Cash Collateral; (B) Obtain Post-Petition Financing; (C) Grant Superpriority Administrative Expense Status and Senior Security Interests, and other Adequate Protection under 11 U.S.C. §§ 361, 363, and 364; Fed. R. Bankr. P. 4001; and E.D. Mich. LBR 4001-2 and 9013-1 (the “Financing Motion”) filed by Burroughs Roadhouse, LLC (the “Debtor”); the Court having scheduled a hearing (the “Final Hearing”) to consider entry of a final order (the “Final Order”) with respect thereto; due and sufficient notice of the Financing Motion and the preliminary hearing thereon (the “Preliminary Hearing”) having been given under the circumstances; the Preliminary Hearing having been held; and upon the entire

record made that the Preliminary Hearing; the Court having reviewed the Financing Motion and the exhibits thereto; and the Court having found good and sufficient cause thereof and being otherwise fully advised in the premises;

THE COURT HEREBY FINDS:

1. On February 9, 2018 (“Petition Date”), the Debtor filed its voluntary petition under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”).

2. The Debtor is operating as a debtor and debtor-in-possession under 11 U.S.C. §§ 1107 and 1108, with continued possession of its assets.

3. No official committee of creditors holding unsecured claims or other committee has been appointed under 11 U.S.C. § 1102.

4. This Court has jurisdiction over this Chapter 11 case and the Financing Motion pursuant to 28 U.S.C. § 157(b) and 1334. Consideration of the Financing Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

5. The Debtor requires the use of the Cash Collateral¹ and, to the extent that Cash Collateral is insufficient to fund operations, acquisition and use of the DIP

¹ All capitalized terms not defined in this Order shall have the meanings ascribed to them in the Financing Motion.

Loan being offered by DIP Lender to maintain Debtor's operations and maximize its value.

6. The Debtor is unable to obtain unsecured credit or secured financing on terms more favorable to those provided by the DIP Loan.

7. The relief provided herein is necessary, essential and appropriate for the operation of Debtor's business and the management and preservation of its assets, and is otherwise necessary to avoid immediate and irreparable harm to the Debtor and the estate pending the Final Hearing on the Financing Motion;

8. Debtor provided notice of the initial hearing on the Financing Motion by serving notice in accordance with E.D. Mich. LBR 9013-1, which is appropriate, adequate and proper under the circumstances of this case and in accordance with Fed.R.Bankr.P. 4001(b) and E.D. Mich. LBR 4001-2;

WHEREFORE, THE COURT HEREBY ORDERS:

1. The Financing Motion is GRANTED;
2. The Debtor is authorized to use Cash Collateral and grant adequate protection in accordance with the Budget and terms of the Financing Motion, and such authority continues until further order of the Court;
3. As adequate protection under section 363 and 361 of the Bankruptcy Code for any security interest that Snap, and any other secured creditors ("Secured Creditor") that may assert in the Cash Collateral of the Debtor, to the extent that the

Debtor uses such Cash Collateral and does not replace it, are hereby granted Replacement Liens in all types and descriptions of collateral that were properly secured and perfected under the applicable, valid and enforceable pre-petition loan documents, which are created, acquired, or arise after the Petition Date;

4. As additional adequate protection, the Debtor shall make monthly payments to Snap in the amount of \$266 beginning on February 21, 2018 and continuing on the twenty-first (21st) day of each month thereafter until further order of this Court. Notwithstanding the forgoing, the Debtor preserves all its rights to contest the validity, extent, status, amount, priority and/or enforceability of the claim(s) of Snap, DLR, Inc. or any other Secured Creditor;

5. To the extent that Cash Collateral is unavailable or insufficient to funds operations, the Debtor is also authorized to acquire and use the DIP Loan financing under the terms of the Financing Motion and Budget;

6. DIP Lender's claim arising from issuance of the DIP Loan shall have the highest administrative priority under 11 U.S.C. § 364(c), subordinate only to the administrative claims of the Debtor's professionals. Except with respect to the administrative claims of the Debtor's professionals, the DIP Lender's claim shall have priority over all other costs and expenses of administration of any kind, including those specified in, or ordered pursuant to, 11 U.S.C. §§ 105, 326, 330, 331, 503(b), 507(a) or (b), 726 or any other provision of the Bankruptcy Code or

otherwise (whether incurred in the Chapter 11 case or any successor case), and shall, to the extent permitted by the Bankruptcy Code, at all times be senior to the rights of the Debtor, any successor trustee or estate representative in this Chapter 11 case or any successor case;

7. Pursuant to 11 U.S.C. § 364(c)(2) and (3), DIP Lender's claim arising from issuance of the DIP Loan shall be secured by a senior, valid, and perfected lien on all of the Debtor's pre- and post-petition assets in every kind and nature whatsoever that are unencumbered by a prepetition lien;

