

SO ORDERED.**SIGNED this 1st day of July, 2026.**


 BENJAMIN A. KAHN
 UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
 MIDDLE DISTRICT OF NORTH CAROLINA
 DURHAM DIVISION**

IN RE: THE CHEESE SHOP, LLC Debtor.	))))))	Case No. 26-80175 Chapter 11
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SECOND INTERIM ORDER AUTHORIZING
DEBTOR'S USE OF CASH COLLATERAL

THIS CAUSE came on for hearing before the Court on June 30, 2026, upon the Debtor's Emergency Motion for Authorization to Use Cash Collateral Pursuant to 11 U.S.C. § 363 and Section 506(c) (the "Motion") filed by the Debtor on May 29, 2026. It appears to the Court that the terms and conditions set forth below are reasonable and appropriate, are in the best interests of the bankruptcy estate and all creditors and should be approved. It further appears to the Court that the notice of the Motion that the Debtor provided to creditors and parties in interest is adequate and proper.

THEREFORE, based upon the Motion, the arguments of counsel, testimony of the Debtor, and the record in this case, the Court hereby makes the following FINDINGS OF FACT and CONCLUSIONS OF LAW:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and has statutory and constitutional authority to hear and determine and to issue final rulings in this constitutionally core proceeding under 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The Debtor filed its voluntary petition for relief pursuant to Chapter 11 of the United States Bankruptcy Code on May 29, 2026 (the “Petition Date”) and currently operates as a debtor-in-possession.

3. The Cheese Shop, LLC is a North Carolina limited liability company that was formed in 2022 and currently operates Wedgewood Cheese Bar, a restaurant and event space located in Carrboro, North Carolina. As of the Petition Date, the Debtor had fourteen employees (14) employees.

4. The Debtor's only significant source of income is through continued operations and the cash proceeds generated thereby. It appears that certain proceeds generated from the Debtor's continuing operations may constitute cash collateral of Carolina Community Impact, Inc. (“CCI”), WebBank (“WebBank”), and Corporation Service Company as representative (“CSC”) (collectively, the “Secured Parties”) within the meaning of § 363 of the Bankruptcy Code. CCI appears to assert a security interest in all of the Debtor’s assets; WebBank and CSC appear to assert a security interest in the Debtor’s future receivables and payment intangibles.

5. The Debtor’s cash collateral assets include, but are not limited to, bank accounts, cash, and accounts receivable. As of the Petition Date, the Debtor had approximately \$13,331.61 in its bank accounts, petty cash in the amount of \$300, and approximately \$18,576.00 in accounts receivable. Such assets are cash collateral as defined by the Bankruptcy Code.

6. The Debtor is currently anticipating a continuation of operations by way of this

proposed reorganization. The Debtor believes and represents that in order to maintain existing operations and maximize the value of its assets, the Debtor will be required to incur certain operating expenses. The Debtor's only significant source of income is through continued operations and the cash proceeds generated thereby. As a result, the Debtor requested a preliminary hearing on the Motion in order to avoid a closing down of operations and irreparable harm to the Estate.

7. The Debtor will require necessary funds for operating its business and other expenses. The Debtor will provide a budget specifying these expenses.

8. The Debtor will maintain one or more Debtor-in-Possession ("DIP") bank accounts, into which it will deposit all cash, checks and other cash items. The Debtor will segregate its cash collateral and non-cash collateral income sources.

9. The Debtor represents that a reorganization and continuation of its operations will generate the greatest source of funds for creditors, including the Secured Parties. The Debtor will require access to the cash collateral on hand and generated by its continued operations in order to allow it to remain in business.

10. For the purposes of this Interim Order, the Debtor acknowledges and does not dispute the validity, priority, and enforceability of the liens asserted by the Secured Parties or the amounts due to the Secured Parties under their respective loan documents; provided, however, that neither the Debtor nor any other party in interest shall be precluded from reviewing and challenging the validity, priority, and enforceability of the security interest(s) and lien(s) held by the Secured Parties in addition to the amounts due to the Secured Parties.

