ENTERED
12/30/2016

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE:	§	
	§	
CDR STRAINERS & FILTERS, INC.	§	**CASE NO. 16-31997-H5**
	§	
DEBTOR.	§	**(SMALL BUSINESS CHAPTER 11)**

ORDER (I) AUTHORIZING CONTINUED USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363(c) OF THE BANKRUPTCY CODE AND (II) GRANTING ADEQUATE PROTECTION FOR THE USE OF CASH COLLATERAL

CAME ON for consideration, the Motion for an Order (i) authorizing use of cash collateral pursuant to 11 U.S.C. § 363(c) of the Bankruptcy Code and (ii) granting adequate protection for the use thereof (the "Motion") pursuant to Bankruptcy Rule 4001 as to the use of cash collateral filed by the above-referenced Debtor.

Having considered the Motion and considering the evidence and arguments of counsel, the Court hereby finds cause to grant the requested relief and concludes the following:

A. The Debtor requires the use of the Cash Collateral of Allegiance Bank, APZB Industries (Can Capital), TLC Tonerland LP, Internal Revenue Service, and Austin Appraisal District (collectively the "Secured Creditors") in order to continue its ordinary course business operations and to maintain the value of its bankruptcy estate. The Debtor is permitted to use the Cash Collateral, on the terms and conditions as provided by the Cash Collateral Budget attached hereto as **Exhibit 1.** The Debtor shall not make use of Cash Collateral except in accordance with the terms and conditions contained in this Cash Collateral Order.

B. Debtor is permitted to use the Cash Collateral solely for such purposes set forth in the Budget in order to avoid immediate and irreparable harm to the Debtor's bankruptcy estate which will occur if this Cash Collateral Order is not immediately approved.

ORDER

Accordingly, it is therefore ORDERED that:

1. The Motion is hereby granted in accordance with the terms of this Order. Any objections to the Motion with respect to the entry of this Order that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby denied and overruled.

2. The Debtor is authorized, on a limited basis, to use Cash Collateral only as provided in strict accordance with the terms and conditions provided in this Cash Collateral Order.

3. The Debtor shall be permitted to use Cash Collateral solely to pay the expenses described in the expenditures contained in the attached budget (as such budget may be amended, modified, or supplemented in accordance with this Cash Collateral Order, the "Budget"). The Debtor shall not, without prior written consent of the Secured Creditors, use Cash Collateral with respect to any single week in the Budget in an amount in excess of the aggregate amount budgeted for that week, provided, that there shall be a permitted variance of 15% in the aggregate for any amounts listed in the Budget for a particular week. Any amounts listed in the Budget that are unused in any week may be carried over and used by the Debtors in any subsequent week and any unused amounts may be utilized for any other line item within the week or subsequent week or weeks.

4. The Debtor and the Secured Creditors may extend the use of Cash Collateral without further notice to creditors or order of this Court, provided that a Stipulation Extending Cash Collateral Order signed by counsel to the Debtor and counsel of the Secured Creditor is filed together with a copy of a budget should there be any changes from the Budget.

5. The Secured Creditors are entitled to, pursuant to sections 361, 362, and 363(e) of the Bankruptcy Code, to adequate protection of their interests in the Cash Collateral on account of the totality of the diminution in value of the Cash Collateral, if any, from and after the Filing Date in accordance with section 506(a) of the Bankruptcy Code arising from the imposition and enforcement of the automatic stay and the Debtor's use or disposition of the Cash Collateral, as the case may be a diminution, (each diminution, a "Diminution in Value").

6. The Secured Creditors are hereby granted the following adequate protection (the "Adequate Protection") effective upon the Filing Date and without the necessary of the execution or filing by the Debtor or Secured Creditors:

a. *Adequate Protection Liens*: To the extent of the aggregate Diminution of Value, if any, of their respective interests in the Cash Collateral, and subject to the Carve-Out (defined in paragraph 8 of this Order) the Secured Creditors shall have valid and perfected additional and replacement security interests in, and liens upon (the "Adequate Protection Liens"), all of the relevant Debtor's right, title and interest in, to, and under all of Debtor's now owned and after-acquired cash, and Cash Collateral of the Debtor, any investment of such cash and cash collateral, inventory, accounts receivable, any cause of action, any right to payment whether arising before or after the Filing Date and the proceeds thereof, any right to payment whether arising before or after the Filing Date, and the proceeds, products, rents and profits of all of the foregoing, but only to the extent and priority that the Secured Creditors had valid prepetition liens and security interests in such collateral as of the Filing Date that is not subject to defense, offset, avoidance or subordination (collectively, the "Adequate Protection Collateral"). The priority of any postpetition replacement liens granted to the Secured Creditors shall be the same as existed on as of the Filing Date; and

b. *Adequate Protection Superpriority Claims*. To the extent of the aggregate Diminution of Value, if any, of their respective interests in the Cash Collateral, and subject to the Carve-Out (defined in paragraph 8 of this Order) the Secured Creditors are

hereby granted, in addition to claims under section 503(b) of the Bankruptcy Code, an allowed superpriority administrative expense claim pursuant to section 507(b) of the Bankruptcy Code (collectively, the "Adequate Protection Superpriority Claims").