8. The lien granted to the DIP Lender shall be, and hereby is, deemed duly perfected and recorded under all applicable federal or state or other laws as of the date hereof, and no notice, filing, mortgage recordation, possession, further order, landlord or warehousemen lien waivers or other third-party consents or other act, shall be required to effect such perfection. The DIP Lender may (in its discretion) but shall not be required to, file a copy of this Order together with a copy of the DIP Loan agreement, in any filing or recording office in any county or other jurisdiction in which the Debtor has real or personal property and such filing or recording shall be accepted and shall constitute further evidence of perfection of the DIP Lender's liens and security interests in the Debtor's assets;

9. To the extent of any borrowing, the provisions of this Order and the DIP Loan agreement shall be binding upon and inure to the benefit of the DIP

Lender, the Debtor, and their respective successors and assigns (including any trustee or other estate representative appointed as a representative of the Debtor's estate or of any estate in any successor case);

10. Within seven (7) days before the expiration of the Budget, Debtor shall file a replacement Budget with the Court, which shall then become the Budget;

11. Pending entry of a final order, the Debtor may use Cash Collateral and, to the extent Cash Collateral is unavailable, acquire and use the DIP Loan financing in accordance with the line item amounts set forth in the Budget, with a 10% variance in each line item;

12. The total amount of Cash Collateral and DIP Loan financing needed in order for Debtor to avoid immediate and irreparable harm before the date of the final hearing or the date this Order becomes a final order (in the absence of a timely objection and final hearing) is \$177,182;

13. Debtor's authorized use of Cash Collateral and DIP Loan financing is limited to \$177,182 prior to the entry of a final order authorizing such use or the time this Order becomes a final order, as the case may be;

14. Debtor shall, within twenty-four (24) hours following the entry of this Order, serve copies of the Financing Motion and this Order on the Office of the United States Trustee's Office, the twenty largest unsecured creditors, all identified

secured creditors, the DIP Lender, and all other parties who are required to be served under Rule 4001(d);

15. All parties seeking to object to this Order must file a written objection within fourteen (14) days after the entry of this Order. If an objection is timely filed, the final hearing on this Order will be held before the Honorable Daniel S. Opperman at the United States Bankruptcy Court in the Eastern District of Michigan, Michigan, located at 226 W. 2nd St., Flint, Michigan 48502, on February _____, 2018 at _____ .m. If no timely objection is filed, then this Order will become a final order without a further hearing, and the Debtor will be authorized to spend for those expenses referenced in the Financing Motion as well as any other expenses necessary for operating the business in the ordinary course going forward;

16. Debtor's authority to use Cash Collateral and, to the extent Cash Collateral is unavailable or insufficient, acquire and use the DIP Loan financing shall continue until otherwise ordered by this Court;

17. Debtor is also authorized to escrow professional fees, as more fully set forth in *Debtor's Application for Authority to Hire Schafer and Weiner, PLLC, as Counsel for Debtor and Debtor in Possession*. The first escrow payment shall take place no later than February 14, 2018 and on the 14th day of each month thereafter;

18. If the Chapter 11 bankruptcy case is dismissed or converted, the DIP Lender's rights and remedies under this Order and the DIP Loan agreement shall be

and remain in full force and effect as if such Chapter 11 Case had not been dismissed or converted. Furthermore, notwithstanding any such dismissal, conversion, rescission, all of the terms and conditions of this Order and the DIP Loan agreement, including, without limitation, the liens and the priorities granted hereunder and thereunder shall remain in full force and effect;

19. Except as permitted by this Order, the Debtor shall not, without the DIP Lender's prior consent, seek to modify, vacate or amend this Order or the DIP Loan agreement. If any of the provisions of this Order or the DIP Loan agreement are hereafter modified, vacated or stayed by subsequent order of this or any other Court, such stay, modification or vacation shall not affect the validity of any post-petition indebtedness outstanding immediately prior to the effective time of such stay, modification or vacation, or the validity and enforceability of any lien, priority, right, privilege or benefit authorized hereby with respect to any such indebtedness;

20. The Court has considered and determined the matters addressed herein pursuant to its powers under the Bankruptcy Code, including the power to authorize the Debtor to obtain credit on the terms and conditions upon which the Debtor and the DIP Lender have agreed. Thus, each of such term and conditions constitutes a part of the authorization under § 364 of the Bankruptcy Code, and is, therefore, subject to the protections contained in § 364(e) of the Bankruptcy Code;

21. If a final order substantially identical to this Order is not entered or a final order substantially identical to the interim order entered contemporaneously herewith is not entered, all post-petition indebtedness shall be immediately due and payable, the DIP Loan shall terminate and the DIP Loan agreement shall terminate. The DIP Lender shall be entitled to the benefits of the DIP Loan Agreement for the period prior to such expiration, but on and after the expiration, the parties shall no longer be bound by the DIP Loan Agreement and the Debtor shall be free to seek the use of cash collateral or alternative post-petition financing from the Court;

22. To the extent any provisions in this Order or the DIP Loan agreement conflict with any provisions of the Financing Motion, the DIP Loan agreement and the provisions of this Order shall control;

23. All objections to the entry of this Order have been withdrawn or overruled; and

24. This Order is effective immediately.

EXHIBIT B**DIP Loan between BURROUGHS ROADHOUSE, LLC (the “Debtor”), a Debtor-in-Possession, and JAMES A. WRIGHT individually, WILLIAM W. WRIGHT individually, and ROB SAUERS individually (collectively, “Lender”)**

