SO ORDERED.

SIGNED this 23 day of March, 2026.

David M. Warren
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION

IN RE:

MAMA BIRD'S COOKIES N CREAM, LLC, **CASE NO. 26-00272-5-DMW**
CHAPTER 11

DEBTOR.

FINAL ORDER AUTHORIZING
DEBTOR'S USE OF CASH COLLATERAL

THIS CAUSE was scheduled for hearing before the Court upon the Emergency Motion for Authorization to Use Cash Collateral ("Motion") filed by the Debtor on January 20, 2026. An interim hearing was held on the Motion on January 28, 2026, a second interim hearing was held on February 23, 2026, and a third interim hearing was scheduled for March 23, 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 on an interim basis. It further appears to the Court that the notice of the Motion which the Debtor provided to creditors and parties in interest is adequate and proper.

THEREFORE, based upon the Debtor's Motion for Authorization to Use Cash Collateral, and the record in this case, the Court hereby makes the following **FINDINGS OF FACT** and **CONCLUSIONS OF LAW**:

Background and Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. The Debtor filed a voluntary petition seeking relief under chapter 11 of the Bankruptcy Code on January 20, 2026, and currently operates as a Debtor-in-Possession.

3. Kathleen O'Malley has been appointed as the Subchapter V Trustee.

4. The Debtor is a North Carolina limited liability corporation with its principal place of business located in Holly Springs, North Carolina.

5. The Debtor operates a specialty retail store that sells homemade ice cream and cookies. The Debtor also hosts special events.

6. Prior to filing, the Debtor entered into several obligations with Secured Creditors, further described as follows:

a. The Debtor executed a promissory note in favor of the Small Business Administration ("SBA") on or about June 28, 2020, for an EIDL loan. The SBA filed a UCC-1 financing statement on June 28, 2020 asserting a lien on all assets of the Debtor. The Debtor estimates that the SBA was owed approximately $138,236.44 on the Petition Date.

b. On or about July 27, 2020, the Debtor entered into a loan with

Thread Capital Inc. which recorded a UCC-1 financing statement on July 27, 2025. This financing statement lapsed on July 27, 2020, as no continuation statement was filed. On or about November 4, 2025, Thread Capital filed a new UCC financing statement asserting a lien on all business assets.

c. On or about June 1, 2023, the Debtor entered into an agreement with New Shoes Enterprises LLC, whereby the Debtor granted this entity a lien on any assets arising from the application for an employee retention credit.

d. On or about October 17, 2023, a UCC financing statement was recorded by Corporation Services as representative, asserting a lien on all assets of the Debtor.

It appears that there is sufficient equity only to secure the liens of the SBA.

7. It appears that the cash proceeds generated from the operation of the Debtor's business, the collection of any outstanding accounts and accounts receivable, and the sale of inventory, may constitute cash collateral of the SBA, Thread Capital, New Shoes Enterprises LLC, and Corporation Services as representative (collectively the "Secured Creditors") within the meaning of § 363 of the Bankruptcy Code.

8. For the purposes of this Order, the Debtor acknowledges and does not dispute the validity, priority, and enforceability of the liens asserted by the Secured Creditors, or the amounts due to any of these parties under the applicable 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 interests and liens held by such parties, or from

challenging the amounts due.

9. In order to continue and maintain its existing operations, the Debtor will be required to incur certain operating expenses, including payroll, utilities, insurance, rent payments, and operating expenses. The Debtor's sole source of income is through continued operations and the sale of inventory.

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

11. The terms and conditions of this Order provide adequate protection of the interests, if any, of the cash collateral creditors for the Debtor's interim use of cash collateral.

12. 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.

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

1. Notwithstanding 11 U.S.C. §552, the Secured Creditors are granted post-petition replacement liens on the same assets to which its liens attached pre-petition, to the same extent, and with the same validity and priority as existed on the Petition Date. The liens created hereunder shall be deemed perfected by the entry of this Order without further actions or filing by any Secured Creditor. The post-petition

liens provided for herein shall survive the term of this Order to the extent the pre-petition liens were valid, perfected, enforceable, and non-avoidable as of the Petition Date. The Debtor does not waive, and expressly reserves for itself and the bankruptcy estate (including other creditors and any Committee, if any, in this proceeding), the right to challenge the validity and priority of the pre-petition liens of any Secured Creditor and, derivatively, the post-petition liens provided for hereunder.

2. The Debtor shall be authorized to use cash collateral for its necessary and reasonable operating expenses, as detailed in the budget attached hereto as **Exhibit** A and future budgets approved according to this Order. The Debtor shall be required to receive written authorization for expenditures in excess of the budgeted amounts from the Secured Creditors and the Bankruptcy Administrator, except that the Debtor is authorized to exceed an individual line item by a maximum of 10% without prior approval.

