

The Law Offices of Robert L. Reda, P.C.  
Attorney for the Debtor  
One Executive Boulevard, Suite 201  
Suffern, New York 10901  
(845) 357-5555

**Hearing Date: December 7 2016 @ 3:30 p.m.**

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

-----x

In re:

Q and Q REALTY, LLC,

Chapter 11  
Case No. 16-44044(NHL)

Debtor.

-----x

**NOTICE OF HEARING FOR ORDER AUTHORIZING DEBTOR’S USE OF CASH COLLATERAL  
PURSUANT TO 11 U.S.C. §363 AND PROVIDING ADEQUATE  
PROTECTION THEREFOR PURSUANT TO 11 U.S.C. §§361 AND 362**

**PLEASE TAKE NOTICE**, that a hearing shall be held before the Honorable Nancy H. Lord, United States Bankruptcy Judge, at the United States Bankruptcy Court, Southern District of New York, 271-C Cadman Plaza East, Brooklyn, New York 11201 on December 7, 2016 at 3:30 p.m. (the “Hearing Date”), or as soon thereafter as counsel may be heard, for an Order Authorizing Debtor’s Use of Cash Collateral Pursuant to 11 U.S.C. §363 and Providing Adequate Protection Therefor Pursuant to 11 U.S.C. §§361 and 362, together with such other and further relief as is proper under the circumstances.

**PLEASE TAKE FURTHER NOTICE** that objections, if any, to the relief must be made in writing, filed with the Court on the Court’s Electronic Case Filing System, at [www.nyeb.uscourts.gov](http://www.nyeb.uscourts.gov) (login and Password required), with a copy delivered directly to the Chambers of Honorable Nancy H. Lord and served upon (i) Robert L. Reda, One Executive Boulevard, Suite 201, Suffern, New York 10901, and (ii) The Office of the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Room 1006, New York, NY 10014, Attn: William Curtin, Esq., so as to be received no later than one (3) days prior to the Hearing Date.

Dated: Suffern, New York  
November 11, 2016

**LAW OFFICE OF ROBERT L. REDA, P.C.**

*Counsel to Debtor*

By: /s/ Robert L. Reda  
Robert L. Reda  
One Executive Boulevard, Suite 201  
Suffern, New York 10901  
(845) 357-5555

TO: Counsel to Stabilis Fund IV, L.P.  
United States Trustee  
All Parties Entitled to Notice Under Bankruptcy Rule 4001

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

-----X

In re:

Q and Q REALTY, LLC,

Chapter 11  
Case No. 16-44044(NHL)

Debtor.

-----X

**INTERIM ORDER (A) AUTHORIZING DEBTOR’S USE OF CASH COLLATERAL,  
(B) PROVIDING ADEQUATE PROTECTION, (C) SCHEDULING FINAL HEARING,  
AND (D) GRANTING RELATED RELIEF**

**UPON** the motion (“**Motion**”) of Q and Q Realty, LLC, debtor and debtor-in-possession (the “**Debtor**”) for authority to, *inter alia*, use the cash collateral of Stabilis Fund IV, LP (“**Stabilis**”) on a final basis pursuant to sections 361 and 363(c)(2) of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”) and Federal Rule of Bankruptcy Procedure 4001; and an interim hearing having been held on December 7, 2016; and any objections to the Motion having been resolved, withdrawn or overruled on the basis of this Order; and, upon the record taken at the interim hearing, and upon all of the pleadings filed in this case, and after due deliberation, sufficient cause appearing, the Court hereby makes the following findings of fact and conclusions of law:

A. On September 9, 2016 (the “**Petition Date**”) the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Pursuant to Bankruptcy Code §§ 1107 and 1108, the Debtor has retained possession of its assets and continued the operation and management of its business.

B. No trustee, examiner or statutory committee of creditors (a “**Committee**”) has been appointed in this case pursuant to Bankruptcy Code § 1102.

C. This Court has jurisdiction over the Motion and over the persons and property affected hereby pursuant to 28 U.S.C. §§ 157(a) and 1334(b). Venue of this case and matter in this

District is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding under 28 U.S.C. § 157(b).

D. The Debtor is a single asset real estate entity that owns and operates a building located at 95-02 35<sup>th</sup> Avenue, Flushing, NY 10591 (the “**Property**”).

