IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE: **Heavenly Pet Cremations, Inc.** 84-5001683 3365 Juanita Drive, Bldg. 2 Denison, TX 75020 **Debtor**	**Case No. 26-40446-R** **Chapter 11**

FINAL ORDER AUTHORIZING THE USE OF CASH COLLATERAL

On this day came on for consideration the *Debtor's Expedited Motion for Order Authorizing the Interim and Final Use of Cash Collateral* [docket #6] (the "Motion"). Following conclusion of the final hearing on the Motion the Court hereby makes the following

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. General

1. The Debtor commenced the case *sub judice* on February 9, 2026 (the "Petition Date") by the filing of a petition for relief under chapter 11 of the United States Bankruptcy Code.

2. The Debtor continues in possession and continues to operate its business as a debtor in possession pursuant to section 1184 of the Bankruptcy Code.

B. Notice

3. Adequate and sufficient notice of the Motion and of the Final Hearing on the Motion has been provided to all persons entitled thereto pursuant to Rules 2002 and 4001 of the Federal Rules of Bankruptcy Procedure.

C. Jurisdiction

4. This matter constitutes a "core proceeding" within the meaning of 28 U.S.C. § 157. This Court has jurisdiction over the parties and the subject matter of this proceeding pursuant to 28 U.S.C. §§ 1334 and 157.

D. Debtor's Stipulations

5. The Debtor acknowledges, admits, and confirms that it is obligated to First United Bank and Trust Co. ("First United") pursuant to the terms of a *Promissory Note* dated October 5, 2023 and a subsequent *Change in Terms Agreement* executed on or about October 1, 2024. Debtor acknowledges, admits and confirms that First United has perfected a security interest in cash collateral by the filing of a UCC1 financing statement on November 29, 2023.

E. Cash Collateral

6. The First United asserts, via its proof of claim on file herein, that repayment of the sums owed by the Debtor is secured by interests in all assets of the Debtor, including liens on the cash, negotiable instruments, deposit accounts and other cash equivalents, proceeds, products, profits and receivables of the Debtor's business (the "Collateral").

7. Pursuant to sections 363(a) and 552(b) of the Bankruptcy Code, the Collateral held by the Debtor constitutes "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code. First United asserts an interest in the Cash Collateral within the meaning of sections 363(c)(2) and 363(e) of the Bankruptcy Code.

8. The Debtor has an immediate need to use Cash Collateral to, among other things, fund payroll obligations and pay other operating expenses, in accordance with the budget attached hereto as **Exhibit "A"** and incorporated herein by this reference (the "Budget").

9. Good cause has been shown for entry of this Final cash collateral order (the "Final Order"), as an immediate and critical need exists for the Debtor to be permitted access to the Cash Collateral to prevent **immediate and irreparable harm to the bankruptcy estate**.

10. First United has not objected to the relief sought herein and, rather, has expressly consented to the use of Cash Collateral upon the terms outlined herein.

11. The adequate protection and the other benefits and privileges contained herein are consistent with and authorized by the Bankruptcy Code and are expected to provide adequate protection for the interests of First United in the Cash Collateral.

12. This Final Order is entered into pursuant to, and in accord with, sections 361 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001(b).

ACCORDINGLY, IT IS ORDERED THAT:

1. The entry of this Order is in the best interests of the Debtor, its Creditors, and the Bankruptcy Estate. The terms and conditions of the use of Cash Collateral and the security interests, liens, rights, and priorities granted to First United hereunder are fair and appropriate under the circumstances. First United will be adequately protected by the adequate protection provided in this Order.

2. The Debtor is permitted to use Cash Collateral, in accord with the Budget, provided, that the Debtor may exceed any line item set forth in the Budget by up to ten percent (10%).

3. The Debtor may operate under the Budget the Debtor files a new 30-day proposed budget with the Court and serve that budget on all parties listed upon the full matrix of creditors maintained by the Clerk of the Court in this case. First United, and all other creditors and parties in interest in the

case, will have 3 days following the service of the updated budget. If no objections are timely filed, the budget will become the operating budget for the next 30 days. If an objection is timely filed the Debtor will operate under the old budget until the Court, or parties, can resolve the dispute. If a hearing before the Court is necessary to resolve such dispute, the Debtor will seek such hearing promptly.

4. The Budget and any subsequent budgets applicable under this Order apply only for purposes of this Order and this Order in no way limit First United's, or any other party in interest's, right to object to any budgets later presented for purposes of a potential plan or for any other purpose.

5. The Debtor's right to use Cash Collateral under the Final Order shall commence upon entry of this Order and shall continue thereafter until further order of this Court.

6. All cash received by the Debtor and all accounts receivable collections made by the Debtor post-petition shall be deposited in a separate cash collateral account, being Debtor's debtor-in-possession account. Debtor has established an account for this purpose at Wells Fargo Bank, a bank included on the Authorized Depository Listing published by the Office of the United State Trustee, and shall use said account, or if additional debtor-in-possession accounts are established, said accounts, for the purpose of depositing all revenues generated by the business operations of the Debtor, both pre and post-petition, during the pendency of this Order.

7. During the pendency of this Order, the Debtor will maintain insurance coverage as required of a Chapter 11 debtor. If the insurance currently in place is found to be deficient for any reason or has lapsed, the Debtor shall secure such insurance within a reasonable period of time.

8. The automatic stay under Section 362(a) of the Bankruptcy Code shall be, and it hereby is, modified to the extent necessary to permit First United to retrieve, collect, and apply payments and proceeds in respect of both pre and post-petition collateral in accordance with the terms and provisions of this Order.

