

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re )  
 ) Case No. \_\_\_\_\_, 17-63785, and 17-63786  
 )  
 ) NOTICE OF **FINAL**  
 ) HEARING ON MOTION  
 ) FOR USE OF CASH COLLATERAL  
 ) TO OBTAIN CREDIT  
 Debtor(s) ) (*Check One*)

YOU ARE NOTIFIED THAT:

1. The undersigned moving party, \_\_\_\_\_, filed a Motion For Use of Cash Collateral To Obtain Credit (*check one*). A copy of the motion, which includes the statement required by [Local Form #541.5](#), and the Interim Order entered by the court on 12/21/2017 are attached.

2. The name and service address of the moving party's attorney (or moving party, if no attorney) are:  
\_\_\_\_\_.

3. A **FINAL** HEARING on the motion WILL BE HELD ON \_\_\_\_\_ AT \_\_\_\_\_  
IN \_\_\_\_\_,  
Testimony will be received if offered and admissible.

4. If you wish to object to the motion, you must, within 14 days of the service date shown in pt. 5 below, file with the Clerk of Court (i.e., if the 5-digit portion of the Case No. begins with "3" or "4", mail to 1001 SW 5th Ave #700, Portland OR 97204; or if it begins with "6" or "7", mail to 405 E 8<sup>th</sup> Ave #2600, Eugene OR 97401): (1) a written response which states the facts upon which you will rely, and (2) a certificate showing a copy of the response has been served on the U.S. Trustee and the party named in pt. 2 above.

5. On \_\_\_\_\_ copies of this notice and the motion were served pursuant to FRBP 7004 on the debtor(s); any debtor's attorney; any trustee; any trustee's attorney; members of any committee elected pursuant to 11 U.S.C. §705; any creditors' committee chairperson [or, if none serving, on all creditors listed on the list filed pursuant to FRBP 1007(d)]; any creditors' committee attorney; the U.S. Trustee; and all affected lien holders whose names and addresses used for service are as follows:

\_\_\_\_\_  
Signature of Moving Party or Attorney OSB #

\_\_\_\_\_  
(If debtor is movant) Debtor's Address & Taxpayer ID#(s) (last 4 digits)

**MASTER SERVICE LIST:**

**In re Daniel and Deloris Chin  
In re Wong Potatoes, Inc.  
In re Chin Ltd. Family Trust**

Securities & Exchange Commission  
Attn: Bankruptcy Counsel  
444 South Flower Street, Suite 900  
Los Angeles, CA 90071-9591

Northwest Farm Credit Services, PCA  
Northwest Farm Credit Services, FLCA  
Attn: Rick Guenther  
12 SW Nye Avenue  
Pendleton, OR 97801

Northwest Farm Credit Services, PCA  
Northwest Farm Credit Services, FLCA  
PO Box 2515  
Spokane, WA 99220-2515

Toby Tingleaf  
Sherman Sherman Johnnie & Hoyt  
693 Chemeketa St NE  
Salem, OR 97301  
Attorneys for NW Farm Credit Services

Northwest Farm Credit Services, PCA  
Northwest Farm Credit Services, FLCA  
Attn: Pete Swan, Credit Manager  
650 Hawthorne Avenue SE, Ste 210  
Salem, OR 97309

Northwest Farm Credit Services, PCA  
Northwest Farm Credit Services, FLCA  
Attn: Mitch Stokes  
300 Klamath Avenue, Suite 200  
Klamath Falls, OR 97601

Macy's Flying Service  
Attn: Nick Macy, President  
530 County Road 176  
Tulelake, CA 96134

Russet Valley Group, LLC  
Attn: David Chin  
14939 NW Dominion Drive  
Portland, OR 97229

Stastny Farms  
Attn: Ed Stastny  
32121 Hwy. 50  
Malin, OR 97632

Basin Fertilizer & Chemical Co.  
Attn: Robert Gasser, President  
22990 Malone Road  
Merrill, OR 97633

**20 Largest Unsecured Creditors  
(In re Daniel and Deloris Chin)**

AAA Urethane, Inc.  
Attn: Kevin Andrews  
674 E 1550 N  
Shelley, ID 83274

Agriculture Distributing Inc.  
Attn: Manager  
1535 Case Place  
Woodland, CA 95776

BioWest Ag Solutions  
Attn: Dave Lister  
9757 Hwy 45  
Nampa, ID 83686

Brandness, Brandness, Rudd  
Attn: Andy Brandness  
2222 Garden Avenue  
Klamath Falls, OR 97601

Brian O' Connor  
22203 Malone Rd  
Merrill, OR 97633

Butler Machine  
Attn: Scott Seus  
2284 Ct. Rd. 100  
Tulelake, CA 96134

Cascade Farms, Inc.  
Attn: Jeff Bedlington  
PO Box 406  
Lynden, WA 98264

Dick Bedlington Farms, LLC  
Attn: Scott Bedlington  
8497 Guide Meridian  
Lynden, WA 98264

Ebe Farms, LLC  
Attn: Greg Ebe  
8270 Sunrise Rd.  
Custer, WA 98240

Ed Gilman CPA  
PO Box 547  
Merrill, OR 97633

Ed Staub & Sons  
Attn: Brad Staub  
PO Box 488  
Klamath Falls, OR 97601

Gary Orem  
19980 Hwy 50  
Merrill, OR 97633

John Deere Financial  
Attn: Michael Mack Jr.  
PO Box 6600  
Johnston, IA 50131

Les Schwab Tire Ctr.  
Attn: Ponda  
PO Box 5350  
Bend, OR 97608

Northwest Tillers, Inc.  
Attn: Mike  
PO Box 10932  
Yakima, WA 98909

Peterson  
Attn: Manager  
PO Box 101775  
Pasadena, CA 91189

Productivity Plus CNH  
Attn: Manager  
4304 Hwy 39  
Klamath Falls, OR 97603

Pure Potato, LLC  
Attn: Dick Bedlington  
PO Box 411  
Lynden, WA 98264

Schwartz Family Trust  
Attn: Jana Lord  
1965 Leroy St  
Klamath Falls, OR 97601

Scott Seus Land Rent  
Attn: Scott Seus  
2284 Ct. Rd. 100  
Tulelake, CA 96134

**20 Largest Unsecured Creditors  
(In re Wong Potatoes, Inc.)**

Basin Industrial Supply LLC  
Attn: Jesse  
PO Box 128  
Klamath Falls, OR 97601

Butler Machine  
Attn: Scott Seus  
2284 Ct Rd 100  
Tulelake, CA 96134

Dick Bedlington Farms, LLC  
Attn: Scott Bedlington  
8497 Guide Meridian  
Lynden, WA 98264

Ed Gilman CPA  
Attn: Ed Gilman  
PO Box 547  
Merrill, OR 97633

Ed Staub & Sons  
Attn: Brad Staub  
PO Box 488  
Klamath Falls, OR 97601

Jongejans Dust Collectors  
Attn: Curt Pareira  
3983 Pine Ave  
Meridian, ID 83642

Malin Potato Coop, Inc  
Attn: Loren Kandra  
PO Box 400  
Merrill, OR 97633

Northstate Packaging, Inc.  
Attn: Denis VanAcker  
PO Box 511  
Merrill, OR 97633

Ore-Cal Rubber & Supply  
Attn: George A. Massei  
PO Box 4339  
Medford, OR 97501

Pape Material Handling  
Attn: Manager  
PO Box 5077  
Portland, OR 97208

Quality Electric  
Attn: Lawrence Hand  
426 Market Street  
Klamath Falls, OR 97601

Rodgers Machinery Co., Inc.  
Attn: George M Schmeltzer  
PO Box 230429  
Portland, OR 97281

Ryan's LLP  
Attn: Terry Campbell  
425 Gateway Dr NE  
E Grand Forks, MN 56721

Sam Wong & Son, Inc  
Attn: Martin D. Chin  
17936 Chin Rd  
Klamath Falls, OR 97603

Southeast Farms  
Attn: Brian P. Beese  
8748 E Church St.  
Hastings, FL 32145

Stastny Farms  
Attn: Ed Stastny  
32121 Hwy 50  
Malin, OR 97631

Travelers Insurance  
Attn: Consumer Affairs  
PO Box 660317  
Dallas, TX 75266

**20 Largest Unsecured Creditors  
(In re Chin Family Limited  
Partnership): None**

**INTERESTED PARTIES:**

Steven M. De Falco  
Meuers Law Firm  
5395 Park Central Court  
Naples, FL 34109  
Attorneys for Southeast Farms, Inc.

