

**SO ORDERED.**

**SIGNED this 04 day of April, 2012.**

*Stephani W. Humrickhouse*

**Stephani W. Humrickhouse  
United States Bankruptcy Judge**

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**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NORTH CAROLINA  
WILMINGTON DIVISION**

**IN RE:**

**SEA TRAIL CORPORATION,**

**CASE NO. 11-07370-8-SWH  
CHAPTER 11**

**DEBTOR**

**ORDER AUTHORIZING DEBTOR TO ENTER INTO PREMIUM FINANCING  
AGREEMENT WITH IPFS CORPORATION**

**THIS MATTER**, coming on for hearing on April 4, 2012, on the Debtor's Emergency Motion for Authorization to Obtain Post-Petition Financing of Insurance Premium ("Debtor's Emergency Motion") filed by the Debtor on April 3, 2012, to which was attached the proposed Premium Finance Agreement (the "Agreement") between the Debtor and IPFS Corporation ("IPFS"). The Court, having found that service of the Motion and notice of the hearing on the Motion were provided in compliance with the applicable rules and were in all respects adequate under 11 U.S.C. § 102(1), that the Debtor is unable to pay for the insurance coverage to which the Agreement pertains in the ordinary course of business under 11 U.S.C. § 364(a) and has been unable, after reasonable effort, to obtain unsecured debt to pay for such coverage under 11 U.S.C. § 364(b), and that IPFS Corporation ("IPFS") proposes to extend financing to the Debtor pursuant to the Agreement in good faith within the meaning of 11 U.S.C. § 364(e), and for other good cause appearing,

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Debtor's Emergency Motion is granted and the Debtor is hereby authorized to enter into the Agreement, a copy of which is attached hereto and made a part hereof.

2. The Debtor is hereby authorized and directed to pay IPFS all sums due or to become due pursuant to the Agreement.

3. The Debtor is hereby authorized and directed to grant to IPFS liens and security interests, and such liens and security interests are hereby granted, in (a) the unearned or return premiums and dividends which may become payable under the insurance policies identified in the Agreement, pursuant to 11 U.S.C. § 364(c)(2), and (b) loss payments which reduce the unearned premiums, subject to any mortgage or loss payee interests, pursuant to 11 U.S.C. § 364(c)(2) (the unearned or returned premiums, dividends, and the loss payments are collectively referred to herein as the "Collateral"). The liens and security interests of IPFS shall at all times be senior to the rights of the estate in this or any subsequent proceeding under the Bankruptcy Code and to the rights of any other person or entity claiming a security interest in the Collateral, except, with respect to any loss payments which reduce the unearned premiums, the rights of mortgagees or other loss payees.

4. IPFS' liens and security interests in the Collateral are and for all purposes shall be deemed to be duly perfected, and no notice, filing, recordation or other act in accordance with any applicable local, state, federal, or common law statute, rule, or regulation shall be necessary to create, perfect, or enforce such liens and security interests.

5. The full rights of IPFS pursuant to the Agreement and controlling state law be and the same are hereby fully preserved and protected and are and shall remain unimpaired by the pendency of this or any subsequent proceeding under the Bankruptcy Code, the appointment of a

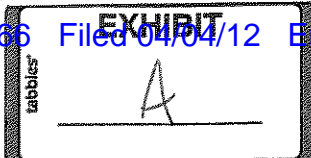
trustee in this case, or the conversion of the case to a case under Chapter 7 of the Bankruptcy Code.

6. In the event that the Debtor defaults upon any of the terms of the Agreement and does not cure such default as and within the time period provided therein, IPFS may, without moving for relief from the automatic stay of 11 U.S.C. § 362 and without further order of this Court, exercise such rights as it would have under state law but for the pendency of this proceeding, cancel all insurance policies identified in the Agreement or any amendment thereto, including any substitute or replacement policies which may be purchased after the date of this Order, and receive and apply to the Debtor's account all unearned or return insurance premiums or dividends, and subject to the interests of mortgagees or other loss payees, all loss payments which reduce such unearned premiums.

7. In the event that, after such application, any sums still remain due to IPFS pursuant to the Agreement, such deficiency shall, pursuant to 11 U.S.C. § 364(c)(1), be deemed an administrative expense of the estate with priority over any and all administrative expenses of the kind specified in 11 U.S.C. §§ 503(b) or 507(b), regardless of whether such administrative expenses are incurred in this Chapter 11 case or after any conversion of this case to a case under Chapter 7 of the Bankruptcy Code.

