

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF ILLINOIS

In re:)	Chapter 11 Proceeding
)	Case No. 16-41020
SHORT ENTERPRISES, INC.,)	
)	
Debtor.)	
)	

**ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL FOR
SHORT ENTERPRISES, INC. AND GRANTING ADEQUATE
PROTECTION TO THE BANK OF CARBONDALE**

Upon the Emergency Motion for Interim and Final Orders Authorizing Interim Use of Cash Collateral Pursuant to §363 of the Bankruptcy Code (the “Motion”) filed by Short Enterprises, Inc. (“Debtor”), the Court finds and concludes as follows:

1. The Court has jurisdiction over the Motion and issues raised therein pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (M).
2. Appropriate notice of the hearing on the Motion was provided to creditors and parties in interest as required under Rule 4001(b)(3) of the Federal Rules of Bankruptcy Procedure. Present at the November 17, 2016 hearing on the Motion were counsel for the Debtor and counsel for The Bank of Carbondale.
3. On November 2, 2016, (“Petition Date”), Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (11 U.S.C. § 101 et. seq.)
4. Debtor is an Illinois corporation that operates McDonald’s franchises. Debtor has operated since the Petition Date and is continuing to operate its business as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

5. Debtor is currently indebted to The Bank of Carbondale (“Bank”) in the appropriate sum of \$3,329,047.94 as evidenced by certain promissory notes (the “Pre-Petition Indebtedness”).

6. Bank has a pre-petition lien on the Debtor’s substantially of the assets at Debtor’s McDonald’s locations, including accounts, inventory, equipment, improvements, and proceeds thereof (collectively, the “Cash Collateral”), pursuant to a Security Agreement and certain Uniform Commercial Code Financing Statements.

7. The Debtor will require use of the Bank’s Cash Collateral during the case. The Debtor sells inventory in the ordinary course of business and replaces it daily and uses its accounts to pay ordinary expenses such as employee payroll.

8. Good cause has been shown for the entry of this Order. The ability of the Debtor to operate and maintain its business and maximize a return for its creditors requires the availability of Cash Collateral on and subject to the terms and conditions set forth in this Order. In the absence of the use of Cash Collateral, the continued operation and maintenance of the Debtor’s business may not be possible, and serious and irreparable harm to the Debtor, its estate, and its creditors would occur.

NOW THEREFORE, the interim relief requested in the Motion is GRANTED and it is hereby ORDERED:

A. As adequate protection for use of its Cash Collateral Bank shall have a first priority replacement lien in any pre-petition assets of Debtor's estate which were subject to the Bank’s lien, whensoever acquired pursuant to the provisions of 11 U.S.C. §552. Debtor further grants Bank a lien in all post-petition assets of the Debtor from and after the Petition Date to the same extent, validity, priority, perfection and enforceability as its interest in any pre-petition

assets of the Debtor's estate. The security and priorities granted to Bank shall not affect or impair the separate existing collateral of all other creditors.

B. The replacement liens granted in this Order shall be subject only to the following carve-out (the "Carve-Out"): (i) the allowed professional fees and expenses of the Debtor's bankruptcy counsel not to exceed \$20,000.00 to be paid as ordered by the Bankruptcy Court and only to the extent so ordered and (ii) the payment of quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6).

C. A final hearing on the Motion shall be held on December 19, 2016, at 9:00 a.m. in the United States Bankruptcy Court, 301 West Main Street, Benton, Illinois;

D. Debtor shall at all times maintain a policy of property and casualty insurance in an amount equal to the value of all of the assets at its McDonald's locations;

E. The Debtor shall serve a copy of this Order on the twenty largest unsecured creditors, all parties requesting notice and the United States Trustee as required by Fed. R. Bankr. 4001(d).

ENTERED: November 30, 2016

/s/ Laura K. Grandy

UNITED STATES BANKRUPTCY JUDGE/3