

IN THE UNITED STATES BANKRUPTCY
COURT FOR THE NORTHERN DISTRICT OF
ILLINOIS EASTERN DIVISION

In re:)	Chapter 11
)	
Spruha Shah, LLC, <i>et al.</i> ,)	No. 17-18858
)	Jointly Administered
Debtor.)	<i>Hon. Deborah L. Thorne</i>

**FIFTH INTERIM ORDER AUTHORIZING DEBTORS'
USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. §363**

THIS CAUSE coming on to be heard upon the Motion of the joint Debtors, as debtors-in-possession, in the above-referenced Chapter 11 Cases (the “Debtors”), for the entry of an interim order authorizing the use of cash collateral of MB Financial Bank (“MB”) pursuant to Sections 361 and 363 of the United States Bankruptcy Code (“Code”); written notice of the Motion having been given in accordance with Rule 4001 of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) to all of the Debtors’ secured creditors, the Office of the United States Trustee (“Trustee”) and all other parties claiming a security interest in the Debtors’ assets.

The Court reviewed the Motion and heard the evidence and arguments presented by the Parties on October 6, 2017. The Court finds that as of the commencement of the Chapter 11 Cases, the Co-Debtors were indebted to MB in the approximate amount of \$900,000. The Debtors do not dispute that MB holds a perfected first and third mortgage and assignment of rents on the real estate that is the subject of this single asset bankruptcy commonly known as 500 S. Hicks, Palatine, IL 60067 (the “Premises”), as well as perfected UCC Security Interests in the Debtors’ assets. The MB debts each are cross-collateralized between the two Debtor entities. Debtors assert that an immediate need exists for use of certain of the proceeds of the collateral comprising the cash

collateral, as defined in Section 363(a) of the Bankruptcy Code (“Cash Collateral”), in order to continue the operation of the Debtors’ businesses.

This Court has jurisdiction over this matter pursuant to 28 U.S.C. §157 and 1334. Venue is proper in this Court pursuant to 28 U.S.C. §§1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(M).

NOW THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Court finds, at this time, that MB’s security interest is adequately protected by virtue of an equity cushion as the value of the Debtors’ assets exceeds the secured claims against the same, although the extent of that equity cushion remains to be determined and MB reserves the right to present evidence to demonstrate that the pre-petition debt due MB exceeds the value of MB’s interests in the Debtors’ assets. Accordingly, over the objection of MB, Debtors are authorized to use cash collateral conditioned on the following terms and conditions:

- (a) Spruha Shah, LLC, must make a \$11,033.60 adequate protection payment, of which \$4,571.03 is to be deposited into escrow for the payment of real estate taxes, on or before November 15, 2017.
- (b) Sneh and Sahil Enterprises, Inc., must make a \$2,100.00 adequate protection payment to MB on or before November 15, 2017.
- (c) MB is granted post-petition replacement liens in the Debtors’ property to the extent that the value of their pre-petition cash-collateral diminishes post-petition.
- (d) Debtors are authorized to pay from the funds in their Debtor-in-Possession operating accounts only: (i) those types of expenditures specified in the Budgets, attached as Group Exhibit A hereto and made a part of this Order for the applicable periods set forth in the

Budget and (ii) in the amounts set forth for each line item expenditure in the Budget. Total expenditures may not exceed 10% over the proposed expenditures in the Budget.

(e) Debtors shall not use, sell or otherwise dispose of any of Debtors' assets, except in the ordinary course of their business, without further order of this Court;

(f) Debtors agree not to incur any further indebtedness other than in the ordinary course of business, grant or provide liens, or guaranty other obligations, without the prior written consent of MB and this Court;

(g) The Debtors shall not make any cash payments for labor and shall make all payroll withholding payments or provide for 1099 reporting of any amounts paid to non-regular employees or independent contractors; and

2. Debtors shall maintain all insurance coverage requirements pursuant to the provisions of its existing agreements with MB, including maintaining MB as loss payee under Debtors' property insurance policy on the Premises, and shall promptly provide MB with a certificate of insurance upon request.