11. The Debtor proposes that the Secured Parties should be allowed, as adequate protection for the Debtor's use of the cash collateral, post-petition replacement liens on the

Collateral securing their respective indebtedness with the same validity, priority, and enforceability as the Secured Parties had against the Collateral as of the Petition Date.

12. The Debtor asserts that the terms, conditions, and limitations of this Order are reasonably tailored to protect the interests of all creditors of the bankruptcy estate.

13. The Court finds, on an interim basis, that the requirements of the Bankruptcy Rules and the Bankruptcy Code, including without limitation Bankruptcy Rule 4001(d), have been satisfied for the Debtor's use of cash collateral and for the grant of adequate protection to the Secured Parties upon the terms set forth in this Interim Order.

WHEREFORE, based upon the foregoing Findings of Fact and Conclusions of Law, the Court hereby ORDERS:

1. Each of the Secured Parties' liens on the Collateral securing their indebtedness shall extend to the Debtor's post-petition assets to the extent and amount that they are secured as of the Petition Date (such liens on post-petition assets, the "Replacement Liens"); provided, however, that nothing in this Interim Order shall be deemed to grant any of the Secured Parties a post-petition lien on assets, if any, in which it did not possess a valid, perfected, enforceable, and otherwise non-avoidable pre-petition lien(s). The Replacement Liens shall survive the term of this Interim Order to the extent the corresponding pre-petition liens were valid, perfected, enforceable, and non-avoidable as of the Petition Date. The Debtor does not hereby waive, and expressly reserves for itself and the bankruptcy estate (including other creditors), the right to challenge the validity and priority of the pre-petition liens of the Secured Parties and, derivatively, the Replacement Liens provided for hereunder. Until such time as any such lien is determined to be invalid by future Order of this Court, the Debtor acknowledges and agrees to the validity of the Secured Parties' liens and related loan documentation (collectively referred to hereinafter as the "Pre-petition Loan

Documents”). The Replacement Liens shall be deemed perfected as of the Petition Date, without need for further filing or action.

2. The Debtor shall be authorized to use cash collateral for its post-petition, necessary and reasonable operating expenses in accordance with the budget attached as Exhibit “A” and subject to the terms of this Second Interim Order. Any expenditure in excess of ten percent (10%) of the budgeted line item amounts shall require the prior written consent of the Secured Parties, the subchapter V trustee, and the Bankruptcy Administrator before being paid. Notwithstanding the foregoing, should any Secured Party not object within 24 hours to a request for a request to exceed ten percent (10%) of a budgeted line item amount made by the Debtor under this paragraph, the written approval of such Secured Party shall not be required. Any objection may be sent via electronic mail to counsel for the Debtor, the Bankruptcy Administrator, and the Subchapter V Trustee.

3. The Debtor shall deposit all cash, checks, and other cash items received from the operation of the business encumbered by the asserted lien in favor of the Secured Parties into its Debtor-in-Possession (“DIP”) Operating bank account. The Debtor shall make disbursements for items designated in the budget from such account.

4. The Debtor shall pay all applicable insurance premiums, taxes, and other governmental charges as they become due, and will make all tax deposits and file all applicable tax returns on a timely basis.

5. On or before July 30, the Debtor shall remit payment of \$1,000 for payment of the Subchapter V Trustee’s fees. Such payment shall be paid by the Debtor to the Subchapter V Trustee and held in trust pending approval of an application for compensation filed by the Subchapter V Trustee.

6. On or before July 30, 2026, the Debtor shall begin making monthly payments to CCI in the amount of \$1,046 as adequate protection for the use of CCI's cash collateral.

7. The Debtor will maintain insurance covering Secured Parties' collateral reasonably acceptable to the relevant Secured Party, and—if required by any prepetition agreement between the Debtor and a Secured Party—will name the relevant Secured Party as loss payees for insurance policies covering the Secured Party's collateral. The Debtor will provide proof of such insurance to Secured Parties upon request.

