

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE:

RYNARD PROPERTIES HILLDALE LP

CASE NO 16-31248-JDL

CHAPTER 11

DEBTOR'S MOTION FOR ENTRY OF INTERIM AND
FINAL ORDERS AUTHORIZING USE OF CASH COLLATERAL
PURSUANT TO 11 U.S.C. § 363
EXPEDITED HEARING REQUESTED

Rynard Properties Hilldale, LP, a Tennessee limited partnership (hereafter "Debtor"), debtor and debtor-in-possession, hereby moves this Court for entry of interim and final orders pursuant to sections 363 of Title 11, U.S. Bankruptcy Code (the "Bankruptcy Code") and Rule 4001(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") authorizing use of cash collateral pursuant to Section 363 of the Bankruptcy Code and described in more detail below and deeming the Debtor's Pre-Petition Lender, including, but not limited to Wells Fargo Bank, N.A. as Trustee for, and for the benefit of the owners of, multifamily housing refunding revenue bonds (Hilldale apartments Project) Series 2013A and Series 2013A-T (hereafter "Wells Fargo") adequately protected with regard thereto. The Debtor also requests that the Court schedule a hearing on the Debtor's request, pursuant to this Motion, for entry of a final order approving the use of cash collateral. In support of this Motion, the Debtor respectfully states as follows:

JURISDICTION

1. This 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) (A), (D), and (O). Venue of the Debtor's chapter 11 case and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

2. On December 7, 2016, (the "Petition Date"), the Debtor filed a petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor is now operating its businesses and managing its properties as debtor in possession pursuant to 11 U.S.C. §§

1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner.

3. The Debtor is a Tennessee limited partnership. The Debtor's principal place of business is 3500 Westline and 3491 Frayser Raleigh, Memphis, TN 38128 and the Debtor operates a 148 unit multifamily apartment complex of Section 8 housing named Hilldale Apartments in the Frayser area of Memphis, TN and currently has LEDIC operating the complex as leasing agent.

DEBTOR'S NEED FOR THE USE OF CASH COLLATERAL

4. The Debtor's income is derived from the operation and management of the 148 unit multifamily apartment complex known as Hilldale Apartments. The Debtor's primary lender is Wells Fargo as Trustee for the bonds. The Debtor is indebted to Wells Fargo in the approximate amount of \$4,865,000 and Tennessee Housing Development Agency holds second mortgage behind Wells Fargo in the approximate amount of \$107,367.00. Wells Fargo holds a security interest in all the Debtor's accounts, accounts receivable, rents and real property (Collectively the "Pre-Petition Lender Collateral"). The Debtor's cash, accounts receivable and rents constitute cash collateral governed by 11 U.S.C. § 363(a). The Debtor's continued use of its cash, accounts receivable and rents is necessary to ensure that the Debtor has adequate working capital to fund operations.

5. The Debtor's need for the use of cash collateral is compelling. Adequate working capital is essential to the maintenance and upkeep of the apartment complex and payment of their vendors. The use of cash collateral will ensure that the Debtor is able to pay the ongoing expenses that arise in the ordinary course of its business and to ensure the continuous operation of the business during the pendency of the chapter 11 case. The Debtor further seeks approval for any capital expenditure or expenditures as necessary such as appliances necessary for new tenants before moving in to the apartments.

6. The Debtor and its creditors, as well as the tenants of the apartments, face immediate and irreparable harm if the Court does not approve the use of cash collateral on an interim basis. If the Debtor is unable to meet payroll, pay for current utilities and supplies, and satisfy the numerous day-to-day expenses incurred in its operation of the plants, the Debtor will be forced to shut down. Even a temporary cessation of operations would be devastating to the Debtor's tenants and the prospect of maximizing the return to creditors. In all likelihood, tenants would leave and abandon the debtor. In short a shutdown of the apartment complex would all but rule out any chance to reorganize the Debtor's business and avoid a wasteful liquidation of the Debtor's assets.

RELIEF REQUESTED

7. By this motion, the Debtor requests, pursuant to Bankruptcy Rule 4001(b) and Section 363 of the Bankruptcy Code, that the Court enter an order granting interim

authority for the Debtor to use cash collateral pursuant to 11 U.S.C. § 363. The Debtor also requests that the Court schedule a final hearing on this Motion and, after appropriate notice to parties in interest, grant final approval of the use of cash collateral and adequate protection.

