

1 Lenard E. Schwartzer
Nevada Bar No. 0399
2 Jeanette E. McPherson
Nevada Bar No. 5423
3 Jason A. Imes
Nevada Bar No. 7030
4 Schwartz & McPherson Law Firm
5 2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
6 Telephone: (702) 228-7590
7 Facsimile: (702) 892-0122
E-Mail: bkfilings@s-mlaw.com
8 *Proposed* Attorneys for Debtor and Debtor in Possession

9 **UNITED STATES BANKRUPTCY COURT**

10 **DISTRICT OF NEVADA**

11 In re:
12 CAREFREE WILLOWS, LLC,
13 Debtor.

Case No. BK-S-10-29932-MKN
Chapter 11

**EMERGENCY MOTION FOR AN
ORDER AUTHORIZING THE USE OF
CASH COLLATERAL ON AN INTERIM
AND CONTINUING BASIS**

Date: OST Requested
Time: OST Requested

17
18 CAREFREE WILLOWS, LLC, the debtor and debtor-in-possession (“Debtor”) in the
19 above-captioned chapter 11 case, by and through undersigned proposed counsel and pursuant to 11
20 U.S.C. § 363, hereby files this Emergency Motion For An Order Authorizing The Use Of Cash
21 Collateral On An Interim And Continuing Basis (“Motion”). This Motion is made and based upon
22 11 U.S.C. § 363, Fed. R. Bankr. P. 4001(b) and 9014, and Rules 4001 and 9014 of the Local Rules
23 of Bankruptcy Procedure (the “Local Rules”). As set forth in the Motion, the Debtor respectfully
24 requests that this Court enter an order authorizing the use of cash collateral on an interim and
25 continuing basis. **The Debtor seeks leave to utilize the revenue generated by its senior**
26 **housing complex (the “Revenue”) to maintain the senior housing complex, management and**
27 **employees, provide services to the tenants, for payment of maintenance expenses, real estate**
28 **taxes, insurance premiums, utilities incurred by the senior housing complex, and for no**

SCHWARTZER & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

1 **other purposes. The proposed budget is attached hereto as Exhibit “1.” The balance of the**
2 **Revenue collected will be segregated and not used for other purposes.**

3 This Motion is made and based upon the Points and Authorities set forth herein, the
4 Declaration of Kenneth Templeton filed concurrently herewith, and the oral arguments of counsel
5 the Court may wish to entertain at a hearing on the Motion, if any.

6 **POINTS AND AUTHORITIES**

7 **FACTS**

8 1. The Debtor is the owner of an existing 300 unit senior housing complex, located at
9 3250 S. Town Center Drive, Las Vegas, Nevada (the “Property”).

10 2. On October 21, 2010 (the “Petition Date”), the Debtor commenced this case by
11 filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

12 3. By a deed of trust and assignment of rents¹ between Debtor and Union Bank of
13 California (“Secured Creditor”), Debtor granted Secured Creditor a security interest in, among
14 other things, the revenue Debtor collects. Accordingly, the monthly revenue collected from the
15 residents at Carefree Willows senior housing complex constitute the Secured Creditor’s cash
16 collateral (“Cash Collateral”).

17 4. The Debtor request authority to use the Secured Creditor’s Cash Collateral pursuant
18 to 11 U.S.C. § 363 to **maintain the senior housing complex, management and employees,**
19 **provide services to the tenants, for payment of maintenance expenses, real estate taxes,**
20 **insurance premiums, and utilities incurred by the senior housing complex and for no other**
21 **purposes.** The balance of the revenue collected will be segregated.

22 5. At this senior housing complex, the management provides services to the tenants
23 that go far beyond the services provided at regular senior housing complexes. The provision of
24 these services is the basis for charging rental rates above the rates charged by regular senior
25 housing complexes. The services provided includes:

26 _____

27 ¹ The Debtor notes that it hereby reserves any rights to dispute the amount, validity and priority of
28 any of the deeds of trust and assignments of rents.

SCHWARTZ & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

SCHWARTZ & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

- 1 • Daily breakfasts
- 2 • Planned daily activities and social events
- 3 • On-site banking, beauty and barber salon, and pharmacy delivery
- 4 • Vital health screenings, education and wellness seminars
- 5 • Social events and excursions
- 6 • Free email and internet access
- 7 • Complimentary transportation to grocery stores, drug stores, banks, restaurants, sports
- 8 events, and entertainment venues

9 6. Allowing the Debtor to continue to use the Cash Collateral to operate its business
10 allows the Debtor to exist and attempt to reorganize its debt. Doing so allows the Debtor to
11 maximize the value of the Debtor based upon operating performance that will allow the Debtor to
12 maintain its “going concern value.”