8. The Debtor may request in writing that the Secured Parties, the subchapter V trustee, and the Bankruptcy Administrator approve an amended budget for the term of this Order (or a specific expenditure not included within the Budget). If an amended budget is approved by the Secured Parties, the subchapter V trustee, and the Bankruptcy Administrator in writing, it shall become effective and shall be deemed incorporated into this Order (in the place of the existing Budget) as of the date on which the Debtor and/or the Secured Parties (or either of them) file a copy of the amended budget with the Court. To the extent any party declines any request by the Debtor to amend the Budget, the Debtor reserves the right to file an additional motion for authority to use cash collateral and to seek an expedited hearing thereon; provided, however, that such hearing shall not occur on less than three (3) business days' notice to the Secured Parties, the subchapter V trustee, and the Bankruptcy Administrator.

9. On or before the respective dates set forth below, the Debtor shall deliver to the Secured Parties the following financial information and business data:

- a. Pleadings. The Debtor shall serve upon the Secured Parties a copy of any pleadings it files in this case.
- b. Access to Collateral. Upon reasonable prior notice, the Debtor shall provide

to representatives and/or employees of the Secured Parties all such information as they may reasonably request for the purpose of evaluating their collateral, if any.

c. Reports. The Debtor shall serve a copy of the monthly reports required by Rule 4002 on the Secured Parties.

10. The obligations of the Debtor herein are continuing in nature, shall survive the term of this Second Interim Order, and shall remain in effect until the earlier of (a) the effective date of any confirmed Chapter 11 plan in this proceeding, (b) a sale of substantially all assets of the estate, (c) conversion of this case to another Chapter of the Bankruptcy Code, or (d) dismissal of this proceeding.

11. This Second Interim Order shall remain in full force and effect until the earlier of (a) July 31, 2026; (b) the entry of an Order by the Court terminating this Second Interim Order for cause, including but not limited to breach of the terms and conditions of this Second Interim Order; or (c) upon filing of a notice of default as provided in this Second Interim Order.

12. All authority to use cash collateral as set forth herein shall expire as to any collateral that is the subject of an Order granting stay relief under Section 362 of the Bankruptcy Code. Also, such authority shall expire on mutual written agreement of the parties.

13. It shall be a default hereunder for any one or more of the following to occur:

(a) The Debtor fails to comply with any of the material terms or conditions of this Order;

(b) The Debtor uses Cash Collateral other than as agreed in this Second Interim Order;

(c) The Debtor fails to timely file a Plan;

(d) Cancellation or lapse of the Debtor's applicable insurance coverage; or

(e) Cessation of business operations by Debtor.

14. Upon the filing with the Court by the Secured Parties of a written notice of any such default (which shall be served upon the Debtor by United States mail and email to Debtor's counsel, upon the Bankruptcy Administrator by electronic mail to sarah_bruce@ncmba.uscourts.gov, upon the subchapter V trustee by email to dbruton@belldavispitt.com, and upon counsel for CCI via email to davis.sullivan@michaelbest.com), the Debtor may request a hearing to challenge the declaration of default hereunder. The parties shall have the right to seek an expedited hearing on any challenge by the Debtor, which may be a preliminary hearing; provided, however, that such hearing shall not occur on less than forty-eight hours notice to the other party.

15. Nothing herein shall be deemed to alter or affect the Secured Parties' liens and such liens shall remain in full force and effect pursuant to the terms of the Secured Parties' loan documents and 11 U.S.C. § 552(b).

16. The Debtor shall not dispose of any asset out of the ordinary course of its business without the advance written consent of the Secured Parties and, as necessary, the approval of this Court.

