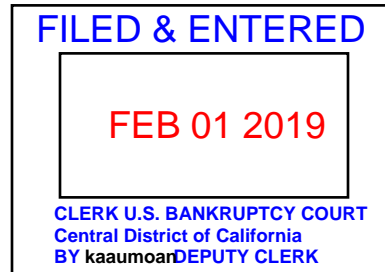


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8 UNITED STATES BANKRUPTCY COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 LOS ANGELES DIVISION

11 In re) **CASE NO: 2:18-bk-23696-WB**
12)
13) **CHAPTER 11**
14 Sumar International, Inc.)
15) **ORDER ON DEBTOR'S**
16) **SUPPLEMENT TO DEBTOR'S**
17) **INITIAL MOTION FOR**
18 Debtor.) **AUTHORITY TO USE CASH**
19) **COLLATERAL ON AN INTERIM**
20) **AND FINAL BASIS**
21)
22) Date: January 17, 2019
23) Time: 10:00 a.m.
24) Place: Courtroom 1375

21 A hearing was held on January 17, 2019, at 10:00 a.m. in the U.S. Bankruptcy
22 Court for the Central District of California, Los Angeles Division, on the Debtor's
23 "Supplement to Debtor's Initial Motion for Authority to Use Cash Collateral on an
24 Interim and Final Basis" (the "Supplement").

25 Steven R. Fox appeared for the Debtor. Raffi Khatchadourian of Hemar,
26 Rousso & Heald, LLP, appeared for Bank of America, N.A. (the "Bank")

27 The Court has considered the Motion (docket no 47,) the Bank's Opposition
28 (docket no. 53) and statements of counsel at the hearing.

1 At the hearing the Debtor and the Bank announced a resolution of differences.

2 **BASED UPON THIS REVIEW AND CONSIDERATION, THE COURT FINDS**

3 **THAT:**

4 A. The Debtor requests authority to use cash or cash equivalents, whenever
5 acquired, in which the estate has an interest, including proceeds,
6 products, offspring, rents, or profits of property (“cash collateral”) in such
7 amounts as are necessary to enable the Debtor to operate its business
8 as to avoid immediate and irreparable harm.

9 B. This is a core proceeding. 28 U.S.C. §157(b)(2)(M).

10 C. The Debtor has prepared a budget of projected income and expenses
11 (the “budget”) attached to the Supplement as **Exhibit “A.”**

12 D. The Motion alleges Bank of America asserts interests in cash collateral.
13 For purposes of this order only, the Court assumes Bank of America is
14 secured by cash collateral.

15 E. The parties announced a resolution of differences as to the Supplement
16 on the record at the hearing.

17 F. Subject to compliance with this Order and the revised budget, the Debtor
18 is authorized to use cash collateral on a final basis pursuant to the budget
19 through February 28, 2019.

20 G. The relief requested is necessary to avoid harm to the estate.

21 H. Bank of America will be adequately protected during the interim period by
22 virtue of the replacement liens, the other protections granted hereinbelow
23 and the nature of the expenses authorized herein by the Court.

24 **THEREFORE, IT IS HEREBY ORDERED THAT:**

- 25 1. The relief sought in the Supplement is approved.
- 26 2. The Debtor may use cash collateral on an interim basis pursuant to the budget,
27 for the period January 17, 2019, through February 28, 2019, on the terms
28 requested in the Supplement but as modified below.

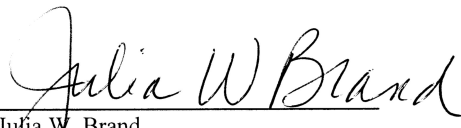
- 1 3. The Debtor shall make an adequate protection payment in the amount of
2 \$1,500 due on the 28th day of each month, beginning on January 28, 2019,
3 with the payment due in the office of the Bank's counsel on the 28th day of
4 each month. Payments will be due the 28th day of each succeeding month
5 until this Order is superseded by a later order.
- 6 4. The Debtor is authorized to deviate from the amounts set forth in the revised
7 budget by as much as 20% in any one category where the projected
8 spending is under \$1,000 and may vary from the revised budget by as much
9 as 15% as to any other category, all without any notification to Bank of
10 America. Should the Debtor believe it necessary to exceed the approved
11 amounts by a greater percentage, the Debtor will need to obtain approval
12 from Bank of America of the proposed variance. If it does not object to the
13 variance within 48 business hours, then the proposed variance will be
14 deemed approved. If Bank of America timely objects, then the Debtor may
15 seek a hearing on shortened notice regarding the proposed variance.
- 16 5. The request to rollover any unused expense allowance from week to week by
17 category is approved.
- 18 6. To the extent gross revenues exceed projected gross revenues, the Debtor may
19 apply up to 75% of such excess (beyond the projected gross revenues) to
20 costs of goods sold.
- 21 7. As further adequate protection, Bank of America is granted replacement liens in
22 all post-petition assets of the Debtor, other than avoidance power actions
23 and recoveries.
- 24 8. The replacement lien granted here shall have the same validity, extent and
25 priority (and shall be subject to the same defenses) as Bank of America's
26 lien held in prepetition collateral.

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- 1 9. The replacement lien provided herein shall be deemed valid and perfected with
2 such priority as provided in this Order, without any further notice or act by
3 any party that may otherwise be required under any law.
- 4 10. This Order does not affect the power of any party-in-interest to challenge the
5 validity, extent, amount, or nature of the liens, recorded in favor of Bank of
6 America or any other entity which may have recorded a lien.
- 7 11. If any provision of this Order is hereafter modified, vacated, or stayed, such
8 modification, vacation, or stay shall not affect the validity, priority, or
9 enforceability of any lien or security interest authorized or created hereby.
- 10 12. A hearing on the continued use of cash collateral shall be held on February
11 28, 2019, at 10:00 a.m. in courtroom 1375. The Debtor shall file
12 supplemental papers not later than February 14, 2019, any interested party
13 shall have until February 21, 2019, to file any responsive pleading and the
14 Debtor shall have until February 25th to file any reply.

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25 Date: February 1, 2019


Julia W. Brand
United States Bankruptcy Judge