13 7. The Debtor’s anticipated revenue and expenses for the senior housing complex
14 over the next 6 months are expected to be more than sufficient to pay for the maintenance
15 expenses, tenant services, real estate taxes, insurance premiums, and utilities incurred by the
16 senior housing complex.

17 8. Allowing the Debtor to continue to use the revenue to maintain the senior housing
18 complex will provide time for the Debtor to attempt to reorganize its debts.

19 9. Moreover, the Secured Creditor is protected by a replacement lien under 11 U.S.C.
20 § 361 in proceeds of the same postpetition collateral, to the extent that: 1) the Secured Creditor’s
21 prepetition interest is valid and nonavoidable, and 2) prepetition cash and proceeds are utilized by
22 the Debtor in this case. The priority of this replacement lien will be the same as its prepetition
23 priority.

24 10. Accordingly, the Secured Creditor should approve the Debtor’s use of Cash
25 Collateral with ordinary monthly operating reporting and ordinary replacement liens. If the
26 Secured Creditor does not consent, the Debtor asks the Court to grant this Motion over the
27 Secured Creditor’s objection. Absent authorization to use cash collateral, the Debtor will have
28 insufficient cash available to maintain the senior housing complex, provide tenant services, and

SCHWARTZ & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

1 preserve the value of the Debtor's estate.

2 11. By making this Motion, the Debtor is not waiving: (a) the right to dispute the issue
3 of what portion, if any, of its funds are cash collateral or the right to dispute the debt or lien of any
4 creditor, (b) the right to seek Court authority to compensate professionals retained by the estate,
5 (c) any rights to surcharge any collateral, (d) any rights to challenge the extent, priority or validity
6 of any lien secured by the business, or (e) any right to avoid any lien secured by the business
7 pursuant to 11 U.S.C. §§ 542 to 551.

8 12. Bankruptcy Rule 4001(b) governs the procedure for consideration of motions to use
9 cash collateral. Rule 4001(b)(2) provides for an expedited consideration of a request for interim
10 use of cash collateral pending a final hearing.

11 13. The Ninth Circuit Court of Appeals has recognized that immediate interim relief
12 may be crucial to the success of a corporate reorganization:

13 We realize that in certain circumstances, the entire reorganization effort
14 may be thwarted if emergency leave is withheld and that reorganization
15 under the Bankruptcy Code is a perilous process, seldom more so that at
16 the outset of the proceeding when the debtor is often without sufficient
17 cash flow to fund a central business operation. *In re Sullivan Ford*
18 *Sales*, 2 B.R. 350; 355 (Bankr. D. ME 1986). It is for this reason that
Congress specified that hearings concerning the use of cash collateral
'shall be scheduled in accordance with the needs of the debtor.' 11
U.S.C. §363(c)(3).

19 *In re Center Wholesale, Inc.*, 795 F.2d 1440, 1449 n 21 (9th Cir. 1985).

20 13. Because the Debtor's cash needs are immediate and absent satisfying those needs,
21 the Debtor will be forced to terminate maintenance of the senior housing complex and the
22 provision of tenant services, and minimizing the potential value of its estate for creditors, the
23 Debtor has demonstrated "immediate and irreparable" harm to the estate absent emergency
24 consideration of the relief requested in this Motion.

25 **NOTICE**

26 **Notice With Respect to Interim Hearing**

27 14. The Debtor will provide a copy of the Motion and the Notice of Hearing by mail to
28 the Secured Creditor, its counsel, and other interested parties.

SCHWARTZ & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

INTERIM RELIEF REQUESTED

(Expedited Hearing Requested)

15. Within the meaning of F.R.B.P. 4001(b)(2), the court may conduct a final hearing on a motion for authority to use cash collateral no earlier than fourteen (14) days following service of the Motion, but if requested, the Court may conduct an interim hearing within such interim period and authorize credit to the extent necessary to avoid imminent and irreparable harm to the estate pending a final hearing. Without the use of the cash collateral, the Debtor may be in danger of not being able to immediately meet its liquidity needs, jeopardizing the going concern value of the Debtor. If the Debtor is able to use the cash collateral, then the Debtor believes it will be able to continue to maintain the senior housing complex and provide tenant services through confirmation of a plan of reorganization or liquidation.