E. The Property is subject to a first priority secured Amended Mortgage (the “**Amended Mortgage**”) held by Stabilis by virtue of a certain Mortgage Consolidation, Modification and Extension Agreement dated as of December 21, 2007, recorded with the Office of the City Register of the City of New York on February 8, 2008 as CRFN 2008000054456, which was thereafter assigned to Stabilis as evidenced by a certain Assignment of Mortgage dated March 2, 2015, and recorded with the Office of the City Register of the City of New York on April 3, 2015 as CRFN 2015000111888. The current alleged outstanding balance is approximately \$2,619,576.49. The Debtor agrees and acknowledges that Stabilis holds a valid, perfected and enforceable first priority blanket lien on and security interest in the Property (the “**Pre-Petition Stabilis Collateral**”), which Pre-Petition Stabilis Collateral secures Stabilis’ claims, pursuant to and in accordance with the Stabilis Amended Mortgage. Stabilis asserts, and the Debtor (for itself but not on behalf of its estate or as debtor-in-possession) agrees and acknowledges, that Stabilis holds valid, perfected and enforceable first priority blanket liens on and security interests (the “**Prepetition Liens**”) in all of the Debtor’s assets and proceeds therefrom, including, but not limited to, the Property and all rents and accounts collected or generated thereof (collectively, the “**Prepetition Collateral**”), which Prepetition Collateral secures Stabilis’ claims, pursuant to and in accordance with the loan documents that are annexed as Exhibits “A” and “B” to the Debtor’s Application (the “**Loan Documents**”). Debtor does however reserve its rights to assert defenses, setoffs, counterclaims and other claims against Stabilis.

F. The Debtor (for itself but not on behalf of its estate or as debtor-in-possession) agrees and acknowledges that all cash and cash equivalents, whether in the form of cash, rents, accounts generated therefrom, security deposits, deposit accounts, or in any other form, whenever acquired, which represent income, proceeds, products, rents, or profits of the Prepetition Collateral that are now in the possession, custody or control of the Debtor (or persons in privity with the Debtor), or in which the Debtor will obtain an interest during the pendency of this chapter 11 case, are and shall be treated as the “cash collateral” in which Stabilis has asserted and maintained a security interest for the purposes, and within the meaning, of Bankruptcy Code § 363(a) (collectively, the “**Cash Collateral**”). The Debtor (for itself but not on behalf of its estate or as debtor-in-possession) agrees and acknowledges that Stabilis has first priority perfected liens and security interests in the Cash Collateral pursuant to the applicable provisions of the Amended Mortgage and in accordance with Bankruptcy Code §§ 361, 363(a) and 552(b).

G. Stabilis asserts that before the Petition Date, the Debtor defaulted under the terms of the Loan Documents by, *inter alia*, failing to make all monthly payments to Stabilis due under the Amended Mortgage. Stabilis asserts that the Debtor’s failure to repay all amounts due and owing under the Loan Documents when due constituted Events of Default under the Loan Documents. After giving the Debtor written notice of default, Stabilis commenced an action in the Supreme Court of the State of New York, County of Queens, seeking, *inter alia*, the entry of a judgment of foreclosure and sale of the Mortgage on the Property (the “**Foreclosure Action**”).

H. As of the Petition Date, Stabilis’ causes of action against the Debtor in the Foreclosure Action were automatically stayed pursuant to Bankruptcy Code § 362(a).

I. Pursuant to Bankruptcy Code § 363(c)(3), the Debtor cannot use the Cash Collateral without the consent of Stabilis or an order of the Bankruptcy Court.

J. The Debtor cannot meet its ordinary operating expenses or maintain and preserve its property as a going business without the use of the Cash Collateral. The Debtor requires the use of the Cash Collateral on the terms of this Interim Order to avoid immediate and irrevocable harm to its estate and creditors.

K. The Debtor reasonably believes that the value of Debtor's estate will be maximized by the continuation of Debtor as a going business, and the use of Cash Collateral is essential to such operation.

L. Stabilis is entitled to receive adequate protection for the Debtor's use of the Prepetition Collateral (provided such interests are valid, perfected and enforceable) to the extent of any decline or diminution in the value thereof, resulting from (a) the use of the Cash Collateral, (b) the use, sale, lease, or depreciation or other diminution in value of the Pre-Petition Collateral, or (c) as a result of the imposition of the automatic stay under Bankruptcy Code §362(a) (the amount of any such diminution being referred to hereinafter as the "**Adequate Protection Obligations**").