17. The terms and conditions of this Second Interim Order do not necessarily constitute adequate protection of the interests of the Secured Parties in cash collateral. The Debtor expressly reserves its right to seek additional use of cash collateral beyond the stated term of this Second Interim Order. Any party may seek further consideration of the relief granted in this Second Interim Order or other cash collateral issues by filing a request with the Court; provided, however, that a hearing on any such request shall not occur on less than three (3) business days' notice to the Secured Parties, the Bankruptcy Administrator, Subchapter V Trustee, and the Debtor.

Nothing in this Second Interim Order shall waive any rights of the creditors unless expressly provided for herein.

18. If any or all of the provisions of this Second Interim Order are hereafter modified, vacated or stayed by any subsequent order of this Court or any other court, such stay, modification or vacation shall not affect the validity or enforceability of any lien or priority authorized or created hereby prior to the effective date of such modification, stay, vacation or final order to the extent that said lien or priority is valid, perfected, enforceable and otherwise non-avoidable as of the Petition Date. The validity and enforceability of all liens and priorities authorized or created in this Second Interim Order shall survive the conversion of this case to a proceeding under Chapter 7 of the Bankruptcy Code or the dismissal of this proceeding. This Second Interim Order shall be binding upon and inure to the benefit of the Debtor. The terms and provisions of this Second Interim Order shall bind any trustee appointed for the Debtor's estate under any provision of the Bankruptcy Code. This binding effect is an integral part of this Second Interim Order.

19. If the Debtor's authorization to use Cash Collateral is terminated under the terms of this Second Interim Order, unless otherwise ordered by this Court, the Debtor shall pay all expenses of operation incurred by the Debtor in its normal course of business up through the time of the termination of the Debtor's right to use Cash Collateral, provided that and solely to the extent that such payments are in compliance with the Budget attached and this Second Interim Order, and the liens granted herein shall be subordinate to a carve out for such expenses (the "Trailing Expenses").

20. The Debtor shall serve notice of this Second Interim Order on all parties entitled to receive the same pursuant to Bankruptcy Rules 1007 and 4001.

21. Objections to further use of cash collateral must be filed by July 24, 2026. If no

objection is timely filed, the Court may enter a further interim or final order authorizing further use of cash collateral without a hearing. If an objection is timely filed, a further hearing on the Cash Collateral Motion and any objections and responses to the Cash Collateral Motion, shall be heard at 10:00 a.m. on July 27, 2026, at the United States Bankruptcy Court in Greensboro, North Carolina.

END OF DOCUMENT

Exhibit A
7/1/2026 - 7/31/2026 Budget

Starting Balance		\$8,000.00
Income		
Gross Sales (Retail & Food)	\$	65,000.00
Catering	\$	1,500.00
Cheese Club (membership)	\$	1,100.00
Event ticket sales	\$	2,600.00
	\$	<u>70,200.00</u>
Expenses		
Rent - 100 Brewer	\$	3,500.00
Rent - Storage Unit	\$	350.00
Utilities		
Electric- Duke Energy Deposit		\$800.00
Gas- Enbridge		\$90.00
Phone/Internet- Spectrum		\$165.00
COGs		
Wine	\$	6,000.00
Food	\$	6,500.00
Cheese Counter	\$	5,000.00
Paper Goods	\$	525.00
Payroll		
Wages	\$	14,000.00
Payroll Taxes	\$	2,200.00
Tips	\$	7,000.00
Owner Compensation	\$	4,000.00
Sales & Use Tax	\$	4,550.00
CC Processing Fees	\$	1,950.00
Software & Subscriptions		
Canva	\$	39.00
Toast POS Software	\$	1,173.00
Google	\$	125.00
OpenTable Reservation System	\$	1,000.00
Squarespace website host	\$	267.00
Rentals (Linens)	\$	925.00
Equipment Maintenance	\$	1,000.00
Office Supplies	\$	250.00
Printed Materials	\$	300.00
Insurance	\$	1,000.00
Chapter 11 Admins (SubV Trustee)	\$	1,000.00
CCI Adequate Assurance	\$	1,046.00
	\$	<u>64,755.00</u>
Net Cash	\$	5,445.00
Ending Cash	\$	13,445.00