16. The Debtor respectfully requests that this Court conduct an expedited interim hearing and authorize the Debtor to use the cash collateral as requested herein.

FINAL HEARING REQUESTED

17. The Debtor respectfully requests an interim hearing by the Court, on an emergency basis, to be followed by a final hearing not less than fourteen (14) days thereafter.

STATEMENT OF EXIGENT CIRCUMSTANCES

18. The Debtor requests that the interim hearing requested herein be considered on an emergency basis because the relief requested is critical to the administration of its estate and to the operation and maintenance of the senior housing complex.

Memorandum of Law

11 U.S.C. § 363(c)(2) provides that:

The Trustee may not use, sell, or lease cash collateral under paragraph 1 (of this subsection) unless-

- (A) Each entity that has an interest in such cash collateral consents; or
- (B) The Court, after notice in a hearing, authorizes such use, sale, or lease in accordance with the provisions of this Section.

SCHWARTZ & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

1 Assuming a debtor-in-possession or trustee requires court authorization for use of cash
2 collateral, then 11 U.S.C. § 361 provides, in pertinent part, as follows:

3 When adequate protection is required under Sections 362, 363, or 364 of this Title
4 of an interest of an entity in property, such adequate protection may be provided
5 by:

6 (2) Providing to such entity an additional or replacement lien to the extent that such
7 stay, use, sale, lease, or grant results in a decrease in the value of such entities'
8 interest in such property...

9 11 U.S.C. § 363(e) provides that, upon request of an entity that has an interest in property
10 to be used by a debtor, the court “shall prohibit or condition such use . . . as is necessary to provide
11 adequate protection of such interest.” *Id.*

12 Courts have considered “adequate protection” a concept which is to be decided flexibly on
13 the proverbial “case-by-case” basis. *In re O’Connor*, 808 F.2d 1393, 1397 (*citing In re Martin*,
14 761 F.2d 472 (8th Cir. 1985); *In re Monroe Park*, 17 B.R. 934 (D.C. Del. 1982)).

15 “Since ‘value’ is the linchpin of adequate protection, and since value is a function of many
16 factual variables, it logically follows that adequate protection is a question of fact.” *Id.* (*citing In*
17 *re Martin*, 761 F.2d at 472; *In re George Ruggiere Chrysler-Plymouth, Inc.*, 727 F.2d 1017 (11th
18 Cir. 1984). In order to encourage the Debtor’s efforts in the administration period prior to the
19 proposal of a reorganization plan, the court should be flexible in applying the adequate protection
20 standard. *O’Connor*, 808 F.2d at 1398 (*citing Martin*, 761 F.2d at 476). In doing so, however,
21 care must be exercised to ensure that the vested property rights of the secured creditor are not
22 eroded, and the values and risks bargained for by that creditor prior to bankruptcy are not
23 detrimentally affected. *Id.*

24 The Debtor submits that the use of the Cash Collateral solely for the maintenance of the
25 senior housing complex, provision of tenant services, utilities, insurance premiums, real estate
26 taxes and fees is in the best interest of the Secured Creditor, the residents of the senior housing
27 complex, and the Debtor’s estate. The use of the Cash Collateral will allow the Debtor to continue
28 to fund the operation of the senior housing complex in the ordinary course, and preserve and
enhance the value of the senior housing complex for the benefit of the Secured Creditor and the

1 Debtor's estate.

2 Under the circumstances set forth herein, the granting of the relief requested by this
3 Motion is warranted. The Secured Creditor's lien position is best protected by the maintenance of
4 the senior housing complex, the retention of the residents, and by virtue of the replacement lien in
5 the post-petition revenue and its liens on the property of the Debtor.

6 **CONCLUSION**

7 In consideration of the foregoing, Debtor respectfully requests that the Court (i) set an
8 emergency hearing, (ii) enter the proposed Interim Order permitting interim the use of cash
9 collateral on the terms and conditions set forth therein, (iii) set a hearing date for entry of a final
10 order permitting the use of cash collateral, and (iv) grant such other relief as the Court deems
11 appropriate.