Based upon the foregoing findings and conclusions, the Motion and the record before this Court with respect to the Motion, and good and sufficient cause appearing therefore, **NOW, THEREFORE, IT IS HEREBY ORDERED** that:

1. Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, pursuant to Bankruptcy Code § 363(c)(2), the Debtor is authorized to use the Cash Collateral solely as set forth in the budget attached as **Exhibit A** hereto (as it may be amended or supplemented as provided herein, the "**Budget**") during the period (the "**Specified Period**") from the Petition Date through the Termination Date (defined below). Nothing in this Interim Order shall authorize the use, sale, lease, encumbrance, or disposition of any asset of the Debtor outside the ordinary course of the Debtor's business operations. The Debtor shall not

expend in excess of 10% of the budgeted sums in any calendar month without the prior written consent of Stabilis or an order of the Court on notice to Stabilis. The Budget may be modified, extended or supplemented from time to time by additional budgets in form and substance acceptable to and approved in writing by Stabilis.

2. Adequate Protection Liens. Pursuant to Bankruptcy Code §§361 and 363, as adequate protection against and to the extent of any diminution in value Stabilis' valid, perfected and enforceable interests in the Prepetition Collateral, i.e., to the extent of the Adequate Protection Obligations, Stabilis is granted (effective and perfected as of the Petition Date and without the necessity of the execution, recording or filing of mortgages, security agreements, pledge agreements, financing statements or other documents) a valid and perfected replacement security interest in, and lien on (the "**Adequate Protection Liens**"), all of the right, title and interest of the Debtor in, to and under all present and after-acquired property and assets of the Debtor of any nature whatsoever, whether real, personal, tangible, intangible, wherever located, including, without limitation, all cash and Cash Collateral of the Debtor (whether maintained at Stabilis or any other financial institution) and any investment of such cash and Cash Collateral, goods, deposits, contracts, causes of action against third parties other than Stabilis, general intangibles, accounts receivable, and other rights to payment, whether arising before or after the Petition Date, chattel paper, documents, instruments, interests in leaseholds, rents, real properties, plants, machinery, equipment, patents, copyrights, trademarks, trade names or other intellectual property, licenses, insurance proceeds, and tort claims, and any and all of the proceeds, products, offspring, rents and profits thereof, rights under letters of credit, capital stock and other equity or ownership interests held by the Debtor and all other investment property, and the proceeds of all of the foregoing, whether now existing or hereafter acquired (collectively, the "**Collateral**"), provided, however, that the Collateral shall not include the Debtor's claims and

causes of action under Bankruptcy Code §§ 544, 545, 547, 548, 549 or 550 or the proceeds thereof (collectively, the “**Avoidance Actions**”). Subject to the Carve Out (defined below), the Adequate Protection Liens shall be (i) first priority perfected liens on all of the Collateral that is not otherwise encumbered by validly perfected, non-avoidable security interest or liens as of the Petition Date, (ii) first priority perfected liens on all of the Collateral as to which Stabilis had a valid and perfected first priority lien as of the Petition Date, even if such Collateral is subject to a validly perfected lien that is junior to the lien of Stabilis, and (iii) junior perfected liens on all Collateral that is subject to a validly perfected lien with priority over Stabilis’ liens as of the Petition Date. The priority of the Adequate Protection Liens set forth herein shall apply notwithstanding any requirements under otherwise applicable law regarding possession, control, non-commingling, tracing, or identification of the Collateral.

3. Extent of Adequate Protection Liens. Subject to the Carve Out, the Adequate Protection Liens shall be enforceable against the Debtor, its estate and any successors thereto, including without limitation, any trustee or other estate representative appointed in this case, or any case under chapter 7 of the Bankruptcy Code upon the conversion of this chapter 11 case, or in any other proceedings superseding or related to any of the foregoing (collectively, the “**Successor Cases**”). Except as provided herein, the Prepetition Liens and Adequate Protection Liens shall not be made subject to or *pari passu* with any lien or security interest heretofore or hereafter granted in this case or any Successor Cases, and shall be valid and enforceable upon the dismissal of this case or any Successor Cases. The Adequate Protection Liens shall not be subject to Bankruptcy Code §§ 548, 549 or 550. No lien or interest avoided and preserved for the benefit of the estate pursuant to Bankruptcy Code § 551 shall be made *pari passu* with or senior to the Prepetition Liens or Adequate Protection Liens.