1. Loan amount. Lender agrees to make available, in its discretion, a revolving loan to Debtor in an amount not to exceed Fifty Thousand Dollars (\$50,000.00) (the “Loan”) on a request-by-request basis.
2. Term. The Loan shall become due and payable in full on the earlier of (i) the effective date of a Plan of Reorganization, (ii) the first anniversary of entry of the Order approving the Loan, (iii) there is a default under the terms of the Order approving these terms or any other Order of the Court, including an Order approving Debtor’s use of cash collateral, (iv) a sale of substantially all of the assets of the Debtor, (v) a conversion or dismissal of the bankruptcy case, or (vi) the appointment of a Chapter 11 trustee.
3. Interest Rate. Any amount drawn on the Loan and outstanding shall bear interest at the rate of four and one-half percent (4.5%) per annum (the “Interest Rate”); and upon the event of a default by the Debtor and the expiration of any applicable cure period, the interest rate shall increase to nine percent (9%) per annum (the “Default Interest Rate”).
4. Payment Terms. Debtor shall accrue interest to Lender on all amounts drawn on the Loan on a monthly basis. Interest on the unpaid balance shall accrue at the Interest Rate. Thirty (30) days after written demand from the Lender, the Debtor shall pay to Lender all then-accrued interest and begin to make equal monthly payments to Lender of principal and interest calculated using a ten (10) year amortization.
5. Security. Debtor shall grant to Lender with an all asset security interest junior to any valid secured creditor on all prepetition collateral, and senior to all administrative and priority claims pursuant to 11 U.S.C. §§ 503(b) and 507. Notwithstanding the forgoing, the liens granted hereunder are subordinate to the administrative claims of the Debtor’s professionals appointed in the Debtor’s Chapter 11 Case.
6. Negative Covenants. Debtor shall not incur any secured indebtedness without the express written consent of the Lender until the Loan is fully and finally retired.
7. Events of Default. In addition to those terms contained in paragraph 2 of this agreement, the Loan shall become immediately due and payable in full on the occurrence of any one or more of the following events of default:
 - a. Nonpayment of any installment of principal or of interest on the Loan for a period of ten days after it shall have become due and payable, whether at maturity, by notice of intention to prepay, or otherwise;

- b. Failure to observe or perform any term, covenant, or agreement contained in this Exhibit or Order for a period of ten days or more;
 - c. Discovery that a representation or warranty made by the Debtor in the Final Agreement or in any certificate, report, or opinion delivered pursuant to the Final Agreement was incorrect in any material respect when made;
8. Default: Upon a default, interest shall accrue at the Default Interest Rate; and upon a default, Debtor shall be responsible for all costs, fees and expenses including all professional fees incurred by the Lender.
9. Notice: If the Lender declares a default, notice of the declaration of default shall not be effective until it is filed with the Bankruptcy Court.

BURROUGHS ROADHOUSE LLC

JAMES A. WRIGHT, INDIVIDUALLY

By: _____
 Name: James A. Wright
 Its: Managing Member
 Debtor

By: _____
 Name: James A. Wright
 Lender

WILLIAM W. WRIGHT, INDIVIDUALLY

ROB SAUERS, INDIVIDUALLY

By: _____
 Name: William W. Wright
 Lender

By: _____
 Name: Rob Sauers
 Lender

Burroughs Roadhouse, LLC

Cash Collateral Budget

In-flows	February 2018	March 2018
Cash	\$900	\$900
Undeposited cc receivables	\$8,100	\$8,100
Food and beverage sales	\$42,322	\$49,447
Alcohol sales	\$32,476	\$34,553
Total in-flows	\$83,684	\$93,800
Out-flows		
Food/beverage	\$29,068	\$33,904
Alcohol	\$12,492	\$13,065
Telephone	\$250	\$250
Cable/Satellite	\$139	\$139
Electric/gas	\$3,368	\$3,368
Water/Sewer	\$745	\$745
Waste removal	\$310	\$310
Non-media promotions	\$200	\$200
Media advertising	\$1,703	\$1,703
Insurance	\$2,000	\$2,000
Rent	\$3,500	\$3,500
Outside services	\$500	\$500
Repairs/Misc supplies	\$500	\$500
Payroll (including tax)	\$27,000	\$27,000
Legal	\$3,000	\$3,000
Accounting	\$1,000	\$1,000
Adequate Protection/Snap	\$266	\$266
Utility – Adequate Protection	-0-	\$2,251
Total out-flows	\$86,041	\$91,141
Profit/loss	\$(2,243)	\$99

Cash Collateral Analyses

Cash Collateral category	Petition date	Feb 28, 2018	Mar 31, 2018
Cash	\$746	\$900	\$900
CC Receivables	\$4,726	\$8,100	\$8,100
Food Inventory	\$9,031	\$6,321	\$6,400
Alcohol Inventory	\$8,922	\$9,000	\$9,000