12 Pursuant to LR 9021, a proposed form of order is attached as **Exhibit "2."**

13 Dated this 22nd day of October, 2010.

14
15 /s/ Lenard E. Schwartz
16 Lenard E. Schwartz, Esq.
17 Schwartz & McPherson Law Firm
18 2850 South Jones Boulevard, Suite 1
19 Las Vegas, Nevada 89146-5308
20 Proposed Attorneys for Debtor and
21 Debtor in Possession
22
23
24
25
26
27
28

SCHWARTZER & MCPHERSON LAW FIRM
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

EXHIBIT “1”

Carefree Willows LLC Projected Operating Budget and Cash Flow

	November-10 Budget	December-10 Budget	January-11 Budget	February-11 Budget	March-11 Budget	April-11 Budget	Total Budget
Property Income							
4011 Rental Income	\$287,000	\$289,870	\$292,769	\$295,696	\$298,653	\$301,640	\$1,765,628
4020 Rent Concessions	(\$59,000)	(\$58,410)	(\$57,826)	(\$57,248)	(\$56,675)	(\$56,108)	(\$345,267)
4021 Guest Suite Income	\$6,200	\$6,200	\$6,200	\$6,200	\$5,600	\$4,000	\$34,400
4025 Beauty Shop Income	\$200	\$200	\$200	\$200	\$200	\$200	\$1,200
4360 Garage Rent	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$12,600
4365 Appliance Rent/Sale	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$13,800
4370 Pet Rent	\$650	\$650	\$650	\$650	\$650	\$650	\$3,900
4501 Application Fee	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800
4502 Smokers Fee Charge	\$350	\$350	\$350	\$350	\$350	\$350	\$2,100
4503 Pet Fee Non Refundable	\$750	\$750	\$750	\$750	\$750	\$750	\$4,500
4504 Forfeited Security Deposits	\$600	\$600	\$600	\$600	\$600	\$600	\$3,600
4506 Material Recovery	\$600	\$600	\$600	\$600	\$600	\$600	\$3,600
4510 Community Fee	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000
4511 Termination Fee	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$12,000
4520 Vending/Laundry Income	\$120	\$120	\$120	\$120	\$120	\$120	\$720
4522 Parking Income	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$6,000
4540 Late Fee	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000
4541 NSF Charges	\$50	\$50	\$50	\$50	\$50	\$50	\$300
Total Property Income	\$246,220	\$249,680	\$253,163	\$256,669	\$259,598	\$261,551	\$1,526,881
Property Operating Expenses							
6210 Newspaper	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$16,200
6221 Magazine Advertising	\$950	\$950	\$950	\$950	\$950	\$950	\$5,700
6222 Internet Advertising	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$10,800
6223 Yellow Pages	\$150	\$150	\$150	\$150	\$150	\$150	\$900
6224 TV Advertising	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$4,300	\$25,800
6230 Other Advertising	\$18	\$18	\$18	\$18	\$18	\$18	\$108
6231 Direct Mail Advertising	\$75	\$75	\$75	\$75	\$75	\$75	\$450
6235 Flags Banners Signs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6236 Referral Fees	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800
6237 Resident Retentions	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$6,000
6243 Brochures	\$200	\$200	\$200	\$200	\$200	\$200	\$1,200
6305 Electric	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$30,000
6306 Gas	\$800	\$800	\$800	\$800	\$800	\$800	\$4,800
6307 Water	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$14,400
6308 Sewer	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$3,538	\$21,228
6309 Garbage	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300	\$13,800
6310 Cable TV	\$34	\$34	\$34	\$34	\$34	\$34	\$204
6401 Activities Expense	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$16,800
6402 Shuttle Expenses	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$8,160
6403 Other Activity Expenses	\$900	\$900	\$900	\$900	\$900	\$900	\$5,400
6405 Activities Recovery	(\$400)	(\$400)	(\$400)	(\$400)	(\$400)	(\$400)	(\$2,400)
6406 Lunch Program	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6510 Landscaping	\$4,050	\$2,550	\$2,550	\$2,550	\$2,550	\$4,050	\$18,300
6511 Pool/Fountain	\$700	\$700	\$700	\$700	\$700	\$700	\$4,200
6512 HVAC	\$400	\$400	\$400	\$400	\$400	\$400	\$2,400
6513 Appliance Repairs	\$150	\$150	\$150	\$150	\$150	\$150	\$900
6514 Electrical	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800
6515 Plumbing	\$200	\$200	\$200	\$200	\$200	\$200	\$1,200
6516 Parking/Sidewalk Maintenance	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6518 Gates/Fencing/Walls	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6519 Lighting	\$300	\$300	\$300	\$300	\$300	\$300	\$1,800
6520 Elevators	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$18,000
6521 Fire Safety System	\$700	\$700	\$700	\$700	\$700	\$700	\$4,200
6522 Keys/Locks	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6523 Painting	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6524 Windows	\$50	\$50	\$50	\$50	\$50	\$50	\$300
6525 Carpet Cleaning/Repairs	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6529 General Repairs & Maintenance	\$150	\$150	\$150	\$150	\$150	\$150	\$900
6530 Pest Control	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000
6533 Janitorial Supplies	\$400	\$400	\$400	\$400	\$400	\$400	\$2,400
6537 Alarm	\$150	\$150	\$150	\$150	\$150	\$150	\$900
6538 Unit Upgrades	\$150	\$150	\$150	\$150	\$150	\$150	\$900
6541 Aquarium Maintenance	\$600	\$600	\$600	\$600	\$600	\$600	\$3,600
6715 Electricity Vacancies	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400	\$8,400
6720 Painting/Drywall	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6730 Carpet Cleaning	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000

