

ENTERED

June 30, 2026

Nathan Ochsner, Clerk

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION****IN RE:****ROOTED ENTERPRISE, LLC,****Debtor.**§
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§**CASE NO: 26-33356****CHAPTER 11****ORDER FOR USE OF CASH COLLATERAL (ECF NO. 12)**

Before the Court is the Motion to Use Cash Collateral filed by the debtor Rooted Enterprises, LLC (“Rooted”) and the Objection filed by Prosperity Bank (ECF No. 14). Hearing was held on June 30, 2026, and the Court heard from one witness Stephani Shoemake (“Shoemake”). Shoemake and her husband own the debtor, which is a single asset real estate debtor. Shoemake singularly also owns and runs a childcare center Peas in a Pod Learning Center, LLC (“Peas in a Pod”) which is the tenant of the debtor. In effect Shoemake is both the tenant [Peas in a Pod] and the landlord [Rooted]. There is a lease between the two entities which calls for rent of \$22,000 per month, plus a monthly escrow for taxes and payment of insurance (ECF 27-5). The lease is in default and Rooted is owed somewhere between \$133,000 and \$250,000 in back lease payments from Pea in a Pod.

The Court holds that the value of the real property as of the hearing based on the uncontroverted testimony of Shoemake is \$4,000,000. The Court holds that the first lien debt of Prosperity Bank (“Prosperity”) as of May 11, 2026, is not less than \$2,271,642.55.¹ The Court holds that Prosperity Bank holds an equity cushion.

There is a second lien on the property held by the Small Business Association (“SBA”). The exact amount of its debt is estimated by the debtor at 1.6 million. The SBA did not appear at the hearing or otherwise participate in this case which is typical of the SBA. There are outstanding property taxes of approximately \$68,000, which debt primes the lien of Prosperity, but it is covered by its equity cushion.

Shoemake under questioning from the Court indicated two possible reorganization scenarios. First, the property would be sold and then leased back by Peas in a Pod from a new owner. Second, Peas in a Pod would increase its childcare count to a level that would allow it to pay back Prosperity. This is a SARE² case with strict time deadlines that based on the testimony of Shoemake may be difficult or impossible to meet.

¹ ECF No. 27-6.

² Single Asset Real Estate Case.

The debtor requests the Court approve the cash collateral budget filed at ECF 29-1. It provides for a monthly adequate protection payment of \$13,137 beginning on July 1, 2026, insurance payments which the Court has approved by order, U.S. Trustee fees and bank charges.

Prosperity by objection and argument at the hearing seeks full payment of the rental as provided by the lease as adequate protection. It also raises conflict issues which this order does not address nor waive.

The Court believes the debtor and Peas in a Pod to be financially challenged. The Court holds that but for these financial challenges Peas in a Pod would have paid the full lease payment to the debtor and the debtor would not have defaulted to Prosperity. It is the Court's unsupported belief that the debtor which owes property taxes for 2025 is also in default to the SBA.

The Court holds that a purported sale of the property or a foreclosure sale by Prosperity would today, given its first lien equity cushion pay Prosperity in full. However, at this juncture the Court has serious concerns that the debtor will be able to reorganize absent a quick sale of the property. The Court has today granted an application to retain a real estate broker.

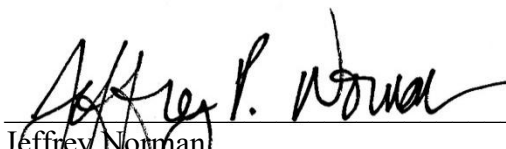
Interest on Prosperity's claim and property taxes continue to accrue, however, to the potential detriment of Prosperity. The Court can easily envision that at a foreclosure sale, which remains a possibility, the equity cushion it holds would disappear. The Court therefore sets a monthly cash collateral payment of \$15,000 per month from the debtor to Prosperity beginning July 1, 2026. Additionally, the debtor shall maintain insurance coverage on the property as previously authorized by the Court. In addition, the debtor may pay bank charges and U.S. Trustee fees. No other expenditures are authorized. Failure to make the required adequate protection payment shall lead to lifting of the automatic stay.

This is an interim order. The Court sets another interim or final hearing at 10:30 a.m. on August 10, 2026. The Court **ORDERS** the debtor to file its July 2026 operating report early, no later than Friday, August 9, 2026.

The Court encourages the debtor to formulate its sale of the real property or formulation of a Plan of Reorganization as soon as is possible.

SO ORDERED.

SIGNED 06/30/2026



Jeffrey Nonman
United States Bankruptcy Judge