UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN

In Re:

Precision Manufacturing Group., Inc.

Debtor.
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Case No: 26-01463
Chapter 11
Hon. James W. Boyd
Filed On: May 4, 2026

INTERIM ORDER AUTHORIZING DEBTOR TO USE CASH COLLATERAL, PROVIDING ADEQUATE PROTECTION AND OTHER RELIEF

THIS MATTER having come before the Court upon *Debtor's Motion for Entry of an Interim and Final Order (A) Authorizing It to Use Cash Collateral; and (B) Providing Adequate Protection and Other Relief* ("**Motion Authorizing Cash Collateral**"); and hearings having been held on **May 7, 2026 and May 14 , 2026** regarding Debtor's Motion Authorizing Cash Collateral; and the Court having reviewed the Motion Authorizing Cash Collateral, considered the statements of counsel, noting due service upon all creditors, and being fully advised in the premises:

IT IS HEREBY ORDERED:

1. That cause exists to authorize Debtor to use cash collateral to fund the payment of post-petition operating expenses, as provided in Debtor's Projections attached as "Exhibit A" to Debtor's Motion Authorizing Cash Collateral, that arise in its ordinary course of business, including, but not limited to: employee wages and benefits; mortgage; insurance; inventory; and utilities. Debtor may escrow funds with its counsel for payment of post-petition professional fees and expenses in accordance with the Projections, provided however, that such fees will be held by Debtor's counsel in its IOLTA Trust Account until approved by separate order of this Court and objection to payment of such is reserved. This Order shall further authorize Debtor to pay pre-

petition employee wages and obligations as set forth in *Debtor's Motion for Entry of An Order Authorizing Debtor to Pay Employee Obligations* **[Dkt. No. 5]** using cash collateral. Debtor's use of cash collateral shall be in a manner consistent with its Projections.

2. Debtor's use of its cash collateral is necessary to the preservation of the estate and the continuation of Debtor's business.

3. The Debtor has represented and acknowledged that Byline Bank's (Bank) Loans are secured by collateral including, but not limited to, a first priority perfected lien on the Debtor's cash collateral, as defined in Section 363(a) of the Bankruptcy Code, and that Bank 's security interests and liens are not subject to avoidance. Nothing contained herein shall enhance, improve, prime, or otherwise alter the prepetition rights priorities, or positions of any creditor or trustee, including the ability of a trustee, any creditor, or Chapter 11 Committee to challenge perfection of a security interest or seek approval of a claim under 506(c).

4. Debtor is authorized to use cash collateral up to the amounts allotted in its Projection. The Debtor may exceed the budgeted expenditures in its Projections in a particular category only to the extent that the Debtor limits or reduces its expenditures in other categories, so the resulting effect is that the total expenditures during the budget period do not exceed 110% of the total expenses provided in the Projections.

5. Debtor shall comply with Paragraph 32 of the Motion Authorizing Cash Collateral in order to provide the Secured Creditors[1] adequate protection pursuant to 11 U.S.C. §§ 361 & 363 concerning Debtor's obligations to Secured Creditors and any diminution in Debtor's prepetition Collateral pursuant to 11 U.S.C. § 361(2), including:

a. Debtor shall pay Byline Bank, as the first priority secured creditor, a monthly adequate protection payment of $8,600.00.

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[1] Secured Creditors shall mean Byline Bank, Precision Engineering & Manufacturing, Inc., and United States Small Business Administration.

b. Secured Creditors shall be granted continuing and replacement security interests in liens on all of the Debtor's post-petition personal property, excluding Debtor's rights under Chapter 5 causes of action. The Secured Creditors shall not be required to take any further action, including executing, filing, or recoding any financing statements, security agreements, mortgages or other documents or instruments to perfect the replacement security interests. In addition to, and separate from the Replacement Liens, the pre-petition security interests of the Secured Creditors shall extend to the post-petition collateral and the products, profits and proceeds therefore, as described in Section 552(b) of the Bankruptcy Code. Nothing in this paragraph shall be deemed to provide any creditor with an <u>improvement</u> of position from the values of said creditor's respective collateral, as of the date of the Petition nor grant any interests in any property which said creditor does not have a properly perfected lien.