Carefree Willows LLC Projected Operating Budget and Cash Flow

	November-10 Budget	December-10 Budget	January-11 Budget	February-11 Budget	March-11 Budget	April-11 Budget	Total Budget
6731 Flooring Replacements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6750 Other Vacancy Expenses	\$150	\$150	\$150	\$150	\$150	\$150	\$900
6810 Guest Suite Expenses	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	\$6,600
6910 Maintenance Wages	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$9,750	\$42,250
6915 Office Wages	\$10,100	\$10,100	\$10,100	\$10,100	\$10,100	\$15,150	\$65,650
6916 Activities Wages	\$5,100	\$5,100	\$5,100	\$5,100	\$5,100	\$7,650	\$33,150
6919 Commissions	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$18,000
6951 Payroll Taxes	\$2,717	\$2,717	\$2,717	\$2,717	\$2,717	\$3,911	\$17,496
6952 Workers Comp Insurance	\$375	\$375	\$375	\$375	\$375	\$375	\$2,250
6961 Group Insurance	\$600	\$600	\$600	\$600	\$600	\$600	\$3,600
6962 Rent Concessions	\$1,138	\$1,138	\$1,138	\$1,138	\$1,138	\$1,138	\$6,828
6963 Employee Incentives	\$100	\$100	\$100	\$100	\$100	\$100	\$600
6964 Educations/Seminars	\$120	\$120	\$120	\$120	\$120	\$120	\$720
6965 401K/Profit Sharing	\$30	\$30	\$30	\$30	\$30	\$30	\$180
6981 Uniforms	\$165	\$165	\$165	\$165	\$165	\$165	\$990
6982 Payroll Processing	\$135	\$135	\$135	\$135	\$135	\$135	\$810
6983 Temporary Labor	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$16,800
6984 Auto Allowance	\$250	\$250	\$250	\$250	\$250	\$250	\$1,500
6987 Drug Test/Credit Check	\$80	\$80	\$80	\$80	\$80	\$80	\$480
7005 Office Supplies	\$350	\$350	\$350	\$350	\$350	\$350	\$2,100
7006 Postage/Freight	\$150	\$150	\$150	\$150	\$150	\$150	\$900
7008 Furniture/Equipment Expense	\$250	\$250	\$250	\$250	\$250	\$250	\$1,500
7009 Computer Support	\$380	\$380	\$380	\$380	\$380	\$380	\$2,280
7010 Accounting/Legal/Professional	\$40	\$40	\$40	\$40	\$40	\$40	\$240
7014 Dues & Subscriptions	\$10	\$10	\$10	\$10	\$10	\$10	\$60
7022 Forms & Printing	\$50	\$50	\$50	\$50	\$50	\$50	\$300
7023 Answering Service	\$100	\$100	\$100	\$100	\$100	\$100	\$600
7024 Telephones & Pagers	\$870	\$870	\$870	\$870	\$870	\$870	\$5,220
7025 Bank Charges	\$140	\$140	\$140	\$140	\$140	\$140	\$840
7030 Other G & A Expenses	\$80	\$80	\$80	\$80	\$80	\$80	\$480
7037 Management Fees @4%	\$9,849	\$9,987	\$10,127	\$10,267	\$10,384	\$10,462	\$61,075
7038 Activity Fees @2%	\$4,924	\$4,994	\$5,063	\$5,133	\$5,192	\$5,231	\$30,538
7051 Property Taxes	\$16,408	\$16,408	\$16,408	\$16,408	\$16,408	\$16,408	\$98,448
7052 Insurance	\$6,728	\$6,728	\$6,728	\$6,728	\$6,728	\$6,728	\$40,368
7057 Association Dues	\$3,161	\$3,161	\$3,161	\$3,161	\$3,161	\$3,161	\$18,966
9130 Non Oper'l Acct/Legal/Prof Fee	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$12,000
9200 Depreciation Expense	\$137,091	\$137,091	\$137,091	\$137,091	\$137,091	\$137,091	\$822,546
Total Property Expenses	\$261,666	\$260,374	\$260,583	\$260,793	\$260,969	\$274,630	\$1,579,014
Net Operating Income	(\$15,446)	(\$10,694)	(\$7,420)	(\$4,124)	(\$1,371)	(\$13,078)	(\$52,133)
Cash Flow Analysis							
Net Operating Income	(\$15,446)	(\$10,694)	(\$7,420)	(\$4,124)	(\$1,371)	(\$13,078)	(\$52,133)
Adjustments:							
Property Tax Amortization	\$16,408	\$16,408	\$16,408	\$16,408	\$16,408	\$16,408	\$98,448
Property Tax Payments			(\$49,224)		(\$49,224)		(\$98,448)
Insurance Amortization	\$6,728	\$6,728	\$6,728	\$6,728	\$6,728	\$6,728	\$40,368
Insurance Payments			(\$10,574)	(\$8,074)	(\$8,074)	(\$8,074)	(\$34,794)
Depreciation Expense	\$137,091	\$137,091	\$137,091	\$137,091	\$137,091	\$137,091	\$822,546
Capital Expenses (1)	(\$1,000)						(\$1,000)
Net Cash Flow	\$143,781	\$149,533	\$93,009	\$148,029	\$101,559	\$139,075	\$774,986