8. The Debtor and Wells Fargo on behalf of bondholders entered into that certain Loan Agreement dated January 1, 2013 pursuant to which the Issuer under the bonds agreed to loan Debtor an aggregate principal amount of \$5,025,000.00 (“Loan”) refund the prior bonds; make certain capital improvements to the Hilldale Apartments; fund a debt service reserve fund and pay certain costs of issuance of the bonds. To evidence the loan Debtor executed that certain Multifamily Promissory Note in favor of the bondholders date January 17, 2013. In order to secure the obligations of the Debtor a Deed of Trust, Assignment of Rents and Leases, and Security Agreement dated January 17, 2013 was executed by Debtor)”Deed of Trust”). Further the Debtor executed an Assignment of Rents and Leases dated January 17, (collectively the “Pre-Petition Obligations”). The Pre-Petition Obligations are secured by liens in substantially all of the assets of the Debtor including the real property and the personal property located thereon and all rents and payments.

9. The Debtor believes that the total value of the collateral pledged to Wells Fargo is approximately \$ 4,285,000.00. The Debtor is providing information of its operations for the year and based their budget on the average monthly amount needed for operations. The Debtor proposes to use cash collateral on an interim basis in accordance with the terms of the proposed budget attached hereto as Exhibit A in the last column as average monthly amount. The Debtor may increase, without Wells Fargo’s prior consent, any budgeted disbursement line item related to ordinary operating expense by an amount not to exceed 10% of the amount reflected in the budget for such monthly budgeted disbursement line item. The Debtor requests that the Court authorize the payment of U.S. Trustee fees and approved compensation for attorney for Debtor up to \$50,000.00 in approved fees and expenses as necessary administrative costs to be paid pursuant to this Order. The Debtor further requests the replacement expenditures listed in budget of \$83,260.00 and \$27,015.0 for capital expenditures for the year 2017 be approved to be reimbursed from the reserve fund. The Debtor submits that the protections contained in the Order and use of cash collateral within the framework of the budget will constitute adequate protection for the interest of Wells Fargo regarding such use of cash collateral as well as adequate protection for the interest of Wells Fargo for the continued use by the Debtor of the other assets in which Wells Fargo has a lien. The budget contains provisions for Wells Fargo mortgage adequate protection payment, insurance and taxes for payment each month under this interim and final request.

NOTICE

10. Due to the Debtor’s immediate need for interim financing in order to avoid immediate and irreparable harm to the Debtor and its estate, the Debtor has provided a copy of this Motion, together with all exhibits, via facsimile or e-mail to counsel for Wells Fargo, Tennessee Housing Development Agency, the United States Trustee,

Renasant Bank, the 20 largest unsecured creditors and the U.S. Attorney's office. The Debtor submits that under the circumstances no further notice of the hearing on the Interim Order is necessary, and requests that any further notice be dispensed with and waived.

NOTICE WTH RESPECT TO FINAL ORDER

11. Pursuant to Bankruptcy Rule 4001, the Debtor respectfully requests that it be authorized to provide notice of the final hearing on this Motion, by serving a copy of the Motion, with exhibits, and Order and Notice of Hearing by U.S. first class mail, postage prepaid, to the United States Trustee, Counsel for Wells Fargo, Counsel for Renasant Bank, the 20 largest unsecured creditors and the U.S. Attorney's office, all parties that have requested notice in these cases, and any and all other parties as directed by the Court.

WHEREFORE, the Debtor respectfully requests entry of an order granting the relief requested and further relief as is just and proper.

DATED: January 4, 2017

Respectfully submitted,

/s/ Toni Campbell Parker
Toni Campbell Parker, TN # 6984
Attorney for Debtor-in-Possession
615 Oakleaf Office Lane
P.O. Box 240666
Memphis, TN 38124-0666
901-683-0099
866-489-7938 (fax)
Tparker002@att.net

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was sent to the entities or individuals listed below via first class U.S. mail, postage prepaid, hand delivery, facsimile or e-mail this the 4th day of January, 2017.

Wells Fargo and its counsel

Renasant Bank and its counsel

United States Trustee
200 Jefferson, 4th Floor
Memphis, TN 38103

U.S. Attorneys Office
200 Jefferson, 4th Floor
Memphis, TN 38103

And the 20 largest unsecured creditors as filed in the Schedules.

/s/ Toni Campbell Parker