c. The proceeds of any sale by Debtor of any property that is subject to liens held by Secured Creditors (other than sales in the ordinary course of business) shall, unless said creditor agrees in conjunction with the approval of a sale under 11 U.S.C. § 363 of the Code or the Court orders otherwise, be paid to said creditor for application to said creditor's indebtedness; and

d. Debtor shall supply financial information and information relating to the collateral as is reasonably requested by each Secured Creditors. In the event that Debtor and the Secured Creditors cannot agree as to what report(s) shall be provided, the Court shall, upon notice and a hearing, make a determination. Debtor anticipates it will provide Secured Creditors with (i) profit & loss statements and balance sheets; (ii) payables aging; (iii) accounts receivable aging; (iv) copies of such reports and documents as are required to be filed with the Office of the United States Trustee; and (v) proof of timely payment of taxes and insurance.

e. As additional adequate protection for the Secured Creditors, the Debtor shall:

   i. Maintain insurance covering the full value of all collateral securing the obligations to the Secured Creditors, as required by Byline Bank's loan documents; and

   ii. Permit, upon reasonable notice and pursuant to any safety, security, or confidentiality provisions required by the Debtor, the Secured Creditors to inspect onsite collateral during normal business hours.

6. No delay on the part of Secured Creditors to exercise any right, power or privilege under this Order or the loan documents shall operate as a waiver thereof, nor shall any single or

partial exercise of any right, power or privilege preclude other or further exercise of any other right, power or privilege. The rights and remedies under this Order are cumulative and not exclusive of any rights or remedies which the secured creditors may otherwise have. Nothing contained herein shall: (a) bar Bank from asserting rights to default rate of interest, contesting any collateral valuation by the Debtor, or challenging the adequacy of any adequate protection provided in this Order; or (b)serve to compromise any rights of Bank under the Bankruptcy Code, the Bank Loan Documents, this Order, or pursuant to applicable federal or state law.

7. Notwithstanding anything to the contrary stated herein, nothing herein shall be construed to prejudice or otherwise limit any right of Secured Creditors to apply to this Court for expedited vacation of the automatic stay or for an order authorizing any other relief which in its sole discretion, Secured Creditors deem appropriate, at any time. The terms of this Order and of Secured Creditor's consent to same, shall not be deemed to be a waiver of any part of the Debtor's indebtedness or a waiver of any claims Secured Creditors may have against any third parties, and is without prejudice to any of Secured Creditors rights, interests and claims of any nature against any person or entity, including, without limitation, the shareholders of the Debtor, the Debtor's current and former account debtors, guarantors of the Debtor and in or to their respective assets, which rights, claims and interests are expressly reserved. Further, nothing in this Order shall be construed to prohibit any actions (including litigation) Secured Creditor may take at any time against any guarantors or co-borrowers of any claims or indebtedness or against any other collateral for any claims or indebtedness.

8. The Debtor shall not grant any liens or security interests in any of the Debtor's assets or personal property that are senior to, or pari passu with, the liens granted to Secured Creditors under this Order without the express written consent of the Secured Creditors, provided

that the Debtors' right to seek post-petition credit in accordance with 11 U.S.C § 364 is fully reserved, subject to the rights of Secured Creditors or any other party in interest to object to such post-petition financing.

9. Except as modified herein, or through future Order of the Court, and subject to the other provisions of this Order and the Bankruptcy Code, the applicable loan documents, and the terms and provisions thereof shall remain in full force and effect. To the extent there exists any conflict among the Motion, any underlying applicable loan documents, and the terms of this Order, this Order shall govern and control.

