

SO ORDERED



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND**

In re:

MANUS EDWARD SUDDRETH, et al.

Debtors.

Case No. 13-12978-DER
Chapter 11

Jointly Administered

**INTERIM ORDER (A) AUTHORIZING USE OF
CASH COLLATERAL, (B) GRANTING ADEQUATE
PROTECTION, AND (C) SCHEDULING FINAL HEARING**

Upon consideration of the Motion for Entry of Interim and Final Orders Authorizing Use of Cash Collateral (the “Motion”) filed by W.P.I.P., Inc., debtor and debtor-in-possession herein (“WPIP” or the “Debtor”), pursuant to Sections 361, 363 and 552 of Title 11 of the United States Code (the “Bankruptcy Code”), the Objection to the Motion filed by JACE Note, LLC (the “Objection”), and the arguments and evidence presented at the hearing conducted on May 23, 2018 (the “Hearing”), this Court finds as follows:

A. The relief requested in the Motion is in the best interests of the Debtor, its creditors and its estate;

B. This Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334;

C. Consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2);

D. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409;

E. Interim relief is necessary to avoid substantial, immediate and irreparable harm to the Debtor and its estate;

F. The Debtor provided appropriate notice of the Motion and the opportunity for all parties-in-interest to be heard; and

G. The legal and factual bases set forth in the Motion and at the Hearing on the Motion establish just cause for the relief granted herein.

NOW, THEREFORE, IT IS, by the United States Bankruptcy Court for the District of Maryland, hereby ORDERED:

1. The Motion is GRANTED.
2. The Objection to the Motion is OVERRULED.
3. The Debtor is authorized to use the Cash Collateral (as that term is defined herein and in Section 363(a) of the Bankruptcy Code) of JACE Note, LLC on the terms set forth in the Motion and in this Order pursuant to Section 363(c) of the Bankruptcy Code on an interim basis through June 17, 2018.

4. Subject to the provisions of this Order, the Debtor may use the Cash Collateral to pay the post-petition expenses that are ordinary, reasonable and necessary to the operation of its business in conformity with the budget attached hereto as **Exhibit 1** (the "Budget"). Absent JACE Note, LLC's prior written consent (via letter, facsimile or email), the Debtor shall not use Cash Collateral to pay expenses in excess of 110% of the aggregate amount of the Budget for the period covered by the Budget or in excess of the actual costs incurred in operating its business.

5. The Debtor shall only use the Cash Collateral to pay reasonable and necessary operating expenses incurred in the ordinary course of business as set forth in the Budget.

6. The Debtor shall promptly deposit \$2,500.00 into a segregated account to provide adequate assurance of payment for future utility services, which deposit is reflected as a separate line item in the attached Budget.

7. In addition, the Debtor shall escrow \$5,000.00 per week, commencing the week ending June 3, 2018, for the sole purpose of paying real estate taxes the Debtor expects will become due in July 2018 for the real property on which the Debtor operates its business, which escrowed funds are reflected as a separate line item in the Budget. The Debtor shall continue depositing \$5,000.00 per week into such account until the balance is enough to pay the full amount of the projected real estate tax payment, and the Debtor shall pay the real estate taxes promptly thereafter.

8. As adequate protection for the use of its cash collateral, JACE Note, LLC is GRANTED valid, binding, enforceable and perfected replacement liens, pursuant to Section 361(2) of the Bankruptcy Code, in and to all property of the Debtor's estate of the kind presently securing repayment of the Debtor's pre-petition obligations to JACE Note, LLC (the "Post-Petition Collateral"), to the extent of any decrease or diminution in the value of JACE Note, LLC's interest in its pre-petition collateral (the "Pre-Petition Collateral"), with such liens attaching to the Post-Petition Collateral to the same extent, validity, and priority as such liens exist on the Pre-Petition Collateral as of the date on which the Debtor commenced this bankruptcy proceeding.

9. The replacement liens and security interests granted herein shall be deemed valid, enforceable and fully perfected, and no further filings or recordation or other act in accordance

with any applicable local, state or federal law, rule or regulation are necessary to create or perfect such liens and security interests.

10. The replacement liens granted pursuant to this Order and the marketing of the Debtor's real property adequately protect the interests of JACE Note, LLC as required by Section 361 of the Bankruptcy Code.

11. The terms and conditions of this Order shall continue in full force and effect in this and any subsequent proceeding under the Bankruptcy Code, and any action taken pursuant hereto shall survive entry of any order confirming a plan of reorganization, dismissing this proceeding or converting this proceeding to one under Chapter 7 of the Bankruptcy Code. JACE Note, LLC's post-petition liens shall retain their priority as provided in this Order until satisfied, discharged or otherwise modified by an order of this Court.