1 Thomas W. Stilley, OSB No. 883167  
Jeffrey C. Misley, OSB No. 850674  
2 SUSSMAN SHANK LLP  
1000 SW Broadway, Suite 1400  
3 Portland, OR 97205-3089  
Telephone: (503) 227-1111  
4 Facsimile: (503) 248-0130  
E-Mail: [tstilley@sussmanshank.com](mailto:tstilley@sussmanshank.com)  
5 [jmisley@sussmanshank.com](mailto:jmisley@sussmanshank.com)

6 Proposed Attorneys for Debtor and Debtor in Possession

7  
8 IN THE UNITED STATES BANKRUPTCY COURT  
9 DISTRICT OF OREGON

10 In re ) Case No. 17-63784-TMR11  
11 Daniel and Deloris Chin, individually and ) (Proposed Lead Case)  
12 as trustees of the Daniel and Deloris Chin ) Case No. 17-63785-TMR11  
13 Living Trust u/a/d April 22, 1996, doing ) Case No. 17-63786-TMR11  
14 business as Chin Farms; Wong Potatoes, ) (Joint Administration Pending)  
15 Inc., and Chin Family Limited Partnership, )  
16 Debtors. ) DEBTORS' MOTION FOR  
AUTHORIZATION TO USE CASH  
COLLATERAL ON AN INTERIM AND  
FINAL BASIS  
**EXPEDITED HEARING REQUESTED**

17 Daniel and Deloris Chin, individually and as trustees of the Chin Family Living  
18 Trust u/a/d April 22, 1996 (the "Chins"), Wong Potatoes, Inc. ("Wong"), and Chin Family  
19 Limited Partnership (the "Partnership"), debtors and debtors-in-possession in the above  
20 captioned Chapter 11 cases (collectively, "Debtors"), hereby move this Court for entry of  
21 interim and final orders authorizing the Debtors to use cash collateral for the purposes  
22 and on the terms set forth herein. This motion is supported by the Declaration of Daniel  
23 Chin in Support of First Day Orders ("Chin Dec."), and the Court's records and files.

24 **Concise Statement of Relief Requested**

25 1. The Debtors seek authorization to use cash collateral on an interim basis  
26 for necessary living expenses, payroll, and operating expenses, and on a final basis for

**Page 1 of 10 – DEBTORS' MOTION FOR AUTHORIZATION TO USE CASH  
COLLATERAL ON AN INTERIM AND FINAL BASIS**

1 those same purposes, and in addition to pay suppliers with valid crop liens and for other  
2 general business purposes for the duration of the Chapter 11 cases. The Debtors  
3 further request that the Court conduct a preliminary hearing on this motion and  
4 authorize the Debtors to use cash collateral on an interim basis to fund expenditures in  
5 accordance with the budget attached hereto as Exhibit A (the “Interim Budget”) so as to  
6 insure that the Debtors are able to continue business as usual, and thereby avoid  
7 immediate and irreparable harm to the estate, pending a final hearing on this motion.

8 2. The only creditors whose interests may be affected by the Debtors’ use of  
9 cash collateral are Northwest Farm Credit Services, PCA (“FCS”), Northwest Farm  
10 Credit Services FLCA (“FLCA”), and Russet Valley Group LLP (“Russet Valley”), which  
11 are hereinafter collectively referred to as the “Lenders,” and Basin Fertilizer & Chemical  
12 Co., Macy’s Flying Service, and Stastny Farms, which provided the Debtors with seed  
13 potatoes, supplies, and services, which are hereinafter collectively referred to as the  
14 “Crop Lien Suppliers.” Chin Dec., ¶ 3.

15 3. FCS asserts that the Debtors owe FCS approximately \$7,806,403 (the  
16 “FCS Obligations”), and FCS’s affiliate FLCA approximately \$432,533, for a total of  
17 approximately \$8,238,936 million (the “Farm Credit Obligations”). The Farm Credit  
18 Obligations are secured by liens on all of the real property and most of the personal  
19 property owned by the Debtors, including without limitation, farmland and  
20 improvements, farm equipment, irrigation equipment, crops, and crop proceeds. Chin  
21 Dec., ¶ 4.

22 4. Russet Valley asserts that the Debtors owe Russet Valley approximately  
23 \$500,600 (the “Russet Valley Obligations”). The Russet Valley Obligations are secured  
24 by a security interest in most of the personal property owned by the Debtors, including,  
25 without limitation, farm equipment, irrigation equipment, crops, and crop proceeds, and  
26 except for the crops, crop proceeds, and a portion of the irrigation equipment, the

1 Russet Valley security interests are subordinate to Farm Credit's security interest. Chin  
2 Dec., ¶ 5.

3 5. Basin Fertilizer & Chemical is owed approximately \$174,694, Macy's  
4 Flying Service approximately \$103,715, and Stastny Farms approximately \$32,583, all  
5 of which are secured by liens on all or a portion of the Debtors' 2017 crops and crop  
6 proceeds. Chin Dec., ¶ 6.

7 6. Based on recent appraisals performed for Farm Credit, the value of the  
8 real property and improvements securing the Farm Credit Obligations is at least the  
9 following:

10	Joe's Home	-	\$950,000
11	Adams Point	-	\$875,000
12	Johnson Place	-	\$1,400,000
13	George's Home (Includes Potato Cellars)	-	\$5,000,000

14 Debtors believe the value of the personal property securing the Farm Credit and  
15 Russet Valley obligations is approximately as follows:

16	Farm Equipment	-	\$3,667,998
17	Irrigation Equipment	-	\$3,233,498
18	2017 Crops (in storage)	-	\$3,364,376
19	2017 Crop Proceeds	-	\$243,730
20	Accounts Receivable	-	\$456,000

21 Total value of the Lenders' and Crop Lien Suppliers' collateral is approximately  
22 \$19,190,602. Chin Dec., ¶ 7. The Lenders' and Crop Lien Suppliers' interests are  
23 adequately protected by an approximately \$10,140,074 equity cushion in their existing  
24 collateral.

25 7. The Debtors propose to pay the Crop Lien Suppliers approximately  
26

1 \$310,992 upon entry of a final order authorizing use of cash collateral because their  
2 liens are only in the 2017 crops and crop proceeds which the Debtors propose to use  
3 for planting and cultivating their 2018 crops. The Crop Lien Suppliers' interests will be  
4 adequately protected by the substantial value of the 2017 crops and crop proceeds that  
5 will continue to exist prior to entry of the final order authorizing use of cash collateral to  
6 pay their liens.

7 8. In the final order authorizing use of cash collateral, the Debtors will  
8 propose to provide the Lenders with further adequate protection for the Debtors' use of  
9 cash collateral in the form of replacement liens on the Debtors' 2018 crops, which the  
10 Debtors propose to plant and cultivate with a portion of the proceeds from sales of the  
11 2017 crop.

12 9. In addition, to the extent the adequate protection provided to the Lenders  
13 and Crop Lien Suppliers proves to be inadequate to protect against any diminution in  
14 the value of the Lenders' and Crop Lien Suppliers' interests in their prepetition collateral  
15 resulting from the Debtor's postpetition use of cash collateral, the Lenders and Crop  
16 Lien Suppliers will be entitled to allowed administrative expense claims under Section  
17 503(b) of the Bankruptcy Code that have superpriority as provided in Section 507(b) of  
18 the Bankruptcy Code.

19 In support of this motion, the Debtors represent:

20 Background

21 1. On December 11, 2017 (the "Petition Date"), the Debtors each filed  
22 voluntary petitions under Chapter 11 of the Bankruptcy Code. As of the date hereof, no  
23 trustee or examiner has been requested or appointed and no official committee of  
24 creditors has been appointed.

25 2. The Debtors' farms are located in Klamath County, Oregon, and Siskiyou  
26 County, California. The Debtors are engaged in the farming and selling of various



1 crops, including, without limitation, potatoes (mostly organic), onions, grain, and hay.  
2 Chin Dec., ¶ 2.

3 3. Until approximately 2014, the Debtors had a long history of profitability. In  
4 2014 the Debtors began to experience problems in crop quality and yield, which  
5 coupled with suppressed pricing for potatoes and other crops, caused the Debtors to  
6 incur operating losses. Many of these problems continued into 2015, resulting in the  
7 Debtors being unable make the required payments on their 2014 and 2015 crop loans  
8 to FCS. Chin Dec., ¶ 8.

9 4. The Debtors returned to profitability in 2016, turning an operating profit of  
10 approximately \$3,200,000. In 2017, the Debtors saw even better results with an  
11 anticipated operating profit of approximately \$4,138,845. Chin Dec., ¶ 9.

12 5. Despite these improvements in profitability, the Debtors remained in  
13 default of their obligations to FCS and FLCA. In October 2016, the Debtors and FCS  
14 entered into a Forbearance Agreement pursuant to which the Debtors deeded to FCS  
15 and FLCA approximately 613.22 acres, consisting of the Renton, Schwarz, Dingler,  
16 Wilson, Cave, and Knolls farms. In exchange, FCS and FLCA credited the Debtors'  
17 obligations to FCS and FLCA for \$3,123,600. The Forbearance Agreement further  
18 required the Debtors to make additional payments totaling \$4,500,000 to FCS in 2016  
19 and 2017. The Debtors were unable to make all of the required payments, resulting in  
20 default under the Forbearance Agreement. As a result, FCS declared a default and  
21 scheduled a trust deed foreclosure sale for the Debtors' remaining Oregon real  
22 properties on December 12, 2017. When FCS was unwilling to continue the foreclosure  
23 sale to a later date, the Debtors were forced to file their Chapter 11 petitions to stop the  
24 foreclosure sale and preserve their assets for the benefit of their bankruptcy estates.  
25 Chin Dec., ¶ 10.