3. During the month of April, 2026 and each subsequent month, the Debtor shall make an adequate protection payment in the amount of $200.00 to the SBA.

4. Franchise fees or other payment made by the owner/operator of the Apex store and Scoops during the month of April 2026, and all future months shall be deposited into the Debtor's DIP account as shown on Exhibit A.

5. Beginning on April 25, 2026, and the 25th of each month thereafter prior to confirmation of the Debtor's Plan of Reorganization, the Debtor shall circulate by email a proposed budget for the upcoming month to counsel for the SBA, the Bankruptcy Administrator, the Trustee, and any other creditor who requests a copy

of the budget. Parties shall have until the first of each month to object to the budget; otherwise the budget shall be approved. Any objection to the budget shall be provided to the Debtor in writing, and shall identify the expense(s) to which the party has an objection, and provide a brief statement as to the objection. In the event a budget is not approved, the Debtor shall request a hearing on an expedited basis to obtain approval for the budget.

6. The Debtor shall continue to provides copies of the bank statements for the following accounts to the Bankruptcy Administrator, the Trustee, and counsel for the SBA, in the manner agreed upon by the parties for the following bank accounts: (i) the United Community Bank account ending in 3471 until its closure; (ii) the United Community Bank account ending in 7930; and (iii) all DIP accounts. In addition, the Debtor shall continue to provide any other information concerning the operations of Richmond Legacy Group, LLC and Mama Birds 2, LLC as requested by Bankruptcy Administrator, the Trustee, and counsel for the SBA related to these transactions.

7. The replacement liens granted to the Secured Creditors pursuant to this Interim Order shall be subject to and subordinate to a carve-out for the payment of allowed professional fees and disbursements incurred by Court approved professionals. So long as the Debtor has the right to use Cash Collateral pursuant to this Interim Order, professionals for the Debtor, if an, may be paid from Cash Collateral pursuant to the Budget and procedures approved by the Court. To the

extent such professional fees and approved by the Court and paid pursuant to this Interim Order, they shall be free and clear of the liens of the Secured Creditors.

8. The terms and conditions of this Order do not necessarily constitute adequate protection of the interests of Secured Creditors in cash collateral. The Debtor expressly reserves its right to seek additional use of cash collateral beyond the stated term of this Order. Any party may seek further consideration of the relief granted in this 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 business days' notice to Secured Creditors, the Bankruptcy Administrator, and the Debtor. Nothing in this Order shall waive any rights of the Secured Creditors unless expressly provided for herein.

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

a. the Debtor shall fail to comply with any of the terms or conditions of this Order;

b. the Debtor shall fail to maintain insurance;

c. the Debtor shall use cash collateral other than as agreed in this Order; or

d. appointment of a trustee or examiner in this proceeding, or the conversion of this case to a proceeding under Chapter 7 of the Bankruptcy Code.

10. Upon the filing with the Court by the SBA or any other party of a written notice of any such default (which shall be served upon counsel for the Debtor, the Trustee, and Bankruptcy Administrator by electronic mail), 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; provided, however, that such hearing shall not occur on less than three business days' notice to the other party.

11. The Debtor shall remain current in the payment of all post-petition tax liabilities, except for taxes paid through the Debtor's Plan of Reorganization.

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

13. If any or all of the provisions of this 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 nonavoidable as of the Petition Date. The validity and enforceability of all liens and priorities authorized or created in this 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 Order shall be binding upon and inure to the benefit of the Debtor. The terms and provisions of this 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 Order.

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

END OF DOCUMENT

EXHIBIT A

APRIL BUDGET

		Apr. 2026
Sales	$	31,000.00
Scoops Fees	$	1,117.57
Apex Store Fees	$	3,184.23
Total:	$	35,301.80

Expenses		
Supplies - COGS	$	8,000.00
Rent	$	3,500.00
Bank & CC fees	$	800.00
Insurance	$	-
Miscellaneous	$	250.00
Office Supplies	$	100.00
Payroll/Payroll Taxes	$	9,500.00
Repairs & Maintenance	$	120.00
Laundry/Linen/Cleaning	$	125.00
Phone/Internet	$	160.00
Gas	$	45.00
Water	$	68.00
Electricity	$	540.00
Travel/Gas	$	130.00
Accounting	$	1,500.00
Attorneys/Trustee Fees	$	7,500.00
SBA Payment	$	200.00
Total Expenses	$	32,538.00