9. As adequate protection of First United's interest in the Cash Collateral pursuant to sections 361 and 363(e) of the Bankruptcy Code; the Court hereby grants First United replacement security liens on and replacement liens on all of the Debtor's personal property (the "Replacement Liens"), whether such property was acquired before or after the Petition Date, to secure any diminution in value of First United's Cash Collateral The Replacement Liens are hereby made retroactive to the Petition Date.

10. Such Replacement Liens are exclusive of any avoidance actions available to the Debtor's bankruptcy estate pursuant to sections 544, 545, 547, 548, 549, 550, 553(b) and 724(a) of the Bankruptcy Code and the proceeds thereof.

11. The Replacement Liens granted herein shall maintain the same priority, validity and enforceability as First United's liens on the Collateral. First United shall not be required to file or serve financing statements, notices of liens or similar interests which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such Replacement Liens.

12. The Replacement Liens shall be subject and subordinate to: (a) professional fees and expenses of the attorneys, financial advisors and other professionals retained by the Debtor in the amounts set forth in the Budget and any supplemental budget approved by the Court and/or consented to by the Secured Parties; (b) trustee compensation to the subchapter V trustee, Frances A. Smith, in accordance with 11 U.S.C. § 330 and 11 U.S.C. § 326(b), subject to notice and opportunity for objection by the debtor, creditors, and the United States Trustee; and (c) any and all fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) and the Clerk of the Bankruptcy Court in an amount not to exceed $20,000.00 (collectively, the "Carve Out").

13. For sake of clarity and avoidance of any doubt, it is expressly provided that the Replacement Liens are provided solely to ensure that First United retains the same lien status and priority that it enjoyed pre-petition. The Replacement Liens are in no way intended to allow First United to improve its lien position or to increase the extent or nature of said Secured Lender's respective lien(s).

14. The Debtor shall file all required monthly operating reports in a timely manner and shall further timely perform all obligations of a Debtor-in-Possession as required by the Bankruptcy Code, Federal, and Local Rules of Bankruptcy Procedure, and the orders of this Court.

15. If the Debtor fails to meet the requirements of this Order, First United shall give a written notice of default to Debtor and to Debtor's Counsel with opportunity to cure such default by the Debtor. If the Debtor fails to cure the default within fourteen (14) days after such notice of default is mailed and transmitted by e-mail to the addresses set out below, then First United may file a declaration with the Court as evidence of the default by the Debtor. In the event of such default and subsequent failure to timely cure the default, the Debtor's right to use the Cash

Collateral shall terminate and the Debtor shall not be entitled to further use of such Cash Collateral without either the consent of First United or further Order of this Court. Notice of default under this Order shall be provided to the following physical and e-mail addresses:

Heavenly Pet Cremations, Inc.
3365 Juanita Drive, Bldg. 2
Denison, TX 75020
Aaustin.hpc@gmail.com

Michael S. Mitchell
DeMarco·Mitchell, PLLC
500 N. Central Expressway
Suite 500, PMB 120
Plano, TX 75074
mike@demarcomitchell.com

16. This Order is without prejudice to the rights of any party-in-interest, including the Debtor, to contest the priority, validity, and enforceability of the liens and security interests of First United in the Collateral.

17. The provisions of this Order shall be binding upon and shall inure to the benefit of First United and the Debtor. Nothing herein shall prevent First United, or the Debtor, from seeking any form of relief authorized by the Bankruptcy Code.

18. This Order is and shall be fully effective upon its entry.

Signed on 3/5/2026

Brenda T. Rhoades KC
HONORABLE BRENDA T. RHOADES,
CHIEF UNITED STATES BANKRUPTCY JUDGE

Order Submitted by:

/s/ Michael S. Mitchell

Michael S. Mitchell
Texas Bar No. 00788065
DeMarco·Mitchell, PLLC
1255 W. 15th Street, 805
Plano, TX 75075
Telephone: 972-578-1400
Facsimile: 972-346-6791
Email mike@demarcomitchell.com
Proposed Counsel for the Debtor

Exhibit
"A"

Heavenly Pet Cremations, Inc.

30 DAY OPERATING BUDGET

Beginning Cash Balance as of 3/3/2026	**$**	**15,000.00**
Ordinary Income/Expense		
Income		
Sales	$	81,000.00
Refunds	$	-
Cost of Goods Sold	$	10,021.00
Total Income	**$**	**70,979.00**
Expense		
Rent Expense	$	4,800.00
Repairs and Maintenance	$	1,000.00
Quickbooks Fees	$	300.00
Credit Card Processing	$	1,500.00
Software Licenses	$	560.00
Dues and Subscriptions	$	-
Equipment	$	-
Bank Fees	$	-
Professional Fees (accounting)	$	-
Freezer Budget	$	1,000.00
Office Supplies	$	200.00
Postage	$	100.00
Uniform Expense	$	400.00
Fuel	$	4,000.00
Vehicle Expenses (including leases)	$	2,000.00
Road Tolls (NTTA)	$	240.00
Utilities	$	6,155.00
Subchapter V Fee	$	1,000.00
Insurance Expense		
Business Auto Insurance	$	2,400.00
Workers Comp	$	100.00
GL & Property Insurance	$	900.00
Total Insurance Expense	**$**	**3,400.00**

Payroll Expense		
Employees	$	26,000.00
Payroll Taxes	$	6,800.00
Total Payroll Expense	**$**	**32,800.00**
Tax Expense		
Property Taxes	$	417.00
Sales Taxex	$	1,800.00
Total Tax Expense	**$**	**2,217.00**
Total Expenses	$	61,672.00

TOTALS:

Total Income	$	70,979.00
Total Expenses	$	61,672.00
Net Income	**$**	**9,307.00**
Ending Cash Balance	**$**	**24,307.00**