26 6. The Debtors' objective in these Chapter 11 cases is to restructure their

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COLLATERAL ON AN INTERIM AND FINAL BASIS**

1 financial obligations with their primary lenders, FCS and FLCA, and to pay in full all  
2 debts owing to Russet Valley, the Crop Lien Suppliers, and the Debtors' unsecured  
3 creditors, while retaining the Debtors' assets and continuing their farming operations.  
4 Chin Dec. ¶ 11.

5 7. The Debtors believe FCS, FLCA, Russet Valley, and the Crop Lien  
6 Suppliers are the only creditors that have or may have an interest in the Debtors'  
7 existing cash collateral (as defined in Section 363(a) of the Bankruptcy Code) and/or in  
8 the Debtors' accounts, payment intangibles, crop inventory, and other assets that will be  
9 used, collected, or sold by the Debtors postpetition in the ordinary course of business.  
10 Chin Dec., ¶ 3. As previously stated, the real estate, including improvements and crop  
11 cellars, securing the Debtors' obligations to Farm Credit has a value of approximately  
12 \$8,225,000 million, according to a recent FCS appraisal. The farm equipment has a  
13 value of approximately \$3,667,998, the irrigation equipment a value of approximately  
14 \$3,233,498, the 2017 harvested crops a value of approximately \$3,364,376, and  
15 proceeds and accounts receivable from the sale of those crops approximately  
16 \$699,730. Chin Dec. ¶ 7. Thus the total value of all collateral securing the Debtors'  
17 obligations to the Lenders and Crop Lien Suppliers totals approximately \$19,190,602,  
18 providing the Lenders with an equity cushion of approximately \$10,140,074, and the  
19 Crop Lien Suppliers with an equity cushion of approximately \$3,753,114.

### 20 Jurisdiction

21 8. This Court has jurisdiction over this matter pursuant to 28 USC §§ 157  
22 and 1334 and LCR 87. Consideration of this motion constitutes a core proceeding  
23 within the meaning of 28 USC § 157(b)(2)(M). The statutory predicates for the relief  
24 sought by this motion are Sections 105, 361, and 363 of the Bankruptcy Code. Venue  
25 is proper under 28 USC §§ 1408 and 1409.

26 //

**Page 6 of 10 – DEBTORS' MOTION FOR AUTHORIZATION TO USE CASH  
COLLATERAL ON AN INTERIM AND FINAL BASIS**

1 **Relief Requested**

2 9. By this motion, Debtors seek entry of (i) an interim order authorizing them  
3 to use cash collateral on an interim basis to fund expenditures in accordance with the  
4 Interim Budget pending a final hearing on this motion, approving the adequate  
5 protection offered in the Concise Statement above, and scheduling a final hearing on  
6 this motion and directing the manner in which notice thereof must be given to parties in  
7 interest, and (ii) a final order authorizing Debtors to use cash collateral for working  
8 capital and other purposes, subject to the maintenance of the adequate protection  
9 offered herein, until the Court enters an order conditioning or terminating Debtors'  
10 authorization. A proposed form of interim order is attached hereto as Exhibit B.

11 **Points and Authorities**

12 10. Debtors need immediate authority to use cash collateral for, among other  
13 things, paying their living expenses, making deposits with utility service providers,  
14 paying payroll and other postpetition operating expenses, and satisfying other working  
15 capital and operational needs. Absent authority to use cash collateral, Debtors will have  
16 to curtail or terminate their business operations to the detriment of all parties in interest.  
17 Among other things, the disruption or termination of business operations would have a  
18 material and adverse effect on the value of the Debtors' businesses. Debtors' use of  
19 cash collateral will enable them to maintain the going concern value of their businesses.  
20 Chin Dec. ¶ 14.

21 11. Debtors require the immediate authority to use cash collateral on an  
22 interim basis to insure that they are able to continue business as usual, and thereby  
23 avoid immediate and irreparable harm to their estates, pending a final hearing on this  
24 motion. Chin Dec. ¶ 15.

25 12. Under Section 363(c)(2) of the Bankruptcy Code, the Bankruptcy Court  
26 may authorize a debtor in possession to use cash collateral as long as the secured

1 creditors affected consent to such use or their interests are adequately protected. See,  
2 *e.g.*, *In re Mellor*, 734 F2d 1396, 1400 (9<sup>th</sup> Cir 1984).

3 13. As stated above, Debtors propose to provide the Lenders with adequate  
4 protection for the Debtors' use of cash collateral in the form of an equity cushion in their  
5 existing collateral, payments to the Crop Lien Supplier after entry of a final order, and  
6 replacement liens to the Lenders on the Debtors' 2018 crops. In addition, to the extent  
7 the adequate protection proves to be inadequate to protect against any diminution in the  
8 value of the Lenders' and Crop Lien Suppliers' interest in the Debtors' prepetition  
9 property resulting from the Debtor's postpetition use of cash collateral, the Lenders and  
10 Crop Lien Suppliers will be entitled to an allowed administrative expense claim under  
11 Section 503(b) of the Bankruptcy Code that has superpriority as provided in  
12 Section 507(b) of the Bankruptcy Code.

13 14. Finally, the Lenders and Crop Lien Suppliers are substantially  
14 oversecured (the Lenders by approximately \$10 million, and the Crop Lien Suppliers by  
15 approximately \$4 million). Although not specifically enumerated in the Bankruptcy  
16 Code, a common form of adequate protection is an equity cushion in the property at  
17 issue. See *In re Mellor*, 734 F2d 1396, 1401 (9<sup>th</sup> Cir 1984) (holding that a 20% equity  
18 cushion constituted adequate protection to a secured creditor); *In re Boulders on the*  
19 *River*, 164 BR 99, 104 (9<sup>th</sup> Cir BAP 1994) (authorizing use of cash collateral where  
20 secured creditor was protected with an equity cushion of 11.45%). Here, the Lenders'  
21 and Crop Lien Suppliers' equity cushions are far greater than what was deemed  
22 adequate protection in the cases cited above.

23 15. After entry of a final order authorizing use of cash collateral, the Debtors  
24 anticipate using a portion of the proceeds from the sale of the 2017 crops to pay the  
25 approximately \$310,992 owing to the Crop Lien Suppliers, to plant the Debtors' 2018  
26 crops, and to pay the Debtors operating and living expenses during the course of the

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COLLATERAL ON AN INTERIM AND FINAL BASIS**

1 Chapter 11 cases. The Lenders will be provided with replacement liens in the 2018  
2 crops to compensate the Lenders for use of the cash collateral from the 2017 crops.  
3 Even if the 2018 crops fail to provide the Lenders with the same value as currently  
4 exists in the 2017 crops, the value of the Debtors' real property and other non-crop  
5 assets totaling approximately \$15,136,496, will easily provide the Lenders with sufficient  
6 value to pay all of their loans in full.

7 16. In sum, the Debtors' use of cash collateral will not harm the interests of  
8 the Lenders or Crop Lien Suppliers, which interests will be more than adequately  
9 protected.

10 **Disclosure Pursuant to LBF 541.5**

11 17. The proposed interim order does not contain any of the discouraged  
12 provisions set for the in LBF 541.5, paragraph 5. The final order is also anticipated to  
13 not contain any of the discouraged provisions except the prepetition debt of the Lenders  
14 will likely be further collateralized with replacement liens in the Debtors' property  
15 acquired after the filing of the petitions in these cases, including, without limitation, the  
16 2018 crops, newly acquired inventory, any newly acquired farm and irrigation  
17 equipment, postpetition general intangibles, and accounts, receipts, and other income  
18 generated postpetition from operation of the Debtors' businesses in order to further  
19 adequately protect the Lenders' for the diminution in the value of their security interests  
20 in the Debtors' 2017 crops and crop proceeds, which will be used during the duration of  
21 these cases. The Debtors intend to use those crops and crop proceeds in which the  
22 Lenders hold prepetition liens to plant the Debtors' 2018 crops and otherwise operate  
23 the Debtors' businesses. Providing replacement liens in the 2018 crops and other  
24 property acquired postpetition will adequately protect the Lenders for the diminution in  
25 value of their security interest in the 2017 crops caused by the Debtors' sale of the 2017  
26 crops and use of the proceeds.

**Notice**

18. Notice of this motion will be given pursuant to FRBP 4 LBF 541.1 to, among other parties, (i) Farm Credit and its attorneys, (ii) Russet Valley LLC, (iii) the United States Trustee, and (iv) the creditors holding the 20 largest unsecured claims. Further notice is impracticable under the circumstances. The Debtors submit that the foregoing constitutes good and sufficient notice and that no other or further notice need be given in the circumstances.