8. 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”



P O BOX 700  
 AMHERST, NY 1422 6-0  
 (800)888-3050 FAX: (600)569-2749

PREMIUM FINANCE AGREEMENT



<b>A</b>	<b>CASH PRICE (TOTAL PREMIUMS)</b>	<b>\$132,763.15</b>	<b>AGENT (Name &amp; Place of business)</b> WOODBURY & CO	<b>INSURED (Name and residence or business address)</b> SEA TRAIL CORPORATION
<b>B</b>	<b>CASH DOWN PAYMENT</b>	<b>\$46,500.00</b>	1111 MILITARY CUTOFF ROAD SUITE 221 WILMINGTON NC 28405 (910)763-3431	279 CLUBHOUSE ROAD SUNSET BEACH NC 28468 (910)287-1100
<b>C</b>	<b>PRINCIPAL BALANCE (A MINUS B)</b>	<b>\$86,263.15</b>		

LOAN DISCLOSURE

Quote Number: 153835

<b>ANNUAL PERCENTAGE RATE</b> The cost of your credit as a yearly rate.  4.5 %	<b>FINANCE CHARGE</b> The dollar amount the credit will cost you.  \$1,462.05	<b>Amount Financed</b> The amount of credit provided to you or on your behalf.  \$86,263.15	<b>Total of Payments</b> The amount you will have paid after you have made all payments as scheduled.  \$87,725.20
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YOUR PAYMENT SCHEDULE WILL BE

<b>Number of Payments</b> 8	<b>Amount of Payments</b> \$10,965.65	<b>When Payments Are Due Beginning:</b> MONTHLY 5/3/2012
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ITEMIZATION OF THE AMOUNT FINANCED:  
 THE FULL AMOUNT FINANCED WAS PAID  
 TO THE INSURANCE COMPANY.

**Security:** You are giving a security interest in the unearned premiums and, on commercial policies, loss payments which will reduce the unearned premium of the policies.

**Late Charges:** A late charge will be imposed on any installment in default 5 days or more. This late charge will be 5% of the installment due.

**Prepayment:** If you pay your account off early, you may be entitled to a refund of a portion of the finance charge in accordance with Rule of 78's. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$15.00. See the contract below and on the reverse side for additional information about nonpayment, default and penalties.

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	POL. TRMS	PREMIUM	
CPO9651863-01	4/3/2012	ZURICH AMERICAN INSURANCE CO VENTURE PROGRAMS INC.	PKG	12	\$121,372.00	
UMB9651864-01	4/3/2012	ZURICH AMERICAN INSURANCE CO VENTURE PROGRAMS INC.	UMBRLA	12	\$5,545.00	
(If none, so state)						
(CHECK CORRECT BOX) <input type="checkbox"/> PERSONAL <input checked="" type="checkbox"/> COMMERCIAL					TOTAL \$	\$132,763.15

Continued On Schedule A

The undersigned insured directs IPFS Corporation dba Premium Financing Specialists Corp. (herein, "Lender") to pay the premiums on the policies described above. In consideration of such premium payments the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender the amount stated as Total of Payments in accordance with the Payment Schedule, both as shown in Loan Disclosure, subject to the Provisions herein set forth.

The named insured:

1. Assigns to Lender as security for the total amount payable hereunder all unearned premiums and, on commercial policies, loss payments which will reduce the unearned premium which become payable under the policies listed above, as to all of which insured gives to Lender a security interest.

2. Irrevocably appoints Lender attorney-in-fact of the insured with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this agreement.

- 3. Understands that the finance charge begins to accrue as of the earliest policy effective date.
- 4. Agrees to all provisions set out on pages 1 and 2 of this agreement.

INSURANCE PREMIUM FINANCE AGREEMENT NOTICE

- A. Do not sign this agreement before you read it.
- B. You are entitled to a copy of this agreement.
- C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the service charge.

*Nana A. C. Oly*      4/2/12  
 Signature of Insured or Authorized Agent      DATE

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.

\_\_\_\_\_  
 SIGNATURE OF AGENT

\_\_\_\_\_  
 DATE

## FURTHER PROVISIONS OF PREMIUM FINANCE AGREEMENT

Insured and Lender agree that:

**5. EFFECTIVE DATE:** This Agreement shall be effective when written acceptance is mailed to the insured by Lender.

**6. DELINQUENT PAYMENTS:** The acceptance by Lender of one or more late payments from the insured shall not estop Lender or be a waiver of the rights of Lender to exercise all of its rights hereunder in the event of any subsequent late payment.

**7. CANCELLATION:** Lender may cancel the insurance policies after providing at least 10 days notice of its intent to cancel or any other required statutory notice if the insured does not pay any installment according to the terms of this Agreement and the unpaid balance due to Lender shall be immediately payable by the insured. Lender at its option may enforce payment of this debt without recourse to the security given to Lender.

**8. CANCELLATION CHARGES:** If cancellation occurs, the insured agrees to pay a finance charge on the balance due at the contract rate of interest until the balance is paid in full or until such other dates as required by law.

**9. INSUFFICIENT FUNDS (NSF) CHARGES:** If an insured's check or electronic funding is dishonored for any reason, the insured will pay to Lender a fee, if permitted by law, of \$25.00 or the maximum permitted by law.