10. Nothing in this Order or the Budget shall constitute consent by Bank to the imposition of any costs or expense of administration or other charge, lien assessment or claim against Bank or the Collateral under§ 506(c) of the Bankruptcy Code or otherwise.

11. If this Order never becomes a final and non-appealable order, if the Debtor terminates this Order, or if any or all of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this court or any other court, such termination or subsequent order shall not affect the priority, validity, enforceability or effectiveness of any lien, security interest, priority, or other benefit authorized hereby with respect to any cash collateral used prior to the effective date of such subsequent order (and all such liens, security interests, priorities and other benefits shall be governed in all respects by the original provisions of this Order).

12. This Interim Order shall be and remain in full force and effect until conversion of the Bankruptcy Case or entry of an order appointing a Trustee. Notwithstanding the foregoing, the replacement liens shall survive expiration of this Interim Order. Furthermore, the terms and provisions of this Interim Order shall be binding upon and inure to the benefit of Secured Creditors, the Debtor, the estate, and their respective successors and assigns, including, without limitation,

any Debtor or other fiduciary who hereafter succeeds to Debtor's estate in the Bankruptcy Case or in any succeeding or superseding case or proceeding commenced by or against the Debtor or the estate under the Bankruptcy Code or any similar or subsequent law.

13. The terms and conditions embodied in this Order represent an agreement among the parties negotiated in good faith and at arm's length.

14. Debtor's authority to use the cash collateral will cease, after notice and a hearing, upon the occurrence of one of the following: (i) Debtor fails to comply with its promises of adequate protection or reporting obligations; (ii) Debtor fails to comply with any terms of this Order; (iii) the appointment of a Chapter 11 trustee, other than the Subchapter V. Trustee; (iv) conversion of this Chapter 11 proceeding to a Chapter 7; (v) this Chapter 11 proceeding is dismissed without the consent of the Secured Creditors; (vi) a material diminution in the amount of the Debtor's Cash Collateral; or (vii) the cessation by Debtor of active business operations. Debtor shall have the right to contest a default in the event that a Secured Creditor declares a default under Paragraph 5 of this Order and, upon a determination by the Court that the adequate protection is intact, Debtor shall not be deemed in default hereunder.

15. A Final Hearing on Debtor's Motion Authorizing Cash Collateral will be held on **June 18, 2026 at 11:00 a.m. (EST)** ("**Final Hearing**") at the United States Bankruptcy Court for the Western District of Michigan, One Division Ave N., Room 200, Grand Rapids, MI 49503. By **May 18, 2026 at 5:00 p.m. (EST)**, Debtor shall serve, or cause to be served, a copy of this Order on all parties required to be served under Fed. R. Bankr. P. 4001(d). Any objection to this Order shall be filed with the Court via the Court's CM-ECF system or, if not filed electronically, with the Clerk of Court at One Division Ave N., Room 200, Grand Rapids, MI 49503 in accordance with Local Bankruptcy Rule 5005-1, by no later than **June 11, 2026 at 5:00 p.m. (EST).** Any

such objection shall also be served upon Debtor at CBH Attorneys & Counselors, PLLC, 25 Division Ave. S., Suite 500, Grand Rapids, MI 49503 and the Office of the United States Trustee.

16. If no objection is made to this order by **June 11, 2026 at 5:00 p.m. (EST)**, then it shall become a final order and the Final Hearing will be cancelled.

17. Notwithstanding anything contrary herein, any payment made pursuant to this Order shall be subject to any requirements imposed on the Debtor under any order entered by the Court with respect to the use of cash collateral or post-petition financing.

18. This order is hereby deemed effective immediately upon its entry pursuant to Fed. R. Bankr. P. 6003(b).

19. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Order.

APPROVED AS TO FORM:

By: *<u>/s/Lisa A. Hall</u>*
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By: *<u>/s/Sarah A. LaSata</u>*
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END OF ORDER

IT IS SO ORDERED.

Dated May 15, 2026

James W. Boyd
United States Bankruptcy Judge