

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re) Case No. _____
)
) NOTICE OF **PRELIMINARY**
) 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 is attached; and it includes (i) the statement required by [Local Form #541.5](#), and (ii) the following allegations:

a. The immediate and irreparable harm that will come to the estate pending a final hearing is _____.

b. The amount of cash collateral credit (*check one*) necessary to avoid the harm detailed above prior to the final hearing is _____.

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

3. A **PRELIMINARY** 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 do one or both of the following: (1) attend the preliminary hearing; and/or (2) 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 8th Ave #2600, Eugene OR 97401), a written response, which states the facts upon which you will rely and, if the response is filed within three business days before the hearing, notify the judge's chambers by telephone immediately after filing the document, as required by LBR 9004-1(b).

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)

541.1 (6/1/15)

Theodore J Piteo, OSB 090311
Michael D. O'Brien, OSB 951056
Michael D. O'Brien & Associates, P.C.
12909 SW 68th Pkwy, Suite 160
Portland, OR 97223
503-786-3800

Of Attorneys for Tapz, LLC, Debtor(s)-in-possession*.

IN THE BANKRUPTCY COURT OF THE UNITED STATES
FOR THE DISTRICT OF OREGON

In re:)	Case No. 18-33466-pcm11
)	
Tapz, LLC)	MOTION FOR AUTHORITY TO USE
)	CASH COLLATERAL AND AUTHORITY
)	TO GRANT REPLACEMENT LIEN
Debtor-in-possession.)	

Tapz, LLC, debtor-in-possession, ("Debtor") moves the court for preliminary authority to use cash collateral and for authority to grant a replacement lien and represents as follows:

1. None of the prohibited provisions listed in LBF 541.5 are included in this Motion or the proposed Order.
2. On October 4, 2018, Debtor filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code for the District of Oregon. Debtor continues to maintain possession of its property and operate its business as debtor-in-possession pursuant to Sections 1107 and 1108 of the United States Bankruptcy Code ("the Code.")

3. Prior to the commencement of this case, Debtor entered into a secured Note agreement with Small Business Financial Solutions, LLC (“SBFS”) to assist with business financing (the “Note”). The Note contained a commercial security agreement covering rents, accounts receivable, and most other business assets (the “Prepetition Collateral”) of Debtor. The Note is available upon request.

4. The security interest of SBFS is senior to those of all other creditors known to Debtor and was perfected by the filing of a UCC statement with the Oregon Secretary of State. The UCC statement was recorded on December 28, 2015 as lien number 90673346. See Attached UCC filing at Exhibit A.

5. The Debtor also entered into a pre-petition Note agreement with BWR Retail Services, Inc. (“BWR”) that purports to secure the same Prepetition Collateral. BWR failed to file a UCC statement and Debtor consequently believes them to be unsecured creditors, but lists them here as a precaution in the event they claim some perfected security interest in the same Prepetition Collateral and wish to be heard by this court.

6. As of the petition date Debtor was indebted to SBFS and in arrears on the Note listed above. Debtor believes SBFS is currently undersecured.

7. In order to maintain its business operations and protect its ability to reorganize in accordance with chapter 11 of the Code, it is necessary that Debtor obtain the authority provided in 11 USC §363(c)(2)(B) to use cash collateral.

8. Debtor requests that this court authorize their preliminary use of cash collateral for the payment of their operating expenses in the normal course of business, as set forth in the monthly budget attached hereto as Exhibit B. The preliminary use of cash collateral requested in Exhibit

B would cover projected monthly operating expenses. Debtor requests this court allow use of cash collateral for a 14 day period pending a final hearing on motion to use cash collateral during which time Debtors hope to negotiate a Stipulated Order re: Use of Cash Collateral with SBFS. Debtor currently has no alternative borrowing source from which it could secure additional funding to operate its business.

9. In order to adequately protect the interests of SBFS in the Prepetition Collateral and for Debtors' use of cash collateral as requested in this motion, Debtors propose to provide replacement liens pursuant to 11 USC §361(2) to property of the Estate of the kind which presently secure the indebtedness owed to SFBS (the "Postpetition Collateral."). Debtor also proposes to pay monthly adequate protection payments to SFBS as outlined in the attached budget.

10. In the event that the court were to refuse authorization of Debtor's use of cash collateral, Debtor believes it will be unable to maintain its current business operation and propose a plan of reorganization. Without the use of cash collateral, Debtor will be forced to liquidate their collateral for below market value resulting in significant, irreparable harm to Debtor's estate and its creditors.

WHEREFORE, Debtor requests that this court enter an Order pursuant to 11 USC §363(c)(2)(B) authorizing Debtor to use cash collateral for its general ongoing business operations as described in this motion and the budget attached hereto as Exhibit B in the amount of \$25,875, representing one half of the monthly expense amount, and to grant unto SBFS replacement liens in the

Postpetition Collateral effective as of October 4, 2018, and for such other and further relief as the court may deem just and proper.

DATED this 4th day of October, 2018.