7. The priority of any postpetition replacement liens granted to the Secured Creditors hereunder shall be the same as existed December 31, 2016. The Adequate Protection Liens and Adequate Protection Superpriority Claims shall be valid only to the extent the Secured Lender's prepetition claims and liens exist, are valid, prior to all others, and not subject to defense, offset, avoidance or subordination.

8. The term "Carve-Out" shall mean quarterly fees required to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court. All liens and claims of the Secured Creditors, regardless of their nature or priority, shall be subject to the Carve-Out.

Signed: December 30, 2016

Karen K. Brown
United States Bankruptcy Judge

EXHIBIT 1

CDR Strainers & Filters, Inc. Cash Collateral January 2017-April 2017

	Jan 1-Jan 31	Feb 1-Feb 28	Mar 1- Mar 31	Apr 1-Apr 30
INCOME				
Products For Sale:				
TOTAL INCOME	160000	162000	162000	165000
Shop Supplies	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00
Shop Consumables	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00
Equipment / Tools	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00
Payroll	$ 65,000.00	$ 65,000.00	$ 65,000.00	$ 65,000.00
Payroll Taxes	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00
Raw Materials	$ 23,000.00	$ 23,000.00	$ 23,000.00	$ 23,000.00
In Bound Freight	$ 500.00	$ 500.00	$ 500.00	$ 500.00
Finished Goods For Resale	$ 500.00	$ 500.00	$ 500.00	$ 500.00
Shipping Supplies	$ 500.00	$ 500.00	$ 500.00	$ 500.00
Outbound Shipping & Freight	$ 500.00	$ 500.00	$ 500.00	$ 500.00
Trade Shows	$ 800.00	$ 800.00	$ 800.00	$ 800.00
Meals and Entertainment	$ 200.00	$ 200.00	$ 200.00	$ 200.00
Business Licenses & Permits	$ 800.00	$ 800.00	$ 800.00	$ 800.00
Insurance Trucks and Building	$ 4,500.00	$ 4,500.00	$ 4,500.00	$ 4,500.00
Taxes	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00
Employee Expense	$ 130.00	$ 130.00	$ 130.00	$ 130.00
Office Supplies	$ 200.00	$ 200.00	$ 200.00	$ 200.00
Bank Service Charges	$ 20.00	$ 20.00	$ 20.00	$ 20.00
Computer and Internet Expenses	$ 600.00	$ 600.00	$ 600.00	$ 600.00
Dues and Subscriptions	$ 800.00	$ 800.00	$ 800.00	$ 800.00
Janitorial Expense	$ 500.00	$ 500.00	$ 500.00	$ 500.00
Medical	$ 1,500.00	$ 1,500.00	$ 1,500.00	$ 1,500.00
Office Expense	$ 500.00	$ 500.00	$ 500.00	$ 500.00
Repairs & Maintenance	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00
Utilities	$ 15,000.00	$ 15,000.00	$ 15,000.00	$ 15,000.00
Subtotal Utilities Expense:	$ 141,550.00	$ 141,550.00	$ 141,550.00	$ 141,550.00
Debt Repayment:				
CanCapital	$400.00	$400.00	$400.00	$400.00
Mortgage	$4,500.00	$4,500.00	$4,500.00	$4,500
Automobile Expense	$4,000.00	$4,000.00	$4,000.00	$4,000.00
Pre-Petition Critical Vendors				
Pre-Petition Wages				
Subtotal Debt Repayment Expense:	$8,900.00	$8,900.00	$8,900.00	$8,900.00
Chapter 11 Case:				
United State Trustee Fee	$1,625			$1,625
Debtor's Counsel	$5,000.00	$5,000.00	$5,000.00	$5,000.00
Subtotal Chapter 11 Case Expense:	$6,625	5000	5000	$6,625
CASH FLOW:	$ 2,925.00	$ 6,550.00	$ 6,550.00	$ 7,925.00