SO ORDERED

SIGNED this 15 day of May, 2026.

Pamela W. McAfee
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION

IN RE:
SAVIN GRACE, LLC
Debtor

Chapter 11
Case No. 26-01924-5-PWM

FINAL ORDER AUTHORIZING DEBTOR'S USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION

THIS MATTER came before the Court on May 6, 2026, to consider the Emergency Motion for Order Authorizing Use of Cash Collateral and Granting Adequate Protection [Doc. No. 8] (the "Motion") filed by Savin Grace, LLC (the "Debtor"). Ciara L. Rogers and Robert Decker appeared on behalf of the Debtor and Brian Champion appeared on behalf of the Bankruptcy Administrator. Upon consideration of the Motion, the statements of counsel, and the evidence and testimony presented at the hearing, no objections having been filed, and it appearing that the Debtor's use of cash collateral subject to the terms and conditions set forth below is reasonable and appropriate, in the best interests of the Debtor's bankruptcy estate and all creditors, and should be approved. For good and sufficient reasons, the Court makes the following **FINDINGS OF FACT AND CONCLUSIONS OF LAW**:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 151, 157, and 1334 and the General Order of Reference entered by the United States District Court for the Eastern District of North Carolina on August 3, 1984.

2. On April 29, 2026 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

3. The Debtor continues to operate its business and manage its property as debtor-in-possession.

4. The Debtor, a North Carolina limited liability company, operates a residential treatment facility for children and adolescents who are diagnosed with mental health illnesses, behavioral issues, and/or intellectual disabilities. The Debtor also provides peer support services throughout Johnston County where its staff assists clients in recovery from mental illness or substance use disorders. The residential treatment facility operates out of real property owned by the Debtor and located at 562 Old Dam Road, Selma, NC 27576 (the "Real Property").

5. According to the evidence before the Court, there is one active Form UCC-1 financing statement of record and a deed of trust purporting to encumber the Debtor's cash collateral, referencing the U.S. Small Business Administration ("SBA") and Velocity Commercial Capital, LLC ("Velocity") (SBA and Velocity are hereinafter collectively referred to as the "Creditors"), respectfully.

6. The SBA's UCC-1 and the deed of trust recorded by Velocity evidence the Debtor's indebtedness to the SBA and Velocity. However, the SBA's UCC-1 lapsed on August 10, 2025. On the Petition Date, Velocity had not recorded a UCC-1.

7. Prior to and after the hearing on May 6, 2026, none of the Creditors have asserted a valid and perfected security interest in the Debtor's Cash Collateral. Furthermore, none of the Creditors have objected to the relief requested in the Motion.

8. Prior to, on, and after the Petition Date, Debtor has received and collected, and continues to receive and collect, cash proceeds that constitute Cash Collateral.

9. Section 363(c)(2) of the Bankruptcy Code governs the Court's approval of the use of cash collateral and provides that a debtor "may not use, sell, or lease cash collateral . . . unless (A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." 11 U.S.C. § 362(c)(2). Section 363 also provides that upon the request of an entity that has an interest in property to be used by a debtor, the court shall prohibit or condition such use as is necessary to provide adequate protection of such interest. *See* 11 U.S.C. § 363(e).

10. The Debtor requires the use of Cash Collateral to continue operating and to enhance the prospects for a successful reorganization; and, through the Motion, the Debtor requested authority to use the funds on hand on the Petition Date and those paid to the Debtor as a result of its ongoing

business operations, which constitute Cash Collateral, for the payment of the Debtor's ongoing operating expenses and administrative claims incurred during the pendency of this case.

11. The Debtor asserts that it is in the best interest of its bankruptcy estate, its creditors, and all parties in interest that the Debtor be permitted to use Cash Collateral in the manner provided for herein.

12. The Debtor will maintain one or more debtor-in-possession bank accounts where it will deposit all proceeds from its business activities.

13. As adequate protection for the Debtor's use of Cash Collateral and to the extent that Creditors had a valid pre-petition lien on such Cash Collateral, the Debtor proposed to provide the Creditors with post-petition replacement liens on the Cash Collateral with the same priorities as they existed pre-petition, in lien amounts equal to the amount of the Cash Collateral on hand as of the Petition Date.

14. Unless the Debtor is authorized to use Cash Collateral as provided herein, the Debtor and its estate will suffer immediate and irreparable harm. This order granting final relief will not prejudice the rights of Creditors, as: (i) they shall continue to maintain their lien, if any, on all their existing collateral and on replacement collateral as set forth below; and (ii) the use of Cash Collateral would preserve the value of the estate for the benefit of Creditors and all parties in interest.

Based upon the foregoing, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED**, as follows:

1. Subject to the terms and conditions contained herein, the Debtor is authorized to use Cash Collateral through the entry of an Order terminating or otherwise modifying Debtor's permitted use of Cash Collateral.

2. Notwithstanding 11 U.S.C. § 552, as adequate protection for Creditors' interest in the Cash Collateral, to the extent Debtor uses Cash Collateral, Creditors are granted a valid, attached, enforceable, perfected and continuing security interest in and lien upon, the Debtor's post-petition assets to the same extent and in the same priority as existed pre-petition; provided, that nothing in this Order shall be deemed to grant the Creditors a post-petition lien on the types of assets, if any, in which the Creditors did not possess a valid, perfected, enforceable, and otherwise non-avoidable pre-petition lien(s). The Debtor does not waive, and expressly reserves for itself and its bankruptcy estate (including other creditors and any committee formed in this proceeding), the right to challenge the

validity and priority of the pre-petition liens of the Creditors and, derivatively, the post-petition liens provided herein.

3. This Order shall remain in full force and effect until the entry of an order by the Court terminating this Order for cause, including, but not limited to breach of its terms and conditions.

4. Nothing in this Order shall be deemed to permit the authorization to charge or surcharge the Prepetition Collateral or Post-petition Collateral with any expense of administration, whether pursuant to 11 U.S.C. § 506(c), or otherwise.

5. If any provision of this Order is hereafter modified, vacated or stayed, such modification or stay shall not affect the validity or authority of the Debtor's use of Cash Collateral under this Order prior to such time, nor shall it affect the validity, priority or enforceability of the security interests and liens granted prior to the effective date of such modification, vacation or stay. The validity and enforceability of all liens and priorities authorized or created in this Order shall survive the conversion of this case to a proceeding under Chapter 7 of the Bankruptcy Code or the dismissal of this proceeding.

6. The terms of this Order shall be binding upon any Committee (if formed) and upon any trustee subsequently appointed, including but not limited to a Chapter 7 trustee upon conversion of this case to a case under Chapter 7 of the Bankruptcy Code. Nothing contained herein shall prevent a creditor, the Bankruptcy Administrator, any Committee, or other party in interest from contesting the validity, perfection and enforceability, or priority of a party's asserted liens, if any, or the amounts owing to a party, or from raising any defenses, offsets, deductions or counterclaims thereto.

7. Counsel for 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