WHEREFORE, the Debtors request entry of an order granting the relief requested herein and such other and further relief as is appropriate.

SUSSMAN SHANK LLP

*/s/ Thomas W. Stilley*

By \_\_\_\_\_

Thomas W. Stilley, OSB No. 883167  
Jeffrey C. Misley, OSB No. 850674  
Proposed Attorneys for Debtors and  
Debtors-in-Possession

\*23534-002\MOTION FOR USE OF CASH (02664624);1

Exhibit A  
Chin Farms/Wong Potatoes, Inc./Chin Family Limited Partnership  
Interim Cash Collateral Budget

To Be Provided Prior to  
Interim Hearing Scheduled for  
December 15, 2017 at 1:30 p.m.

\*23534-002\EXHIBIT A - INTERIM BUDGET (02693355);1

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IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

<p>In re</p> <p>Daniel and Deloris Chin, individually and as trustees of the Daniel and Deloris Chin Living Trust u/a/d April 22, 1996, doing business as Chin Farms; Wong Potatoes, Inc., and Chin Family Limited Partnership,</p> <p style="text-align: center;">Debtors.</p>	}	<p>Case No. 17-63784-TMR11 (Proposed Lead Case)</p> <p>Case No. 17-63785-TMR11 Case No. 17-63786-TMR11</p> <p>(Joint Administration Pending)</p> <p>ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL</p>
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This matter comes before the Court pursuant to the Debtors' Motion for Authorization to Use Cash Collateral on an Interim and Final Basis [Docket No. \_\_\_\_] (the "Motion"). Upon the record before the Court, and it appearing that there is good and sufficient cause therefor, it is hereby

FOUND AND DETERMINED THAT:

A. This Court has jurisdiction over this matter pursuant to 28 USC §§ 157 and 1334. This matter is a core proceeding pursuant to 28 USC § 157(b)(2)(M). The notice which Debtors have provided of the hearing on entry of this Order was sufficient and appropriate under the circumstances of this case, and satisfies the requirement of



1 Federal Rules of Bankruptcy Procedure 4001(b) and Local Bankruptcy Rule 4001-1(c).

2 B. On December 12, 2017 (the "Petition Date"), Debtors filed voluntary  
3 petitions for relief under Chapter 11 of the United States Bankruptcy Code (the "Code"),  
4 11 USC § 101, *et seq.* Debtors are currently operating their businesses and managing  
5 their property as debtors-in-possession pursuant to §§ 1107 and 1108 of the Code. No  
6 trustee has been requested or appointed.

7 C. The Debtors are engaged in the farming business in Klamath County,  
8 Oregon, and Modoc and Siskiyou Counties, California.

9 D. Debtors and Northwest Farm Credit Services, PCA ("FCS"), Northwest  
10 Farm Credit Services FLCA ("FLCA"), and Russet Valley Group LLP ("Russet Valley")  
11 (collectively, the "Lenders") are parties to various loan agreements, security  
12 agreements, financing statements, and other documents, and all amendments thereto  
13 (collectively, the "Loan Documents"), pursuant to which the Lenders assert that they  
14 hold security interests and liens (the "Existing Liens") in various items of real and  
15 personal property of the Debtors as described in the Loan Documents, including,  
16 without limitation, real property, growing crops, inventory, accounts, chattel paper,  
17 equipment, and general intangibles (the "Lenders' Collateral").

18 E. Basin Fertilizer & Chemical Co., Macy's Flying Service, and Stastny  
19 Farms (the "Crop Lien Suppliers") have filed agriculture services liens totaling  
20 approximately \$310,992 on the Debtors' 2017 crops (the "Crop Lien Collateral").

21 F. The term "cash collateral" means cash collateral as defined in  
22 Section 363(a) of the Code and includes, without limitation, all checks, receipts,  
23 payments, proceeds, products, offspring, rents, or profits arising from the prepetition or  
24 postpetition use, lease, sale, or disposition of the Lenders' Collateral and Crop Lien  
25 Collateral.

26 G. The Debtors require the use of the Lenders' and Crop Lien Suppliers' cash

1 collateral, including proceeds from the sale of the 2017 crops and collection of accounts  
2 receivable, to preserve the value of Debtors' farming operations as a going concern and  
3 to preserve and maintain the assets of the bankruptcy estate. Without use of such cash  
4 collateral, the Debtors will lack sufficient funds to maintain their continuing operations.

5 H. The entry of this Order will minimize disruption of the Debtors' farming  
6 operations, preserve the going concern value of the Debtors' businesses, and is in the  
7 best interest of the Debtors' estates.

8 I. The Lenders and Crop Lien Suppliers have consented to use of their cash  
9 collateral for the period commencing on December 12, 2017, and continuing until the  
10 final hearing on the Debtors' Motion now set for \_\_\_\_\_, 201\_\_ at \_\_\_\_\_  
11 \_\_.m. (such period the "Interim Period").

12 J. To the extent any provision of the Code, Federal Rules of Bankruptcy  
13 Procedure, Local Bankruptcy Rules, or applicable law requires a finding of "cause" for  
14 entry of any provision of this Order, such cause exists.

15 NOW THEREFORE, THE COURT BEING FULLY ADVISED IN THE  
16 PREMISES, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

17 **1. Authorization to Use Cash Collateral.**

18 (a) The Debtors are authorized to use the Lenders' and Crop Lien  
19 Suppliers' cash collateral in accordance with the terms and conditions set forth herein.

20 (b) The Lenders' and Crop Lien Suppliers' cash collateral shall be used  
21 only for ordinary living expenses and operating expenses of the Debtors' farming  
22 operations and for the purposes and up to the amounts listed in the budget attached  
23 hereto as Exhibit A (the "Budget") during the Interim Period, as the Budget may be  
24 amended with the written consent of the Lenders and Crop Lien Suppliers; provided,  
25 however, that so long as the Debtors' total expenditures do not exceed the budgeted  
26 amount for any week and in the aggregate for the term of this Order by more than 10%,

1 the Debtor's expenditures for any line item may exceed the amount budgeted for that  
2 line item by no more than twenty percent (20%) of the budgeted amount. The payment  
3 by the Debtors of any expenditure not included in the Budget shall be authorized with  
4 the prior consent of the Lenders and Crop Lien Suppliers to such expenditure and shall  
5 not waive any rights to enforcement the Lenders and Crop Lien Suppliers may have or  
6 assert under this Order or the Loan Documents.

7 **2. Administrative Expense Claim.** To the extent the Lenders and Crop  
8 Lien Suppliers' equity cushion in their collateral should prove to be inadequate to protect  
9 the Lenders and Crop Lien Suppliers for the use of their cash collateral, the Lenders  
10 shall, pursuant to Section 507(b) of the Code, be entitled to administrative expense  
11 claims under Sections 503(b) and 507(a)(2) of the Code.

12 **3. Survival.** The provisions of this Order shall be binding upon and inure to  
13 the benefit of the Debtors, the Lenders, and the Crop Lien Suppliers, and their  
14 respective successors and assigns.

15 **4. Insurance and Audits.** The Debtors shall insure the Lenders' Collateral  
16 and the Crop Lien Collateral for the full insurable replacement value thereof with  
17 insurance companies acceptable to the Lenders and Crop Lien Suppliers. The Debtors  
18 will provide the Lenders and Crop Lien Suppliers with certificates of insurance  
19 evidencing the Debtors' compliance with the insurance requirements herein provided  
20 and the Lenders and Crop Lien Suppliers may purchase said insurance and charge the  
21 expense thereof to the Debtors if the Debtors fail to obtain and maintain the insurance  
22 as herein provided.

23 **5. Additional Duties of Debtors.** The Debtors are hereby directed to  
24 deliver to the Lenders and Crop Lien Suppliers such financial and other information  
25 concerning the business and affairs of the Debtors and any of the Lenders' Collateral  
26

1 and Crop Lien Collateral as the Lenders and Crop Lien Suppliers shall reasonably  
2 request from time to time.

3 **6. Events of Default.** Each of the following shall be an Event of Default  
4 under this Order: (a) spending other than as allowed in the Budget and in this Order  
5 unless agreed by the Lenders and Crop Lien Suppliers in writing; (b) failure to comply  
6 with any of the obligations imposed by this Order; (c) conversion of this case to a case  
7 under Chapter 7 of the Code; and (d) dismissal of this case.

