ORDERED.

Dated: October 01, 2019

Catherine Peek McEwen
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION
www.flmb.uscourts.gov

In re: Chapter 11

FAVORITE FARMS, INC., Case No. 8:19-bk-09034-CPM

Debtor.
______________________________________/

INTERIM ORDER GRANTING DEBTOR'S EMERGENCY MOTION FOR AUTHORITY TO OBTAIN POSTPETITION FINANCING, GRANT SENIOR LIENS ON ASSETS AND GRANT ADMINISTRATIVE EXPENSE STATUS

THIS CASE came before the Court for an initial hearing on September 26, 2019, at 2:45 p.m. (the "**Interim Hearing**"), for consideration of the *Debtor's Emergency Motion for Authority to Obtain Postpetition Financing, Grant Senior Liens on Assets, and Grant Administrative Expense Status* (Doc. No. 10) (the "**Motion**"),[1] filed by Favorite Farms, Inc., as debtor and debtor in possession (the "**Debtor**"), for the entry of an order, *inter alia*:

[1] Unless otherwise indicated, capitalized terms used herein shall have the meaning ascribed to such terms in the Motion.

A. Authorizing the Debtor to borrow on a secured and non-secured basis from G. Marvin Brown and Linda Brown (collectively, the "**DIP Lender**"), up to $850,000.00 in principal (the "**DIP Facility"**), substantially in accordance with the terms of the Motion;[2]

B. Authorizing the Debtor to execute one or more promissory notes and security agreements in favor of the DIP Lender, which shall be consistent with the provisions of this Motion (the "**DIP Loan Documents**"), and such other documents, instruments, and agreements, and to perform all such other acts as may be required in connection with the DIP Loan Documents;[3]

C. Authorizing the Debtor, under Section 364(c)(2) of the Bankruptcy Code, to obtain postpetition financing and incur postpetition indebtedness under the DIP Facility, which financing and indebtedness due and owing by the Debtor to the DIP Lender shall be secured by first priority senior liens on and security interests in all property of the Debtor;

D. Authorizing the Debtor to grant to the DIP Lender, in accordance with Section 364(b) of the Bankruptcy Code, an administrative expense claim;

E. Modifying and, to the extent necessary, lifting the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to permit the DIP Lender and the Debtor to implement the terms of this Motion; and

F. Granting the Debtor such other and further relief as the Court deems necessary, appropriate, equitable, proper, and consistent with the terms of this Motion.

---

[2] At the Initial Hearing on the Motion, the Debtor requested authorization to borrow up to $140,000.00 or such other amount as is necessary to avoid immediate and irreparable harm on an interim basis pending entry of a final order on the Motion.

[3] Currently, the Debtor anticipates that the DIP Lender will only require a promissory note and a security agreement to be executed at the closing of the DIP Facility, which promissory note and security agreement will contain the principal business terms of the DIP Facility as approved by this Court. At the request of the DIP Lender, the Debtor will also note the DIP Lender's lien on the titles to unencumbered vehicles and execute one or more UCC-1 financing statements for recording in the appropriate jurisdictions.

The Court having considered the Motion and finding that the need to allow borrowing to the extent necessary to fund payroll, and good and sufficient cause appearing therefore, it is hereby

ORDERED that:

1. The Motion is granted on an interim basis on the terms set forth below.

2. A further interim hearing shall be held on **October 4, 2019 at 10:30 a.m.** (the "**Second Interim Hearing**").

3. To avoid immediate and irreparable harm to the Debtor's estate until the Final Hearing (as defined below) is held, the Debtor is expressly authorized and empowered to borrow up to $18,000 (the "**Emergency Advance")** of the DIP Facility to be advanced by the DIP Lender and to perform all of its obligations pursuant to the provisions of this Interim Order, as set forth in the Budget. The Emergency Advance shall not be in an amount in excess of the actual payrolls authorized by separate order of the Court.

4. The Loan will bear interest at 5% per annum on all amounts advanced, which shall accrue from the date of each advance of the Loan. Upon the occurrence of an event of default, interest shall accrue at 9.0% per annum on all amounts then outstanding from the date of such default.

5. The Court shall consider the request for further advances to be secured by liens on the Debtor's property at the Second Interim Hearing.

6. Subject to the terms of this Interim Order, the Debtor is authorized and directed to take and effect all actions, and to execute and deliver all agreements, instruments and documents, required or necessary for its performance under this Interim Order, including, without limitation, the execution and delivery of a promissory note and loan agreement.

7. The Court makes no determination at this time as to the extent, priority, or validity of any security interest held by or the obligations owed to the Pre-petition Lender prior to the Petition Date, and the Debtor, the Pre-petition Lender and other parties in interest in this case reserve all rights, defenses and claims with respect to the foregoing. Notwithstanding anything to the contrary contained in this Interim Order or any other order entered in this case, the Debtor nor any other party in interest shall be deemed to have waived any right to challenge the extent, validity or priority of the liens of the Lender.

8. In accordance with Section 364(b) of the Bankruptcy Code, the Emergency Advance shall constitute an administrative expense claim.

9. The Debtor may use the proceeds of the loans and advances made pursuant this Interim Order solely for payroll.

10. Pending the final hearing, the DIP Lender shall not be authorized (i) to make demand for payment of the outstanding amounts of the Emergency Advance upon an event of default as provided in this Interim Order; or (ii) to exercise any rights or remedies in respect of such event of default, in addition to any fees, costs, or expenses incurred by the Lender in making the Loan in accordance with the Interim Order.

11. Notwithstanding the occurrence of an event of default under this Interim Order or anything herein, all of the rights, remedies, benefits and protections provided to the DIP Lender under this Interim Order shall survive the termination of any obligation of the DIP Lender to make loans and advances under the Interim Order.

12. The provisions of this Interim Order shall be binding upon and inure to the benefit of the DIP Lender, the Debtor, and its respective successors and assigns. This Interim Order shall bind any trustee hereafter appointed or elected for the estate of the Debtor, whether in this

Chapter 11 case or in the event of the conversion of the Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Interim Order.

13. No failure or delay on the part of the DIP Lender in exercising any right, power or privilege provided for in this Interim Order shall operate as a waiver thereof. This Interim Order shall not be construed in any way as a waiver or relinquishment of any right that the DIP Lender may have to bring or be heard on any matter brought before this Court.

14. If any or all of the provisions of this Interim Order are hereafter modified, vacated, amended or stayed by subsequent order of this Court or any other court, such modification, vacatur, amendment or stay shall not affect the validity of any obligation to the DIP Lender that is or was incurred prior to the effective date of such modification, vacatur, amendment or stay, and notwithstanding any such modification, vacatur, amendment or stay, any obligations of the Debtor pursuant to this Interim Order arising prior to the effective date of such modification, vacatur, amendment or stay shall be governed in all respects by the original provisions of this Interim Order.

15. This Interim Order constitutes findings of fact and conclusions of law and takes effect and becomes enforceable immediately upon execution hereof. To the extent any of the terms of the Term Sheet are inconsistent or conflict with this Interim Order, the terms of this Interim Order shall control.

16. The Court defers until the Second Interim Hearing or any final hearing a ruling on the approval of any Subsequent Advances. The rights, claims, and defenses of all parties with respect to the Debtor's request to any Subsequent Advances, as well as any other relief requested in the Motion, are hereby preserved.

Attorney Scott A. Stichter is directed to serve a copy of this order on interested parties who are non-CM/ECF users and file a proof of service within 3 days of entry of the order.

13821.2252812v2