12. Notwithstanding the foregoing, WPIP reserves the right to contest the amount owed on account of the claim asserted by JACE Note, LLC.

13. Nothing contained herein shall be deemed or construed as a consent by JACE Note, LLC to the entry of a Final Order authorizing the Debtor's use of JACE Note, LLC's Cash Collateral, and JACE Note, LLC reserves all rights and defenses with respect to the final relief requested in the Motion.

14. The deadline for a party-in-interest to file an objection to the entry of an order granting the Motion on a final basis (the "Objection Deadline") shall be **June 8, 2018**. Any such objection must be served, so as to be actually received by the Objection Deadline, on (i) Maria Ellena Chavez-Ruark, Esquire, Saul Ewing Arnstein & Lehr LLP, 500 East Pratt Street, Suite 900, Baltimore, MD 21202, Counsel for the Debtor, (ii) Irving E. Walker, Esquire, Cole Schotz P.C., 300 E. Lombard Street, Suite 1450, Baltimore, MD 21202, Counsel for JACE Note, LLC,

and (iii) Hugh Bernstein, Esquire, Office of the United States Trustee, 101 West Lombard Street, Suite 2625, Baltimore, MD 21201.

15. Any notice to be provided to the Debtor pursuant to this Order shall be satisfied by sending such notice in writing and transmitted to counsel for the Debtor via mail, overnight mail, hand delivery or email.

16. This Court will hold a hearing to consider the Debtor's request for final approval of the Motion and the use of Cash Collateral on **June 14, 2018 at 11:00 a.m.**

17. Notwithstanding any applicability of Federal Rule of Bankruptcy Procedure 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

18. This Court shall retain jurisdiction over all matters arising from or relating to the implementation of this Order.

cc: all parties entitled to notice by CM/ECF

END OF ORDER

EXHIBIT 1

WPIP, Inc.

Monthly Cash Receipts and Disbursements

	Actual Period ending 5/20/2018	1 Projected Week ending 5/27/2018	2 Projected Week ending 6/3/2018	3 Projected Week ending 6/10/2018	4 Projected Week ending 6/17/2018
Cash Receipts					
Rental Income	\$ 9,844	\$ 22,900	\$ 5,865	\$ 27,640	\$ 12,500
Cash Disbursements					
Bank Charges & Fees	¹ -	5	5	5	5
Car & Truck	² -	84	84	84	84
Contractors	¹ -	313	313	313	313
Insurance	³ -	-	-	1,247	-
Office Supplies & Software	¹ -	15	15	15	15
Other Business Expenses	¹ -	1,030	1,030	1,030	1,030
Payroll Expenses	³ -	3,741	2,116	3,741	2,116
Security	³ -	-	6,163	-	7,844
Repairs & Maintenance	¹ -	77	77	77	77
Taxes & Licenses	-	-	-	-	-
U.S. Trustee Fees	-	-	-	-	-
Utilities:					
AT&T	³ -	-	-	-	253
BGE x 1612	³ -	-	-	-	1,300
BGE x 7290	³ -	-	-	-	-
Verizon	³ -	-	263	-	-
Hughesnet	³ -	-	182	-	-
web.com	³ -	125	-	-	-
water	³ -	1,365	-	-	-
Total Expenses	\$ -	\$ 5,264	\$ 9,802	\$ 6,511	\$ 11,483
NET CASH FLOW	\$ 9,844	\$ 17,636	\$ (3,937)	\$ 21,129	\$ 1,017
Beginning Cash	\$ 22,287	\$ 32,131	\$ 49,767	\$ 45,830	\$ 66,959
Ending Cash	\$ 32,131	\$ 49,767	\$ 45,830	\$ 66,959	\$ 67,977
Cash Balances					
Escrow - Utilities	⁴	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Escrow - Property Taxes	⁵	-	5,000	10,000	15,000
Operating Cash		47,267	38,330	54,459	50,477
Total Cash		<u>\$ 49,767</u>	<u>\$ 45,830</u>	<u>\$ 66,959</u>	<u>\$ 67,977</u>

Note¹ Estimated based on historical experience² Based on 16 month average - through April 2018³ Actual⁴ Per Cash Collateral Order, \$2,500 will be maintained as escrow⁵ Per Cash Collateral Order, \$5,000 will be reserved as escrowed funds for each week until the escrowed funds equal the anticipated tax payments required in or about July 2018. Based upon prior year invoices, Trustee estimates approximately \$31,000 will be due for the four lots on which WPIP operates.