8 **7. Termination Date and Enforcement of Event of Default.** Unless  
9 terminated earlier, the Debtors' authority to use cash collateral hereunder shall continue  
10 until \_\_\_\_\_, 201\_\_, which date may be extended at the consent of the Lenders  
11 and Crop Lien Suppliers, or upon further order of the Court. Notwithstanding the  
12 foregoing, the Debtors' right to use cash collateral in the case of an Event of Default  
13 specified above in paragraph 6 shall terminate automatically and with no requirement of  
14 a hearing, at the end of the seventh day following delivery or service in accordance with  
15 the ECF rules of this Court by the Lenders or Crop Lien Suppliers to the Debtors, their  
16 counsel, the United States Trustee, and counsel to any official committees appointed by  
17 order of the Court in these cases, of a notice of default. The Debtors' authority to use  
18 cash collateral shall cease without further action unless the Lenders or Crop Lien  
19 Suppliers providing the notice of default have acknowledged in writing within said  
20 seven-day period that the specified event of default has been cured or until the Court  
21 orders otherwise.

22 **8. Amendments.** Nothing herein shall prohibit the Debtors and the Lenders  
23 and Crop Lien Suppliers from amending the terms of the use of cash collateral  
24 authorized hereby by mutual agreement and further order of the Court after notice and  
25 hearing if and as required.

26 //

1           **9.     Miscellaneous Provisions.**

2           (a)     **Modification of Stay.** The automatic stay of Section 362 of the  
3 Bankruptcy Code is hereby modified with respect to the Lenders to the extent necessary  
4 to effectuate the provisions of this Order.

5           (b)     **Financial Information; Insurance.** The Debtors are directed to  
6 allow the Lenders and Crop Lien Suppliers and their authorized agents, representatives,  
7 or third party professionals, access to the Lenders' Collateral and Crop Lien Collateral  
8 for the purpose of enabling them to inspect and audit the collateral and the books and  
9 records of the Debtors. Such access for such purposes shall be permitted during  
10 normal business hours and upon reasonable notice.

11           (c)     **No Waiver.** Nothing contained in this Order shall constitute a  
12 waiver by the Lenders or Crop Lien Suppliers of any of their rights under the Loan  
13 Documents, the Bankruptcy Code, or other applicable law, including, without limitation:  
14 (1) their rights to later assert that, notwithstanding the terms and provisions of this  
15 Order, any of the Lenders' or Crop Lien Suppliers' interests in the Lenders' Collateral or  
16 the Crop Lien Collateral lacks adequate protection within the meaning of  
17 Sections 362(d) or 363(e) of the Code; or (2) their rights, if any, to assert claims under  
18 Sections 503 and 507 of the Code. The Lenders' and Crop Lien Suppliers' failure, at  
19 any time or times hereafter, to require strict performance by the Debtors (or by any  
20 Trustee) of any provision of this Order shall not waive, affect, or diminish any right of the  
21 Lenders and Crop Lien Suppliers to demand strict compliance and performance  
22 therewith. No delay on the part of the Lenders and Crop Lien Suppliers in the exercise  
23 of any right or remedy under this Order shall preclude any other or further exercise of  
24 any such right or remedy or the exercise of any other right or remedy. None of the  
25 rights or remedies of the Lenders and Crop Lien Suppliers under this Order shall be  
26 deemed to have been suspended or waived by the Lenders and Crop Lien Suppliers

1 unless such suspension or waiver is in writing, and directed to the Debtors specifying  
2 such suspension or waiver. Likewise, nothing contained in this Order shall constitute a  
3 waiver by the Debtors, or any subsequent Chapter 11 or Chapter 7 trustee, of any of  
4 their respective rights under the Loan Documents, the Code, or other applicable law, at  
5 law or in equity, including, without limitation, the right to assert any claim, demand, or  
6 cause of action, whether in contract, tort, or otherwise, that they had as of the Petition  
7 Date, or that the Debtors or such trustee now has, or in the future may have, against the  
8 Lenders and Crop Lien Suppliers. The Debtors' or a trustee's failure, at any time or  
9 times hereafter, to require strict performance by the Lenders and Crop Lien Suppliers of  
10 any provision of this Order shall not waive, affect, or diminish any right of the Debtors or  
11 the trustee to demand strict compliance and performance therewith. No delay on the  
12 part of the Debtors or the trustee in the exercise of any right or remedy under this Order  
13 shall preclude any other or further exercise of any such right or remedy or the exercise  
14 of any other right or remedy. None of the rights or remedies of the Debtors or the  
15 trustee under this Order shall be deemed to have been suspended or waived by the  
16 Debtors or the trustee unless such suspension or waiver is in writing, signed by the  
17 Debtors or the trustee, as the case may be, directed to the Lenders and Crop Lien  
18 Suppliers specifying such suspension or waiver, and approved by the Court. Nothing  
19 contained in this Order or in the Debtors' or the Lenders' and Crop Lien Suppliers'  
20 agreement to the terms hereof shall (1) be deemed to be a consent by the Lenders and  
21 Crop Lien Suppliers to any extension of the term of this Order or the entry of an  
22 additional order authorizing the use of cash collateral; or (2) waive any of the Debtors', a  
23 trustee's, Lenders', or Crop Lien Suppliers' rights or remedies in this case or any  
24 superseding case under the Code, including the right to seek conversion or dismissal;  
25 or (3) impose on the Debtors, a trustee, the Lenders, or the Crop Lien Suppliers any  
26 liability or responsibility to any third party.

**Page 7 of 8 - ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL**

1 (d) **Order**. This Order shall be binding on all parties in interest in this  
2 case and their respective successors and assigns, including, without limitation, any  
3 Chapter 11 or 7 trustee. If any or all of the provisions of this Order are hereafter  
4 modified, vacated, or stayed by subsequent order, such action shall not affect the  
5 priority, validity, enforceability or effectiveness of any lien, security interest, or priority  
6 authorized hereby with respect to the use of cash collateral prior to the effective date of  
7 such subsequent order (and all such liens, security interests, priorities, and other  
8 benefits shall be governed in all respects by the original provisions of this Order).  
9 Except as otherwise explicitly set forth in this Order, no third parties are intended to be  
10 or shall be deemed to be third party beneficiaries of this Order.

11 26. A Final Hearing shall be held on \_\_\_\_\_, 201\_\_, at \_\_\_\_\_ .m.  
12 in Courtroom #\_\_ of the United States Bankruptcy Court, Wayne Morse United States  
13 Courthouse, 405 E 8<sup>th</sup> Ave., Eugene, Oregon, to consider the entry of a final order.

14 # # #  
15

16 CERTIFICATION OF COMPLIANCE WITH LBR 9021-1(a)(2)(A)

17 I certify that I have complied with the requirements of LBR 9021-1(a)(2)(A).

18 PRESENTED BY:  
19 SUSSMAN SHANK LLP  
20


21 \_\_\_\_\_  
22 Thomas W. Stilley, OSB No. 883167  
23 tstilley@sussmanshank.com  
24 Proposed Attorneys for Debtors  
25 and Debtors-in-Possession

26 c: ECF Participants

\*23534-002\ORDER AUTHORIZING USE OF CASH COLLATERAL (02664633);1

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Below is an Order of the Court.

  
THOMAS M. RENN  
U.S. Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re	)	Case No. 17-63784-TMR11
	)	(Proposed Lead Case)
Daniel and Deloris Chin, individually and	)	Case No. 17-63785-TMR11
as trustees of the Daniel and Deloris Chin	)	Case No. 17-63786-TMR11
Living Trust u/a/d April 22, 1996, doing	)	
business as Chin Farms; Wong Potatoes,	)	(Joint Administration Pending)
Inc., and Chin Family Limited Partnership,	)	
Debtors.	)	ORDER AUTHORIZING INTERIM USE
	)	OF CASH COLLATERAL

This matter comes before the Court pursuant to the Debtors' Motion for Authorization to Use Cash Collateral on an Interim and Final Basis (the "Motion"). Upon the record before the Court, and it appearing that there is good and sufficient cause therefor, it is hereby

FOUND AND DETERMINED THAT:

A. This Court has jurisdiction over this matter pursuant to 28 USC §§ 157 and 1334. This matter is a core proceeding pursuant to 28 USC § 157(b)(2)(M). The notice which Debtors have provided of the hearing on entry of this Order was sufficient and appropriate under the circumstances of this case, and satisfies the requirement of



1 Federal Rules of Bankruptcy Procedure 4001(b) and Local Bankruptcy Rule 4001-1(c).

2 B. On December 12, 2017 (the "Petition Date"), Debtors filed voluntary  
3 petitions for relief under Chapter 11 of the United States Bankruptcy Code (the "Code"),  
4 11 USC § 101, *et seq.* Debtors are currently operating their businesses and managing  
5 their property as debtors-in-possession pursuant to §§ 1107 and 1108 of the Code. No  
6 trustee has been requested or appointed.

7 C. The Debtors are engaged in the farming business in Klamath County,  
8 Oregon, and Modoc and Siskiyou Counties, California.