4. Perfection of Adequate Protection Liens. This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Adequate Protection Liens, without the necessity of filing or recording any mortgage, financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action to validate or perfect (in accordance with applicable law) the Adequate Protection Liens, or to effect the priorities granted herein. The Debtor is authorized and directed to execute and deliver promptly to Stabilis any such mortgage, financing statement or other instrument or document as Stabilis may reasonably request. Stabilis may file photocopies of this Interim Order as a financing statement or mortgage with any filing or recording office or with any registry of deeds or similar office, in addition to or in lieu of such financing statement, notices of lien, mortgage or similar instrument.

5. Adequate Protection Superpriority Claims. As further adequate protection of Stabilis' interest in the Collateral and to the extent of the Debtor's Adequate Protection Obligations, Stabilis is granted as and to the extent provided by Bankruptcy Code §§ 503(b) and 507(b), subject to the Carve Out, an allowed superpriority administrative expense claim in this chapter 11 case and any Successor Cases in the amount of the Adequate Protection Obligations (the "**Adequate Protection Superpriority Claims**").

6. Priority of Adequate Protection Superpriority Claims. The Adequate Protection Superpriority Claims shall be junior only to the Carve Out. Except for the Carve Out, the Adequate Protection Superpriority Claims shall have priority over all other administrative expense claims and unsecured claims against the Debtor's estate, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kind specified in or ordered pursuant to Bankruptcy Code §§ 105, 326, 328, 330, 331, 364, 365, 503(a), 507(a), 507(b), 546(d), 726 (to the extent permitted by law), 1113 and 1114.



7. Adequate Protection Payments. As further adequate protection for the Debtor's Adequate Protection Obligations, the Debtor shall pay to Stabilis the sum of \$13,500.00 for each calendar month during the Specified Period, commencing on October 1, 2016, and thereafter on or before the 15<sup>th</sup> day of each consecutive succeeding month which payments shall be applied only to Stabilis' allowed secured claim under §506 of the Bankruptcy Code. Neither anything herein nor any payment made hereunder by any co-guarantor will affect any right, claim or defense whatsoever of Stabilis against such co-guarantor remaining as of the Termination Date, including, without limitation, that any payments made by any co-guarantor during the Specified Period shall not reduce, setoff, waive, discharge or release any obligation of such co-guarantor to Stabilis remaining as of the Termination Date.

8. Modification of Automatic Stay. The automatic stay under Bankruptcy Code §362(a) is hereby modified as necessary to effectuate all of the terms and provisions of this Interim Order, including, without limitation, to: (a) permit the Debtor to grant the Adequate Protection Liens and Adequate Protection Superpriority Claims and to make the Adequate Protection Payments; (b) permit the Debtor to perform such acts as Stabilis may request in its sole discretion to assure the perfection and priority of the liens granted herein; and (c) authorize the Debtor to take any other actions to effectuate the terms of this Interim Order, provided, however, any stay relief with respect to the exercise of remedies shall be in accordance with such provisions below or as otherwise ordered by the Court.

9. Debtor's Obligations. The Debtor shall:

- (a) Utilize Cash Collateral to pay the expenses of the operation of its business solely as provided in the Budget;
- (b) Account for all of the Debtor's expenditures in detailed monthly reports which the Debtor shall file with the Bankruptcy Court, the United States

Trustee's Office and with counsel for Stabilis by no later than the twentieth (20th) day of each successive month, which shall include, without limitation, (i) a comparison for the prior month of actual results of all items contained in the Budget to the amounts originally projected in the Budget, and (ii) a cumulative comparison for the period from the Petition Date through the end of the prior month of the actual results of all items contained in the Budget to the amounts originally projected in the Budget, in each case along with such supporting information as Stabilis may request;

- (c) Within seven days after the date that the Court enters this Interim Order, deliver to Stabilis copies of all tenant leases in place for the Property and a certified rent roll for the Property;
- (d) Provide telephonic updates to Stabilis and its professionals concerning the operations, business affairs and financial condition of the Debtor, as well as the condition of the Property and any changes to the tenant leases, in each case subject to applicable confidentiality and privilege limitations;
- (e) Provide Stabilis, its agents, designees and professional persons, access to the Debtor's property and the right to inspect and to review the Debtor's books and records during ordinary business hours, upon Stabilis giving reasonable notice to the Debtor; and
- (f) Comply with any other requirements of the Loan Documents.