**10. MONEY RECEIVED AFTER CANCELLATION:** Any payments made to Lender after Lender's Notice of Cancellation of the insurance policy(ies) has been mailed may be credited to the insured's account without any obligation on the part of Lender to request reinstatement of the policy. Any money Lender receives from an insurance company shall be credited to the balance due Lender with any surplus refunded to whomever is entitled the money. In the event that Lender does request a reinstatement of the policy on behalf of the insured, such a request does not guarantee that coverage under the policy will be reinstated or continued. Only the insurance company has authority to reinstate the policy. The insured agrees that Lender has no liability to the insured if the policy is not reinstated.

**11. ASSIGNMENT:** The insured agrees not to assign any policy listed hereon or any interest therein except for the interest of mortgages or loss payees, without the written consent of Lender, that Lender may sell, transfer and assign its rights hereunder or under any policy without the consent of the insured, and that all agreements made by the insured hereunder and all rights and benefits conferred upon Lender shall insure to the benefit of Lender's successors and assigns (and any assignees thereof).

**12. INSURANCE AGENT OR BROKER:** The insured agrees that: the insurance agent or broker soliciting the policies or through whom the policies were issued is not the agent of Lender; and the agent or broker named on the front of this Agreement is neither authorized by Lender to receive installment payments under this Agreement nor is to make representations, orally or in writing, to the insured on Lender's behalf (except to the extent expressly required by applicable law).

**13. FINANCING NOT A CONDITION:** The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance.

**14. COLLECTION COSTS:** Insured agrees to pay attorney fees and other collection costs to Lender to the extent permitted by law, if this Agreement is referred to an attorney, who is not a salaried employee of Lender, to collect any money insured owes under this Agreement.

**15. LIMITATION OF LIABILITY:** The insured agrees that Lender's liability to the insured, any other person or entity for breach of any of the terms of this Agreement for the wrongful or improper exercise of any of its powers under this Agreement shall be limited to the amount of the principal balance outstanding, except in the event of Lender's gross negligent or willful misconduct. (Not applicable in NC)

**16. CLASSIFICATION AND FORMATION OF AGREEMENT:** This Agreement is and will be a general intangible and not an instrument (as those terms are used in the Uniform Commercial Code) for all purposes. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of the insured and agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy.

**17. REPRESENTATIONS AND WARRANTIES:** The insured represents that the insured is not insolvent or presently the subject of any insolvency proceeding (or if the insured is a debtor of bankruptcy, the bankruptcy court has authorized this transaction), if the insured is not an individual, that the signatory is authorized to sign this Agreement on behalf of the insured, and all parties responsible for payment of the premium are named and have signed this Agreement.

**18. ENTIRE DOCUMENT:** This document is the entire Agreement between Lender and the insured and can only be changed in writing and signed by both parties except that the insured authorizes Lender to insert or correct on this Agreement, if omitted or incorrect, the insurer's name and the policy number(s). Lender is also authorized to correct patent errors and omissions in this Agreement. The laws of the state indicated in the insured's address on the Agreement will govern this Agreement.

North Carolina Insurance Premium Finance License #B-345

## AGENT'S REPRESENTATION

The agent/broker executing this agreement represents, warrants and agrees: (1) the insured has received a copy of this Agreement and has authorized this transaction, the insured's signature is genuine, and the down payment has been received from the insured in cash, (2) the policies are in full force and effect and the information in the Schedule of Policies including the premium amounts is correct, (3) no direct company bill, audit, or reporting form policies or policies subject to retrospective rating or to minimum earned premium are included, except as indicated, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (4) the policies can be cancelled by the insured or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated, (5) there are no bankruptcy, receivership, or insolvency proceedings affecting the insured, (6) to hold Lender, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from these representations or from errors, omissions or inaccuracies of agent in preparing this agreement, and (7) to pay the down payment and any funding amounts received from Lender under this Agreement to the insurance company or general agent (less any commissions where applicable) (8) to hold in trust for Lender any payments made or credited to the insured through or to you directly or indirectly, actually or constructively by the insurance companies and to pay the monies, as well as the unearned commissions to Lender upon demand to satisfy the outstanding indebtedness of the insured.

AGENT WOODBURY & CO  1111 MILITARY CUTOFF ROAD SUITE 221 WILMINGTON NC 28405 (910)763-3431	INSURED SEA TRAIL CORPORATION  279 CLUBHOUSE ROAD  SUNSET BEACH NC 28468 (910)287-1100
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**SCHEDULE A**

Quote Number: 153835

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	POL TRMS	PREMIUM
PENDING	4/3/2012	ESSEX INSURANCE CO VENTURE PROGRAMS INC.	POLLTN FEES TAXES	12	\$5,463.00 \$110.00 \$273.15