9 D. Debtors and Northwest Farm Credit Services, PCA ("FCS"), Northwest  
10 Farm Credit Services FLCA ("FLCA")(FCS and FLCA are collectively "Farm Credit"),  
11 and Russet Valley Group LLP ("Russet Valley") (collectively, the "Lenders") are parties  
12 to various loan agreements, security agreements, financing statements, and other  
13 documents, and all amendments thereto (collectively, the "Loan Documents"), pursuant  
14 to which the Lenders assert that they hold security interests and liens (the "Existing  
15 Liens") in various items of real and personal property of the Debtors as described in the  
16 Loan Documents, including, without limitation, real property, growing crops, inventory,  
17 accounts, chattel paper, equipment, and general intangibles (the "Lenders' Collateral").

18 E. Basin Fertilizer & Chemical Co., Macy's Flying Service, and Stastny  
19 Farms (the "Crop Lien Suppliers") have filed agriculture services liens totaling  
20 approximately \$310,992 on the Debtors' 2017 crops (the "Crop Lien Collateral").

21 F. Farm Credit, Russet Valley, and the Crop Lien Suppliers assert a lien or  
22 liens in cash collateral.

23 G. Southeast Farms, Inc. ("SE Farms") has advised the Debtors that it  
24 asserts a claim under the Perishable Agricultural Commodities Act, 7 U.S.C. 499e(c)  
25 ("PACA") for approximately \$77,122.52. Prior to the Petition Date, the Debtors paid a  
26 portion of this claim which the Debtors believe left approximately \$37,000 to be paid.

1 SE Farms has furnished the Debtors with invoices dated in April and May 2017 for  
2 potatoes sold by SE Farms to Wong, however, the Debtors have not completed their  
3 analysis of these transactions to confirm the validity of SE Farms' PACA claim. Debtors  
4 will segregate \$37,000 in a Debtor-in-Possession account to satisfy SE Farms' PACA  
5 claim pending entry of an order authorizing or denying the payment of such claim. If  
6 agreement can be reached with SE Farms to resolve the remaining amount due on the  
7 PACA claim prior to the final hearing on use of cash collateral, the Debtors intend to  
8 provide for payment of that amount in the final order authorizing use of cash collateral.

9 H. The term "cash collateral" means cash collateral as defined in  
10 Section 363(a) of the Code and includes, without limitation, all checks, receipts,  
11 payments, proceeds, products, offspring, rents, or profits arising from the prepetition or  
12 postpetition use, lease, sale, or disposition of the Lenders' Collateral and Crop Lien  
13 Collateral.

14 I. The Debtors require the use of the Lenders' and Crop Lien Suppliers' cash  
15 collateral, including proceeds from the sale of the 2017 crops and collection of accounts  
16 receivable, to preserve the value of Debtors' farming operations as a going concern and  
17 to preserve and maintain the assets of the bankruptcy estate. Without use of such cash  
18 collateral, the Debtors will lack sufficient funds to maintain their continuing operations.

19 J. The entry of this Order will minimize disruption of the Debtors' farming  
20 operations, preserve the going concern value of the Debtors' businesses, and is in the  
21 best interest of the Debtors' estates.

22 K. Russet Valley has consented to use of its cash collateral for the period  
23 commencing on December 12, 2017, and continuing until the final hearing on the  
24 Debtors' Motion now set for January 9, 2018, at 1:30 p.m. (such period the "Interim  
25 Period"). On December 13, 2017, the Crop Lien Suppliers were each served with the  
26 Motion by overnight courier or e-mail, but none of them affirmatively consented to use of

1 their cash collateral prior to the hearing. As adequate protection, Russet Valley and the  
2 Crop Lien Suppliers will receive replacement liens on all postpetition assets of the  
3 Debtors which are of the identical description to their prepetition collateral. Further,  
4 Russet Valley and the Crop Lien Suppliers reserve all rights with respect to other  
5 adequate protection appropriate after the Interim Period.

6 L. Farm Credit has consented to use of its cash collateral for the Interim  
7 Period and will receive adequate protection payments in the amount of \$27,600.00,  
8 each month to be applied on the FCS loans and a replacement lien on all postpetition  
9 assets of the Debtors which are of identical description to its prepetition collateral.  
10 Further, Farm Credit reserves all rights with respect to other adequate protection  
11 appropriate after the Interim Period.

12 M. On December 15, 2017, the Court held a hearing on the Motion at which it  
13 authorized the interim use of cash collateral by Wong Potatoes, Inc. on an emergency  
14 basis for payment of the following items prior to the entry of this order:

- 15 a. Custom Packing Expense (Express SVCS) - \$2,000.00
- 16 b. Packing Supplies-WHSE - \$16,677.00
- 17 c. Payroll/Payroll Taxes - \$42,034.28
- 18 d. Workers Comp - \$6,500.00

19 N. To the extent any provision of the Code, Federal Rules of Bankruptcy  
20 Procedure, Local Bankruptcy Rules, or applicable law requires a finding of “cause” for  
21 entry of any provision of this Order, such cause exists.

22 NOW THEREFORE, THE COURT BEING FULLY ADVISED IN THE  
23 PREMISES, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

24 **1. Authorization to Use Cash Collateral.**

25 (a) The Debtors are authorized to use the Lenders’ and Crop Lien  
26 Suppliers’ cash collateral in accordance with the terms and conditions set forth herein.

1 (b) The Court's authorization to use cash collateral on an emergency  
2 basis as stated on the record at the hearing held on December 15, 2017, is incorporated  
3 into the terms of this order.

4 (c) The Lenders' and Crop Lien Suppliers' cash collateral shall be used  
5 only for ordinary living expenses and operating expenses of the Debtors' farming  
6 operations and for the purposes and up to the amounts listed in the budget attached  
7 hereto as Exhibit A (the "Budget") during the Interim Period, as the Budget may be  
8 amended with the written consent of the Lenders and Crop Lien Suppliers; provided,  
9 however, that so long as the Debtors' total expenditures do not exceed the budgeted  
10 amount for any week and in the aggregate for the term of this Order by more than 10%,  
11 the Debtors' expenditures for any line item may exceed the amount budgeted for that  
12 line item by no more than twenty percent (20%) of the budgeted amount. The payment  
13 by the Debtors of any expenditure not included in the Budget shall be authorized with  
14 the prior consent of the Lenders and Crop Lien Suppliers to such expenditure and shall  
15 not waive any rights to enforcement the Lenders and Crop Lien Suppliers may have or  
16 assert under this Order or the Loan Documents.

17 **2. Administrative Expense Claim.** To the extent the Lenders and Crop  
18 Lien Suppliers' equity cushion in their collateral should prove to be inadequate to protect  
19 the Lenders and Crop Lien Suppliers for the use of their cash collateral, the Lenders  
20 shall, pursuant to Section 507(b) of the Code, be entitled to administrative expense  
21 claims under Sections 503(b) and 507(a)(2) of the Code.

22 **3. Farm Credit, Russet Valley, and the Crop Lien Suppliers.** As  
23 adequate protection, Farm Credit will receive adequate protection payments in the  
24 amount of \$27,600.00 each month and a replacement lien on all post-petition assets of  
25 the Debtors which are of the identical description to its prepetition collateral with the  
26 same priority as Farm Credit's liens in its prepetition collateral. As adequate protection,

1 Russet Valley and the Crop Lien Suppliers will receive replacement liens on all  
2 postpetition assets of the Debtors which are of the identical description to their  
3 prepetition collateral with the same priority as the liens in their prepetition collateral.

4 **4. SE Farms PACA Claim.** The Debtors will deposit \$37,000 in a  
5 segregated Debtor-in-Possession account to satisfy SE Farms' PACA claim pending  
6 entry of an order authorizing or denying the payment of such claim. Nothing in this  
7 Order prohibits SE Farms from seeking to increase the amount held by the Debtors to  
8 satisfy SE Farms' PACA claim, if an agreement cannot be reached between the parties  
9 regarding payment of such claim. Furthermore, nothing contained in this Order, nor the  
10 sale of any crop inventory or the disbursement of any funds by the Debtors after the  
11 entry of this Order, shall have any effect on the extent, validity, or priority of SE Farms'  
12 PACA claim, and SE Farms' and the Debtors' rights and obligations regarding such  
13 claim shall not be affected by the entry of this Order.

14 **5. Survival.** The provisions of this Order shall be binding upon and inure to  
15 the benefit of the Debtors, the Lenders, and the Crop Lien Suppliers, and their  
16 respective successors and assigns.

17 **6. Insurance and Audits.** The Debtors shall insure the Lenders' Collateral  
18 and the Crop Lien Collateral for the full insurable replacement value thereof with  
19 insurance companies acceptable to the Lenders and Crop Lien Suppliers. The Debtors  
20 will provide the Lenders and Crop Lien Suppliers with certificates of insurance  
21 evidencing the Debtors' compliance with the insurance requirements herein provided  
22 and the Lenders and Crop Lien Suppliers may purchase said insurance and charge the  
23 expense thereof to the Debtors if the Debtors fail to obtain and maintain the insurance  
24 as herein provided.