10. Events of Default. The occurrence of any of the following events, unless waived by Stabilis in writing, shall constitute an event of default (collectively, the "**Events of Default**"):

- (a) The failure by the Debtor to perform, in any respect, any of the terms, provisions, conditions, covenants, or obligations under this Interim Order;
- (b) The Debtor's obtaining of credit or the incurring of indebtedness that is (i) secured by a security interest, mortgage or other lien on all or any portion of the Collateral that is equal or senior to any security interest, mortgage or other lien of Stabilis, or (ii) entitled to priority administrative status that is equal or senior to that granted to Stabilis;
- (c) Any lien or security interest granted under the Loan Documents or under this Interim Order shall cease to be, or shall be asserted by the Debtor not to be, a valid and perfected lien on or security interest in any Collateral, with the priority required by the Loan Documents or this Interim Order;
- (d) The entry of any order by the Court granting relief from or modifying the automatic stay of Bankruptcy Code §362(a): (i) to allow any creditor to execute upon or enforce a lien on or security interest in any Collateral having a value in excess of \$25,000, or (ii) with respect to any lien of or the granting of any lien on any Collateral to any federal, state or local agency or authority, which would have a material adverse effect on the business, operations, property, assets, or condition, financial or otherwise, of the Debtor;
- (e) Reversal, vacatur, or modification (other than a modification with the express prior written consent of Stabilis) of this Interim Order;
- (f) Dismissal of this chapter 11 case or conversion of this chapter 11 case to a chapter 7 case, or appointment of a chapter 11 trustee or examiner with enlarged powers or other responsible person;

- (g) Any misrepresentation of a material fact made after the Petition Date by the Debtor or its agents to Stabilis about the financial condition of the Debtor, the nature, extent, location or quality of any Collateral, or the disposition or use of any Collateral, including Cash Collateral;
- (h) A default by the Debtor in reporting financial or operational information as and when required under this Interim Order that is not cured within three business days after it is due; or
- (i) The failure to comply with the Budget.

11. Rights and Remedies Upon Event of Default. Immediately upon the occurrence and during the continuation of an Event of Default, Stabilis may declare a termination of the Debtor's right to use Cash Collateral by delivering to the Debtor a "**Termination Declaration**" (the earliest date any such Termination Declaration is made shall be referred to as the "**Termination Date**"). On the Termination Date, the Debtor's right to use Cash Collateral shall automatically cease, except that the Debtor may use Cash Collateral in accordance with the Budget solely to pay expenses critical to the preservation of the Property during the Remedies Notice Period (defined below). Within seven days after the Termination Date (the "**Remedies Notice Period**") the Debtor shall be entitled to file a motion for an emergency hearing with the Court to show cause why the authorization to use Cash Collateral should continue. Unless the Court determines otherwise during the Remedies Notice Period, (i) the automatic stay shall automatically be terminated at the end of the Remedies Notice Period without further notice or order, (ii) the Debtor shall no longer have the right to use or seek to use Cash Collateral, (iii) Stabilis shall be permitted to exercise all remedies set forth herein, in the Loan Documents, as applicable, and as otherwise available at law against the Collateral, without further order of or application to the Court, and without restriction or restraint by any stay under Bankruptcy Code

§§105 or 362, or otherwise, against the enforcement of the liens and security interest in the Collateral or any other rights and remedies granted with respect thereto pursuant to the Loan Documents or this Interim Order, as applicable, including, without limitation, the resumption and prosecution of the Foreclosure Action.