Respectfully So Moved by:

/s/ Theodore J. Piteo

Michael D. O'Brien, OSB 95105
Theodore J. Piteo, OSB 090311
of Attorneys for Debtor-in-Possession*
*Pending Approval of Employment



UCC

LIEN NO. 90673346

TAPZ, LLC

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 1-800-858-5294	
B. E-MAIL CONTACT AT FILER (optional) SPRFiling@cscinfo.com	
C. MAILING ADDRESS (if different from above) Corporation Service Comp 1127 Broadway St NE Suite 310 Salem, OR 97301	
Filed In: Oregon (S.O.S.)	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME TAPZ, LLC				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS 1235 NE 2nd ST		CITY Bend	STATE OR	POSTAL CODE 97701 COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Corporation Service Company, as Representative				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS PO Box 2576 uccsprep@cscinfo.com		CITY Springfield	STATE IL	POSTAL CODE 62708 COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:

All of the following property that is now or hereafter at any time used in connection with (without regard to the duration of the period of such use), or now or at any time relates to or arises as a result of, the operation of the Debtor's business:

- (i) all of the Debtor's inventory, including all goods, merchandise, raw materials, supplies and other tangible personal property, now owned or hereafter acquired, and all documents now and at any times covering or representing any of said property;
- (ii) all of Debtor's accounts, accounts receivable, contract receivables, contract rights, notes, drafts, acceptances, instruments, chattel paper, payment intangibles and general intangibles, and all guarantees and suretyship agreements relating thereto and all security for payment thereof, now and hereafter existing or arising; and
- (iii) all of Debtor's equipment, including all furniture, furnishings, machinery, fixtures, storage shelves and other

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:

☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:

☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

109723312

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME

TAPZ, LLC

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

10c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

11c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

goods used in the conduct of Debtor's business, including, but not limited to, all motor vehicles and rolling stock, now owned or hereafter acquired; together with (a) all increases, parts, fittings, accessories, equipment, special tools and accessions now or hereafter attached thereto or used in connection therewith, and any and all replacements of all or any part thereof; (b) any profits now or hereafter acquired from or through any of the foregoing; (c) any products now or hereafter acquired from or through any of the foregoing; (c) any products now or hereafter manufactured, processed, assembled or commingled from any of the foregoing; and (d) any and all proceeds received should any of the foregoing

13. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

☐ covers timber to be cut

☐ covers as-extracted collateral

☐ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME

TAPZ, LLC

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

10c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

11c. MAILING ADDRESS

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COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

be sold, exchanged, collected or otherwise disposed of.

All of the above described collateral falls within the scope of the Uniform Commercial Code.

Notice is hereby provided that pursuant to a contract between Debtor and Secured Party, Debtor has agreed that the collateral described herein ("Covered Collateral") will not, after the date of the filing of this UCC Financing Statement, be

13. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

☐ covers timber to be cut ☐ covers as-extracted collateral ☐ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

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INDIVIDUAL'S FIRST PERSONAL NAME

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SUFFIX

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11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

11c. MAILING ADDRESS

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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

sold, transferred or further encumbered while this UCC Financing Statement is in effect. The sale, transfer or further encumbrance of the Covered Collateral shall constitute a breach by the Debtor of the terms of the contract between Debtor and Secured Party. Any third party that further encumbers the Covered Collateral in whole or in part, purchases the Covered Collateral in whole or in part, or otherwise takes receipt of any rights to the Covered Collateral in whole or in part and who has or should have knowledge of this Financing Statement or the restrictions in the contract between Debtor and Secured Party shall be tortiously interfering with the contract between Debtor and Secured Party and shall be

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14. This FINANCING STATEMENT:

☐ covers timber to be cut

☐ covers as-extracted collateral

☐ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here ☐

9a. ORGANIZATION'S NAME

TAPZ, LLC

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

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10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR

10b. INDIVIDUAL'S SURNAME

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11. ☐ ADDITIONAL SECURED PARTY'S NAME or ☐ ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

liable to Secured Party for any damages suffered as a result of the interference.

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14. This FINANCING STATEMENT:

☐ covers timber to be cut ☐ covers as-extracted collateral ☐ is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

Tapz, LLC

Exhibit B

Average Monthly Income	\$61,044
------------------------	----------

Estimated Monthly Expenses:

Rent*	\$8,000.00
Adequate Protection	\$2,000.00
Payroll Expenses	\$19,800.00
Owner Pay	\$7,400.00
Insurance	\$1,100.00
Advertising	\$1,000.00
Automobile Expense	\$1,400.00
Bank and Merchant Acct Fees	\$2,400.00
Professional Fees	\$1,000.00
Equipment Leases	\$600.00
Supplies for Business	\$800.00
Computer Srvcs	\$1,000.00
Maintenance	\$750.00
UST Fees	\$600.00
Property Taxes	\$1,000.00
Telephone	\$800.00
Utilities	\$2,100.00

Total	\$51,750
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*Debtor intends to close one rental location