(1) Bus Repair 11/10

EXHIBIT “2”

SCHWARTZER & MCPHERSON LAW FIRM

2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Lenard E. Schwartzer
Nevada Bar No. 0399
Jeanette E. McPherson
Nevada Bar No. 5423
Jason A. Imes
Nevada Bar No. 7030
Schwartzter & McPherson Law Firm
2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Telephone: (702) 228-7590
Facsimile: (702) 892-0122
E-Mail: bkfilings@s-mlaw.com
Proposed Attorneys for Debtor and Debtor in Possession

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

CAREFREE WILLOWS, LLC,

Debtor.

Case No. BK-S-10-
Chapter 11

**INTERIM ORDER AUTHORIZING THE
USE OF CASH COLLATERAL**

Date:
Time:

Final Hearing Date:
Final Hearing Time:

The Emergency Motion for an Order Authorizing the Use of Cash Collateral on an Interim and Continuing Basis [Docket #____] (the “Motion”) having come before this Court pursuant to an Order Shortening Time [Docket #____], the Order Shortening Time and Motion having been served as shown by the Certificate of Service [Docket #____], there being no opposition, the Court having reviewed the Motion and finding good cause, it is

ORDERED that the Debtor is authorized to use the revenue generated by its senior

1 housing complex (the "Housing Complex") to maintain the Housing Complex, for payment of
2 maintenance expenses, management and employees, real estate taxes, insurance premiums, and
3 utilities incurred by the Housing Complex, and for no other purposes as stated in the budget
4 provided to the Court, a copy of which is attached hereto as **Exhibit "1;"** and it is further

5 **ORDERED** that Union Bank of California has a replacement lien in cash collateral; and it
6 is further

7 **ORDERED** that a final hearing on the Motion will be held on _____ at _____.

8 Submitted by:

9
10 _____
11 Lenard E. Schwartzer, Esq.
12 Schwartz & McPherson Law Firm
13 2850 South Jones Blvd., Suite 1
14 Las Vegas, NV 89146
15 *Proposed Attorneys for Debtor and Debtor in Possession*

16 In accordance with LR 9021, counsel submitting this document certifies that the order accurately
17 reflects the court's ruling and that:

- 18 _____ The court has waived the requirement set forth in LR 9021 (b)(1).
- 19 _____ No party appeared at the hearing or filed an objection to the motion.
- 20 X I have delivered a copy of this proposed order to all counsel who appeared at the hearing,
21 and any unrepresented parties who appeared at the hearing, and each has approved or
22 disapproved the order, or failed to respond, as indicated above.
- 23 _____ I certify that this is a case under Chapter 7 or 13, that I have served a copy of this order
24 with the motion pursuant to LR 9014(g), and that no party has objected to the form or
25 content of the order.

26 # # #

SCHWARTZER & MCPHERSON LAW FIRM

2850 South Jones Boulevard, Suite 1
Las Vegas, Nevada 89146-5308
Tel: (702) 228-7590 · Fax: (702) 892-0122