12. Carve Out. The Adequate Protection Liens and the Adequate Protection Superpriority Claims shall be subordinate solely to the following (collectively, the “**Carve Out**”): (a) fees under 28 U.S.C. § 1930 and 31 U.S.C. § 3717, (b) fees payable to the Clerk of the Bankruptcy Court, (c) all unpaid fees, costs and expenses (collectively, the “**Professional Fees**”) incurred by persons or firms retained by the Debtor pursuant to Bankruptcy Code §§ 327, 328 or 363 and any Committee (collectively, the “**Professional Persons**”) as may be allowed by the Court under Bankruptcy Code §§ 330 or 331 and as may be advanced subject to allowance pursuant to any monthly fee order entered in the chapter 11 case, not to exceed the lesser of the aggregate of sum of \$5,000.00 and the Professional Fees accrued to the Termination Date, provided that (i) the Carve Out shall not be available to pay any such Professional Fees incurred in connection with the initiation or prosecution of any Avoidance Actions or the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation, against Stabilis, and (ii) the Carve Out shall be reduced by the payment of Professional Fees from retainers or deposits delivered to such Professional Persons, without regard to when such amounts are allowed by the Bankruptcy Court; (d) the costs of administrative expenses not to exceed \$10,000.00 in the aggregate that are permitted to be incurred by any chapter 7 trustee pursuant to any order of this Court following any conversion of the Debtor’s chapter 11 case pursuant to Bankruptcy Code § 1112; (e) proceeds of any recoveries of Avoidance Actions; and (f) proceeds of any recoveries from any actions against Stabilis .

13. Reservation of Certain Third Party Rights and Bar of Challenges and Claims. The rights of any creditor, party in interest or committee, whether formal or informal, including any Committee, to dispute or challenge the validity, perfection, extent, amount and priority of Stabilis' claims and liens (except based on the value of the Collateral or the right to interest, charges and fees under the Bankruptcy Code or the amount of the claim) (collectively, a "**Challenge**") are expressly preserved for seventy-five (75) days from the date that counsel for a Committee has been retained, if a Committee is formed, and all other parties in interest are afforded ninety (90) days from the date that the Court has entered this Interim Order (the "**Challenge Period**"). Upon the expiration of the Challenge Period (the "**Challenge Period Deadline**"), without the filing of a Challenge: (a) any and all such Challenges by any party (including, without limitation, any Committee, any chapter 11 trustee, and/or any examiner or other estate representative appointed in this chapter 11 case, and any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case), shall be deemed to be forever waived, released and barred, and (b) all of the Debtor's stipulations, acknowledgements, waivers, releases, affirmations and other stipulations to the priority, extent, and validity as to Stabilis' claims, liens, and interests shall be of full force and effect and forever binding upon the Debtor, the Debtor's bankruptcy estate and all creditors, interest holders, and other parties in interest in this chapter 11 case and any Successor Cases. Nothing in this Interim Order vests or confers on any Person (as defined in the Bankruptcy Code), including any Committee or any other statutory committee appointed in the chapter 11 case, standing or authority to pursue any cause of action belonging to the Debtor's estate.

14. No Third Party Rights. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

15. No Liability to Third Parties. In not objecting to the Debtor's use of Cash Collateral under the terms set forth herein or in taking any other actions under this Interim Order, Stabilis (i) shall have no liability to any third party and shall not be deemed to be in control of the operations of the Debtor or to be acting as a "controlling person," "responsible person" or "owner or operator" with respect to the operation or management of the Debtor (as such term, or any similar terms, are used in the Internal Revenue Code, the United States Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any similar Federal or state statute), and (ii) shall not owe any fiduciary duty to the Debtor, its creditors or its estate. Stabilis' relationship with the Debtor shall not constitute or be deemed to constitute a joint venture or partnership with the Debtor.

16. No Marshaling/Application of Proceeds. Upon entry of a Final Order, Stabilis shall not be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the Collateral, as the case may be, and proceeds shall be received and applied in accordance with this Interim Order notwithstanding any other agreement or provision to the contrary.

17. Section 552(b). Upon entry of a Final Order, Stabilis shall be entitled to all of the rights and benefits of Bankruptcy Code § 552(b), and the "equities of the case" exception under Bankruptcy Code § 552(b) shall not apply to Stabilis with respect to proceeds, product, offspring or profits of any of the Prepetition Collateral.

18. Rights Preserved. Notwithstanding anything herein to the contrary, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) Stabilis' right to seek any other or supplemental relief in respect of the Debtor, including the right to seek additional adequate protection (without prejudice to any other person's right to object to or otherwise oppose such additional adequate protection); or (b) any of

the rights of Stabilis under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the right to (i) request modification of the automatic stay of Bankruptcy Code § 362, (ii) request dismissal of any this chapter 11 case or a Successor Case, conversion of this case to a case under chapter 7, or appointment of a chapter 11 trustee or examiner with expanded powers, or (iii) propose, subject to the provisions of Bankruptcy Code § 1121, a chapter 11 plan or plans. This Interim Order shall not be deemed to be an amendment or modification to the Loan Documents.