25 **7. Additional Duties of Debtors.** The Debtors are hereby directed to  
26 deliver to the Lenders and Crop Lien Suppliers such financial and other information

1 concerning the business and affairs of the Debtors and any of the Lenders' Collateral  
2 and Crop Lien Collateral as the Lenders and Crop Lien Suppliers shall reasonably  
3 request from time to time.

4 **8. Events of Default.** Each of the following shall be an Event of Default  
5 under this Order: (a) spending other than as allowed in the Budget and in this Order  
6 unless agreed by the Lenders and Crop Lien Suppliers in writing, (b) failure to comply  
7 with any of the obligations imposed by this Order, (c) conversion of this case to a case  
8 under Chapter 7 of the Code, and (d) dismissal of this case.

9 **9. Termination Date and Enforcement of Event of Default.** Unless  
10 terminated earlier, the Debtors' authority to use cash collateral hereunder shall continue  
11 until January 9, 2018, which date may be extended at the consent of the Lenders and  
12 Crop Lien Suppliers, or upon further order of the Court. Notwithstanding the foregoing,  
13 the Debtors' right to use cash collateral in the case of an Event of Default specified  
14 above in paragraph 8 shall terminate automatically and with no requirement of a  
15 hearing, at the end of the seventh day following delivery or service in accordance with  
16 the ECF rules of this Court by the Lenders or Crop Lien Suppliers to the Debtors, their  
17 counsel, the United States Trustee, and counsel to any official committees appointed by  
18 order of the Court in these cases, of a notice of default. The Debtors' authority to use  
19 cash collateral shall cease without further action unless the Lenders or Crop Lien  
20 Suppliers providing the notice of default have acknowledged in writing within said  
21 seven-day period that the specified event of default has been cured or until the Court  
22 orders otherwise.

23 **10. Amendments.** Nothing herein shall prohibit the Debtors, the Lenders,  
24 and Crop Lien Suppliers from amending the terms of the use of cash collateral  
25 authorized hereby by mutual agreement and further order of the Court after notice and  
26 hearing if and as required.

1           **11. Miscellaneous Provisions.**

2           (a)    **Modification of Stay.** The automatic stay of Section 362 of the  
3 Bankruptcy Code is hereby modified with respect to the Lenders to the extent necessary  
4 to effectuate the provisions of this Order.

5           (b)    **Financial Information; Insurance.** The Debtors are directed to  
6 allow the Lenders and Crop Lien Suppliers and their authorized agents, representatives,  
7 or third-party professionals, access to the Lenders' Collateral and Crop Lien Collateral  
8 for the purpose of enabling them to inspect and audit the collateral and the books and  
9 records of the Debtors. Such access for such purposes shall be permitted during  
10 normal business hours and upon reasonable notice.

11           (c)    **No Waiver.** Nothing contained in this Order shall constitute a  
12 waiver by the Lenders, Crop Lien Suppliers, or SE Farms of any of their rights under the  
13 Loan Documents, the Bankruptcy Code, PACA, or other applicable law, including,  
14 without limitation: (1) their rights to later assert that, notwithstanding the terms and  
15 provisions of this Order, any of the Lenders', Crop Lien Suppliers', or SE Farms'  
16 interests in the Lenders' Collateral, the Crop Lien Collateral, or other assets lacks  
17 adequate protection within the meaning of Sections 362(d) or 363(e) of the Code; or  
18 (2) their rights, if any, to assert claims under Sections 503 and 507 of the Code. The  
19 Lenders', Crop Lien Suppliers', and SE Farms failure, at any time or times hereafter, to  
20 require strict performance by the Debtors (or by any Trustee) of any provision of this  
21 Order shall not waive, affect, or diminish any right of the Lenders, Crop Lien Suppliers,  
22 and SE Farms to demand strict compliance and performance therewith. No delay on  
23 the part of the Lenders, Crop Lien Suppliers, or SE Farms in the exercise of any right or  
24 remedy under this Order shall preclude any other or further exercise of any such right or  
25 remedy or the exercise of any other right or remedy. None of the rights or remedies of  
26 the Lenders, Crop Lien Suppliers, or SE Farms under this Order shall be deemed to

1 have been suspended or waived by the Lenders, Crop Lien Suppliers, or SE Farms  
2 unless such suspension or waiver is in writing, and directed to the Debtors specifying  
3 such suspension or waiver. Likewise, nothing contained in this Order shall constitute a  
4 waiver by the Debtors, or any subsequent Chapter 11 or Chapter 7 trustee, of any of  
5 their respective rights under the Loan Documents, the Code, PACA, or other applicable  
6 law, at law or in equity, including, without limitation, the right to assert any claim,  
7 demand, or cause of action, whether in contract, tort, or otherwise, that they had as of  
8 the Petition Date, or that the Debtors or such trustee now has, or in the future may  
9 have, against the Lenders, Crop Lien Suppliers, or SE Farms. The Debtors' or a  
10 trustee's failure, at any time or times hereafter, to require strict performance by the  
11 Lenders, Crop Lien Suppliers, or SE Farms of any provision of this Order shall not  
12 waive, affect, or diminish any right of the Debtors or the trustee to demand strict  
13 compliance and performance therewith. No delay on the part of the Debtors or the  
14 trustee in the exercise of any right or remedy under this Order shall preclude any other  
15 or further exercise of any such right or remedy or the exercise of any other right or  
16 remedy. None of the rights or remedies of the Debtors or the trustee under this Order  
17 shall be deemed to have been suspended or waived by the Debtors or the trustee  
18 unless such suspension or waiver is in writing, signed by the Debtors or the trustee, as  
19 the case may be, directed to the Lenders, Crop Lien Suppliers, and SE Farms  
20 specifying such suspension or waiver, and approved by the Court. Nothing contained in  
21 this Order or in the Debtors' or the Lenders', Crop Lien Suppliers', and SE Farms  
22 agreement to the terms hereof shall (1) be deemed to be a consent by the Lenders,  
23 Crop Lien Suppliers, or SE Farms to any extension of the term of this Order or the entry  
24 of an additional order authorizing the use of cash collateral; or (2) waive any of the  
25 Debtors', a trustee's, the Lenders', the Crop Lien Suppliers', or SE Farms' rights or  
26 remedies in this case or any superseding case under the Code, including the right to



1 seek conversion or dismissal; or (3) impose on the Debtors, a trustee, the Lenders, the  
2 Crop Lien Suppliers, or SE Farms any liability or responsibility to any third party.

3 (d) **Order**. This Order shall be binding on all parties in interest in this  
4 case and their respective successors and assigns, including, without limitation, any  
5 Chapter 11 or 7 trustee. If any or all of the provisions of this Order are hereafter  
6 modified, vacated, or stayed by subsequent order, such action shall not affect the  
7 priority, validity, enforceability or effectiveness of any lien, security interest, or priority  
8 authorized hereby with respect to the use of cash collateral prior to the effective date of  
9 such subsequent order (and all such liens, security interests, priorities, and other  
10 benefits shall be governed in all respects by the original provisions of this Order).  
11 Except as otherwise explicitly set forth in this Order, no third parties are intended to be  
12 or shall be deemed to be third party beneficiaries of this Order.

13 12. A Final Hearing shall be held on January 9, 2018, at 1:30 p.m. in  
14 Courtroom #5 of the United States Bankruptcy Court, Wayne Morse United States  
15 Courthouse, 405 E 8<sup>th</sup> Avenue, Eugene, Oregon, to consider the entry of a final order.  
16

17 # # #

18 CERTIFICATION OF COMPLIANCE WITH LBR 9021-1(a)(2)(A)

19 I certify that I have complied with the requirements of LBR 9021-1(a)(2)(A).

20 PRESENTED BY:

21 SUSSMAN SHANK LLP

22 /s/ Thomas W. Stilley

23 Thomas W. Stilley, OSB No. 883167  
24 tstilley@sussmanshank.com  
25 Proposed Attorneys for Debtors  
26 and Debtors-in-Possession