3. Debtors shall properly maintain the Premises in good repair and properly manage such Premises.

4. Debtor shall permit MB to inspect, upon reasonable notice, Debtors' books and records.

5. Nothing herein shall preclude MB from seeking any other relief that it may deem appropriate, including relief from the automatic stay.

6. The occurrence of any of the following events, unless and until waived specifically in writing by MB, shall constitute an "Event of Default" hereunder which shall result in the

termination of the Debtors' authority to use Cash Collateral upon 48 hours prior, written notice delivered the (i) Debtors and their counsel:

- (a) material non-compliance by either Debtor with any of the terms or provisions of this Order including material non-authorized use of cash collateral;
- (b) a trustee or examiner is appointed for either Debtor or a motion seeking such appointment is filed by the Trustee, or any other party in interest, alleging fraud, defalcation, criminal wrongdoing or intentional tort by the Debtors, which motion is not denied or withdrawn within fifteen (15) business days of its presentation;
- (c) either Debtor fails to keep its assets insured as provided herein;
- (d) an order modifying or terminating the automatic stay is entered on a motion brought by MB or by other entities without consent of MB against either Debtor;
- (e) consummation of the sale of all or substantially all of either Debtors' assets;
- (f) confirmation of any Chapter 11 Plan for either Debtor;
- (g) the Chapter 11 Case is dismissed or converted to a case under Chapter 7;
- (h) either Debtor fails to adhere to the Budgets in any material respect; or
- (i) the occurrence of a material adverse change in the business of either Debtor.

7. This Order is an Interim Order pursuant to Rule 4001(b) of the Federal Rules of Bankruptcy Procedure.

8. Except as expressly set forth herein: (a) the loan documents between the Debtors and MB and SBA ("Loan Documents") shall remain in full force and effect in accordance with their respective terms; and (b) nothing contained in this Order shall: (i) modify or alter any of the terms or provisions in the Loan Documents in any manner whatsoever; (ii) cure, waive, release or postpone any defaults now or hereafter existing under the Loan Documents; (iii) establish a custom

between any of the parties hereto; or (iv) in any way waive, limit, or condition the rights or remedies of the Lenders and/or the Debtor under the Loan Documents or Illinois and Bankruptcy law.

9. Debtors may use cash collateral under the terms and conditions of this Order through and including November 30, 2017, subject to the terms and conditions of this Order.

10. A hearing on the Debtor's further use of Cash Collateral (the "Hearing") will be held before this Court on November 28, 2017, at 10:00 a.m.

Dated: November 2, 2017

Enter:



U.S. Bankruptcy Judge

**SNEH & SAHIL ENTERPRISES INC.
PROJECTED BUDGET FOR NOVEMBER 2017**

PROJECTED REVENUE	\$ 76,000.00
EXPENSES:	
PAYROLL EXPENSE	\$ 22,000.00
PAYROLL TAXES	\$ 4,000.00
RENT	\$ 11,033.60 (PAYMENT TO MB FINANCIAL)
UTILITIES	\$ 3,000.00
INSURANCE	\$ 3,800.00
LEASE PAYMENTS	\$ 11,435.00
AUTO LOAN PAYMENT	\$ 1,500.00 (PAYABLE TO ALLY BANK)
OUTSIDE RENTALS	\$ 1,500.00
MB FINANCIAL PAYMENT	\$ 2,100.00
EMPLOYEE HEALTH BENEFITS	\$ 2,300.00
AUTO & GASOLINE EXPENSE	\$ 2,000.00
MARKETING EXPENSE	\$ 3,000.00
BUILDING MAINTENANCE	\$ 900.00
CONTRACT LABOR	\$ 2,500.00
EQUIPMENT REPAIRS	\$ 700.00
OFFICE EXPENSE	\$ 400.00
TELEPHONE	\$ <u>1,250.00</u>
PROJECTED TOTAL EXPENSE	\$ 73,418.60
PROJECTED PROFIT FOR NOV.	\$ 2,581.40