19. No Waiver by Failure to Seek Relief. The failure of Stabilis to seek relief or otherwise exercise its rights and remedies under this Interim Order or applicable law, as the case may be, shall not constitute a waiver of any rights hereunder, thereunder, or otherwise of Stabilis.

20. Good Faith. Stabilis has acted in good faith in connection with this Interim Order and its reliance on this Interim Order is in good faith.

21. Binding Effect of Interim Order. Immediately upon entry by this Court (notwithstanding any applicable law or rule to the contrary), the terms and provisions of this Interim Order shall become valid and binding upon the Debtor and any Committee.

22. Stay, Modification, Amendment or Vacatur of Interim Order. In the event any or all of the provisions of this Interim Order are hereafter stayed modified, amended or vacated by a subsequent order of this Court or any other court, such stay, modification, amendment or vacatur shall not affect the validity, perfection, priority, allowability, enforceability or non-availability of any advances, payments or use of cash whether previously or hereunder, or lien, claim or priority authorized or created hereby made before such stay, modification, amendment or vacatur. Any liens or claims granted to Stabilis hereunder arising prior to the effective date of any such stay, modification, amendment or vacatur of this Interim Order shall be governed in all respects by the



original provisions of this Interim Order, including entitlement to all rights, remedies, privileges and benefits granted herein.

23. Survival. The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order that may be entered: (a) confirming any chapter 11 plan in this case; (b) converting this chapter 11 case to a case under chapter 7 of the Bankruptcy Code; (c) dismissing this chapter 11 case or any Successor Cases; or (d) pursuant to which this Court abstains from hearing this chapter 11 case or Successor Cases. The terms and provisions of this Interim Order, including the claims, liens, security interests and other protections granted pursuant to this Interim Order, notwithstanding the entry of any such order, shall continue and shall maintain priority as provided by this Interim Order.

24. Final Hearing. The Final Hearing to consider entry of the Final Order is scheduled for \_\_\_\_\_, **2017 at 10:00 a.m. (Eastern Time)**. On or before three business days after entry of this Interim Order, the Debtor shall serve notice of the entry of this Interim Order and of the Final Hearing (the “**Final Hearing Notice**”), together with a copy of this Interim Order on: (i) counsel to any Committee or, if none has yet been appointed, the Debtor’s 20 largest unsecured creditors; (ii) Counsel to Stabilis; (iii) the U.S. Trustee; and (iv) any party that has filed prior to such date a request for notices with the Court (collectively, the “**Notice Parties**”). On or before \_\_\_\_\_, **2017 at 5:00 p.m. (Eastern Time)** the Debtor shall file and serve the proposed Final Order on the Notice Parties. Any party in interest objecting to granting the relief set forth in the Final Order shall file written objections with the Court no later than \_\_\_\_\_, **2017 at 5:00 p.m. (Eastern Time)**, which objections shall be served so as to be received on or before such date by: (i) counsel to the Debtor, and (ii) the Notice Parties.

25. Effect of this Interim Order. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable *nunc pro tunc* to the Petition Date immediately upon entry hereof.

26. Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

27. Setoff. Except as permitted by this Interim Order, the Cash Collateral shall not be subject to any right of offset by any account debtor of the Debtor arising prior to the Petition Date and no such right of offset shall be asserted against the Cash Collateral by the Debtor, any account debtor, or any other person or entity.

28. Notice. Any notices to be given hereunder shall be given by facsimile transmission and by first class mail to the parties listed below, and shall be deemed given when mailed:

If to the Debtor, to:

Q and Q Realty, LLC  
95-02 35<sup>th</sup> Avenue  
Flushing, NY 11372  
Attn: Juan Galvan

With a copy to:

Law Office of Robert L. Reda, P.C.  
One Executive Boulevard, Suite 201  
Suffern, New York 10901  
Attn: Robert L. Reda

If to Stabilis, to:

Christopher A. Lynch, Esq.  
Reed Smith, LLP  
599 Lexington Avenue  
New York, New York 10022

29. The parties hereto are authorized, empowered and directed to execute and deliver all other agreements, instruments and documents and take any and all other actions in order to effectuate this Interim Order.

Dated: Brooklyn, New York  
November \_\_, 2016

---

HON. NANCY H. LORD  
UNITED STATES BANKRUPTCY JUDGE