c: ECF Participants

\*23534-002\ORDER AUTHORIZING USE OF CASH COLLATERAL (02664633);1

**Page 10 of 10 - ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL**

Dan & Deloris Chin dba Chin Farms

INTERIM CASH COLLATERAL

BUDGET FOR December 15, 2017

	2/2/2018	WEEK	WEEK	WEEK	WEEK	WEEK	WEEK	WEEK	WEEK
		1	2	3	4	5	6	7	8
	12/15/2017	12/22/2017	12/29/2017	1/5/2018	1/12/2018	1/19/2017	1/26/2018	2/2/2018	
<b>REVENUE:</b>									
BEGINNING CASH	30,000.00	295,500.00	586,000.00	881,500.00	965,000.00	1,083,500.00	1,172,000.00	1,582,900.00	
Hay, Onion, Grain	145,000.00	175,000.00	175,000.00		40,000.00		350,000.00	50,000.00	
Potatoes (from Wong Potatoes)	125,000.00	125,000.00	125,000.00	93,000.00	93,000.00	93,000.00	93,000.00	93,000.00	
<b>Total</b>	<b>300,000.00</b>	<b>595,500.00</b>	<b>886,000.00</b>	<b>974,500.00</b>	<b>1,098,000.00</b>	<b>1,176,500.00</b>	<b>1,615,000.00</b>	<b>1,725,900.00</b>	
<b>EXPENSE:</b>									
Owner Draws/Living Expenses	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Equipment Lease/Rental	-	-	-	-	-	-	-	-	-
Interest only FCS							27,600.00		
Supplies	-	-	-	-	-	-	-	-	-
Insurance-Crop	-	-	-	-	5,000.00	-	-	-	-
Repairs/Maintenance	-	-	-	-	-	-	-	-	-
Fuel		5,000.00			5,000.00				5,000.00
Utilities-Power cellars/homes	-	-	-	5,000.00	-	-	-	-	5,000.00
Seed	-	-	-	-	-	-	-	-	-
Fertilizer, Chemicals	-	-	-	-	-	-	-	-	-
Custom Farming	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
Land Rent	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>4,500.00</b>	<b>9,500.00</b>	<b>4,500.00</b>	<b>9,500.00</b>	<b>14,500.00</b>	<b>4,500.00</b>	<b>32,100.00</b>	<b>14,500.00</b>	
<b>ENDING CASH</b>	<b>295,500.00</b>	<b>586,000.00</b>	<b>881,500.00</b>	<b>965,000.00</b>	<b>1,083,500.00</b>	<b>1,172,000.00</b>	<b>1,582,900.00</b>	<b>1,711,400.00</b>	
<b>ACCOUNTS RECEIVABLE RECAP</b>									
BEGINNING ACCOUNTS RECEIVABLE	-	23,924.00	17,848.00	11,772.00	212,696.00	373,620.00	574,544.00	386,392.00	
SALES	293,924.00	293,924.00	293,924.00	293,924.00	293,924.00	293,924.00	293,924.00	293,924.00	
COLLECTIONS/DEPOSITS	(270,000.00)	(300,000.00)	(300,000.00)	(93,000.00)	(133,000.00)	(93,000.00)	(443,000.00)	(143,000.00)	
<b>ENDING ACCOUNTS RECEIVABLE</b>	<b>23,924.00</b>	<b>17,848.00</b>	<b>11,772.00</b>	<b>212,696.00</b>	<b>373,620.00</b>	<b>574,544.00</b>	<b>425,468.00</b>	<b>537,316.00</b>	
<b>ENDING CASH + ACCOUNTS RECEIVABLE</b>									
ENDING CASH	295,500.00	586,000.00	881,500.00	965,000.00	1,083,500.00	1,172,000.00	1,582,900.00	1,711,400.00	
ENDING RECEIVABLES	23,924.00	17,848.00	11,772.00	212,696.00	373,620.00	574,544.00	425,468.00	537,316.00	
<b>TOTAL CASH + RECEIVABLES</b>	<b>319,424.00</b>	<b>603,848.00</b>	<b>893,272.00</b>	<b>1,177,696.00</b>	<b>1,457,120.00</b>	<b>1,746,544.00</b>	<b>2,008,368.00</b>	<b>2,248,716.00</b>	

**WONG POTATOES, INC**  
**BUDGET PROJECTION**  
*"Revised"*

	12/8/2017	12/15/2017	12/22/2017	12/29/2017	1/5/2018	1/12/2017	1/19/2018	1/26/2018
<b>BEGINNING CASH</b>	20,863.02	\$ 9,161.69	\$ 49,159.12	\$ 12,000.00	\$ 20,000.00	\$ 50,000.00	\$ 50,000.00	\$ 75,000.00
<b>DIRECT COST</b>								
CUSTOM PKNG EXPENSE-(EXPRESS SVCS)	\$ 1,610.44	\$ 2,000.00	\$ 1,800.00	\$ 1,400.00	\$ 1,000.00	\$ 1,000.00	\$ -	\$ -
PURCHASES-POTATOES	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00
FERTILIZER/CHEM-WHSE	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
FREIGHT OUT-POTATOES		\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00
FUEL/OIL-WHSE	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
FCS-NEWTEC/CBLOX LEASE PYMT					\$ 6,919.05			
LAND RENT-WHSE LIMON PACIFIC								\$ 9,853.83
PACKING SUPPLIES-WHSE	\$ 16,677.00	\$ 16,677.00	\$ 16,677.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
PAYROLL/PAYROLL TAXES	\$ 30,306.76	\$ 42,034.28	\$ 46,000.00	\$ 42,000.00	\$ 39,000.00	\$ 35,000.00	\$ 30,000.00	\$ 30,000.00
<b>TOTAL DIRECT COSTS</b>	\$ 173,744.20	\$ 190,361.28	\$ 194,127.00	\$ 182,550.00	\$ 154,069.05	\$ 139,850.00	\$ 133,850.00	\$ 143,703.83
<b>GENERAL EXPENSES</b>								
ASSESSMENTS	\$ 587.48	\$ 1,722.44			\$ 1,850.00			
BANK CHARGES	\$ 91.00				\$ 75.00			
DUES, SUBS, & FEES	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
EMPLOYEE BENEFITS-INS		\$ 19,500.00			\$ 19,500.00			
ENTERTAINMENT/MEALS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EQUIP LEASE/RENTAL-SINK RENT	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
FINES/PENALTIES	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
INSPECTIONS	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 100.00	\$ 100.00	\$ 100.00
INSURANCE						\$ 10,854.75		
INTEREST	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 75.00	\$ 75.00	\$ 75.00
LEGAL/PROF SERVICES	\$ 200.00							\$ 3,000.00
MISC EXPENSES	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
OFFICE SUPPLIES	\$ 100.00	\$ 100.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 100.00	\$ 100.00
SUPPORT/CONSULT-COMPUTER SYSTEM	\$ 150.00	\$ 100.00	\$ 300.00	\$ 150.00	\$ 250.00			
POSTAGE/SHIPPING	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
PROPERTY TAXES-Wong		\$ 10,167.65						
REPAIRS/MAINTENANCE	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 1,700.00	\$ 1,700.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
SCALE CHARGES	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
SUPPLIES	\$ 750.00	\$ 750.00	\$ 750.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00
TAXES, LIC, FEES	\$ 467.00	\$ 467.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00
TELEPHONE/INTERNET	\$ 60.00	\$ 420.00			\$ 60.00	\$ 420.00		
TRAVEL								
UTILITIES-POWER, PROPANE, GAR		\$ 787.22		\$ 175.00	\$ 3,200.00			
WORKERS' COMP		\$ 6,500.00				\$ 7,000.00		
<b>TOTAL GENERAL EXPENSES</b>	\$ 4,895.48	\$ 43,004.31	\$ 4,040.00	\$ 3,615.00	\$ 28,225.00	\$ 21,239.75	\$ 2,915.00	\$ 5,915.00
<b>TOTAL DIRECT &amp; GENERAL EXPENSES</b>	\$ 178,639.68	\$ 233,365.59	\$ 198,167.00	\$ 186,165.00	\$ 182,294.05	\$ 161,089.75	\$ 136,765.00	\$ 149,618.83
<b>ACCTS RECEIVABLE RECAP</b>								
BEGINNING ACCTS RECVBLE	\$ 496,445.69	\$ 579,100.51	\$ 718,628.32	\$ 804,628.32	\$ 799,628.32	\$ 799,628.32	\$ 766,628.32	\$ 728,628.32
POTATO SALES	\$ 149,387.32	\$ 259,452.00	\$ 186,000.00	\$ 95,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 135,000.00
RCVD ON ACCT	\$ (66,732.50)	\$ (119,924.19)	\$ (100,000.00)	\$ (100,000.00)	\$ (100,000.00)	\$ (133,000.00)	\$ (138,000.00)	\$ (100,000.00)
ENDING ACCTS RECVBLE	\$ 579,100.51	\$ 718,628.32	\$ 804,628.32	\$ 799,628.32	\$ 799,628.32	\$ 766,628.32	\$ 728,628.32	\$ 763,628.32
<b>ENDING CASH + ACCTS RECVBLE</b>								
ENDING CASH	\$ 9,161.69	\$ 49,159.12	\$ 12,000.00	\$ 20,000.00	\$ 50,000.00	\$ 50,000.00	\$ 75,000.00	\$ 75,000.00
ENDING RECEIVABLES	\$ 579,100.51	\$ 718,628.32	\$ 804,628.32	\$ 799,628.32	\$ 799,628.32	\$ 766,628.32	\$ 728,628.32	\$ 763,628.32
<b>TOTAL CASH &amp; RECEIVABLES</b>	\$ 588,262.20	\$ 767,787.44	\$ 816,628.32	\$ 819,628.32	\$ 849,628.32	\$ 816,628.32	\$ 803,628.32	\$ 838,628.32