

<b>UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY</b>	
<i>Caption in Compliance with D.N.J. LBR 9004-2(c)</i>	
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In re:	Case No.:
<b>PRO-SPEC CORPORATION</b>	Judge:
 Debtor.	Chapter: 11

**CERTIFICATION OF RONALD W. YARBROUGH TO THE DEBTOR IN SUPPORT OF THE MOTION OF PRO-SPEC CORPORATION FOR (I) FOR APPROVAL OF USE OF CASH COLLATERAL, (II) FOR AUTHORITY TO PERMIT POST-PETITION FINANCING, AND (III) FOR EXPEDITED HEARING, REDUCED NOTICE PERIOD AND LIMITED NOTICE PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 9006(C)(1)**

I, Ronald W. Yarbrough, of full age, hereby declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am President of Pro-Spec Corporation (“Debtor”) and I have full knowledge of the facts set forth herein.

2. On July 31, 2017, the Debtor filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey.

3. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this motion is a core proceeding pursuant to 28 U.S.C. §157(b).

Venue of this case is proper in this district pursuant to 28 U.S.C. §§1408 and 1409.

4. The Debtor is a corporation formed in the State of New Jersey with a principal place of business at 1819 Cedar Avenue, Vineland, New Jersey 08360.

5. The Debtor is an industrial, commercial and residential painting company that operates in New Jersey and Pennsylvania.

6. Prior to the Petition Date, the Debtor entered into a revolving line of credit for a total of \$400,000.00 with Capital Bank ("Capital"). The line of credit with Capital was to be used by the Debtor to support the Debtor's working capital needs. Capital holds a first perfected security interest in all of the Debtor's assets. The current outstanding balance on the line of credit is \$191,000.00 (the "Pre-Petition Debt"). A true and correct copy of the Security Agreement with Capital is attached hereto as Exhibit "A." Capital also has a series of equipment loans. A true and correct copy of the Debtor's Schedule D is attached hereto as Exhibit "B".

7. As such, Capital has an interest in cash collateral on non-bonded projects.

8. International Fidelity Insurance Company is a company which issued surety bonds to the Debtor and has a claim on its receivables from bonded projects. The Debtor is not seeking authority use funds from bonded projects.

#### **RELIEF REQUESTED**

9. The Debtor respectfully requests the use of its cash and accounts on non-bonded projects to continue operations of its business.

10. The Debtor has prepared a budget (the "Budget") detailing its proposed use of cash collateral from **July 31, 2017 through September 1, 2017**. This budget is attached hereto as **Exhibit "C."** The Debtor seeks use through **September 1, 2017**.

11. In order to maintain the Debtor's operation, Debtor requires the use of cash collateral for the payment of expenses as more specifically set forth in Budget. Through the

payment of the expenses detailed in the budget, the Debtor will be able to maintain the status quo while also facilitating its reorganization and enhancing the collateral.

12. The continued use of cash collateral will allow the Debtor to continue operating so that Debtor can continue with this reorganization by proposing a plan to satisfy the claims of creditors.

13. The Debtor believes that the request to use cash collateral is proper, reasonable and necessary to continue the Debtor's operations.

### **Post-Petition Financing**

14. Moreover, the Debtor seeks to infuse \$70,000.00 into working capital pursuant to Section 364(c) of the Bankruptcy Code, subject to the approval of this Court (the "Post-Petition Loan").

15. Section 364(c) of the Bankruptcy Code allows a debtor to obtain credit secured by a lien on property of the estate that is not otherwise subject to a lien if the debtor is unable to obtain unsecured credit as an administrative expense. See 11 U.S.C. §364(c)(2).

16. In particular, the Post-Petition Loan shall take a junior position to Capital on all the Debtor's assets..

17. The Debtor requires the Post-Petition Loan, to pay post-petition costs of operation, including but not limited to, (1) operating expenses; (2) taxes; (3) salaries; (4) insurance; (5) supplies; and (6) any other expenses incurred in the operation of the Debtor's business.

18. The Debtor is unable to obtain credit on an unsecured basis or on the basis of a general administrative claim from any party or entity.

19. Approval of the Post-Petition Loan is in the best interest of the Debtor and the creditors of the Debtor's estate.

20. Prior to the Petition Date, the Debtor was a party to four (4) bonded construction projects. Each bonded project is now subject to the oversight of the bonding company and the Debtor is no longer able to perform.

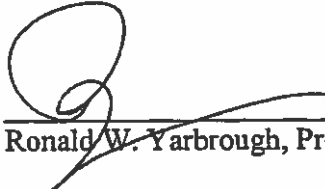
21. The Debtor intends to use the post-petition loan and its equipment to commence work on non-bonded projects in order to re-organize.

22. The Debtor has booked approximately \$100,000.00 in non-bonded work for August and September, which it believes, will be profitable.

I certify under penalty of perjury that the forgoing is true and correct

Dated: July 31, 2017

PRO-SPEC CORPORATION

  
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Ronald W. Yarbrough, President