CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed April 12, 2017

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	
BARSTOW MANAGEMENT, LLC,	§	**CASE NO. 17-30401-sgj**
	§	**Chapter 11**
Debtor.	§	
	§	

SECOND INTERIM ORDER FOR USE OF CASH COLLATERAL PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE AND PROVIDING ADEQUATE PROTECTION AND GRANTING LIENS AND SECURITY INTERESTS

Upon the followup hearing on Debtor's Emergency Motion for Use of Cash Collateral (the "**Motion**") pursuant to Sections 105, 361, 363 and 364 of Title 11 of the United States Bankruptcy Code (the "**Bankruptcy Code**") and Federal Rule of Bankruptcy Procedure 4001, filed by Barstow Management, LLC ("**Debtor**"), subject to the terms and conditions set forth

herein, including the (i) grant of mortgages, security interests, liens and claims for the benefit of the American Savings Life Insurance Co. and Compass Bank (the "**Secured Lenders**"), Post-petition which are co-extensive with their Pre-petition liens (to the extent of such liens, if any) and (ii) grant of mortgages, security interests, liens and claims in order to provide adequate protection to the Secured Lenders as more fully set forth herein, and upon the proceedings held before this Court and good and sufficient cause appearing therefore,

THE COURT HEREBY FINDS:

A. On February 3, 2017, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division. The Debtor is now operating its business and managing its property as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner and no official committee has yet been appointed.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of the Chapter 11 Case and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. An ongoing need exists for the Debtor to obtain funds in order to continue the operation of its business. Without such funds, the Debtor will not be able to pay its direct operating expenses on its business during this sensitive period in a manner that will avoid irreparable harm to the Debtor's estate. At this time, the Debtor's ability to use Cash Collateral is vital to the confidence of the Debtor's insurance providers and to the preservation and maintenance of the going concern value of the Debtor's estate.

D. Secured Lenders may claim that substantially all of the Debtor's assets are subject to the Prepetition Liens of the Secured Lenders including liens on rents relevant to this Motion.

E. The Debtor has requested immediate entry of this Order pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2). The permission granted herein to allow the Debtor to obtain the use of Cash Collateral financing is necessary to avoid immediate and irreparable harm to the Debtor. This Court concludes that entry of this Order is in the Debtor's best interest and its estate and creditors as its implementation will, among other things, allow for the continued operation and rehabilitation of the Debtor's existing business.

F. On Monday, March 27, 2017, the Court held its initial hearing on the Motion and granted Debtor's Motion on an interim basis. The Court continued the hearing to Thursday, April 6, 2017, to consider the ongoing allowance of the use of cash collateral. This order continues the allowance of the use of cash collateral on an interim basis.

THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED that the Debtor be, and hereby is, authorized to enter into all agreements pursuant to the terms of this Order necessary to allow the Debtor to use Cash Collateral subject to the protections and consideration described in this Order in the amounts and for the expenses set forth on the monthly budget attached hereto. The Debtor, without the prior written approval of the Secured Lenders, should not incur expenses for any line item for an amount that exceeds the lesser of the amount for such line item in the budget and the actual expenditure for such line item. The Debtor is authorized to collect and receive all cash funds. The Debtor shall account each month to the Secured Lenders for all funds received. For purposes of this Order, "proceeds" of any of the Secured Lenders' collateral shall mean Proceeds (as defined in the Uniform Commercial Code) of such collateral that is security for all Cash Collateral permitted to be used hereunder by the Debtor. The

Secured Lenders are hereby granted valid, binding, enforceable, and perfected liens (the "**Post-petition Liens**") co-extensive with the Secured Lenders' pre-petition liens in all currently owned or hereafter acquired property and assets of the Debtor, of any kind or nature, whether real or personal, tangible or intangible, wherever located, now owned or hereafter acquired or arising and all proceeds and products, including, without limitation, all accounts receivable, general intangibles, inventory, and deposit accounts coextensive with their pre-petition liens. Nothing herein shall grant a lien on, interest in or claim on Chapter 5 causes of action. Nothing herein shall prime the liens of the taxing authorities or their subrogees. The Debtor is permitted to pay U.S. Trustee fees incurred during this case; it is further

ORDERED that as adequate protection for the diminution in value of the interests of the Secured Lenders, the Secured Lenders are hereby granted replacement liens and security interests, in accordance with Bankruptcy Code Sections 361, 363, 364(c)(2), 364(e), and 552, co-extensive with their pre-petition liens; it is further

ORDERED that the replacement liens granted to the Secured Lenders in this Order are automatically perfected without the need for filing of a UCC-1 financing statement with the Secretary of State's Office or any other such act of perfection; it is further

ORDERED that all cash accounts of Debtor and all accounts receivable collections by Debtor post-petition shall be deposited in a separate cash collateral account, being Debtor's debtor-in-possession accounts; it is further

ORDERED that from and after the Petition Date, the proceeds of the Pre-petition Collateral and the Post-petition Collateral shall not, directly or indirectly, be used to pay expenses of the Debtor or otherwise disbursed except for those expenses and/or disbursements that are expressly permitted herein and as shown on the Debtor's Budget attached hereto as

Exhibit "1" plus 10% per line item. During the pendency of this order, the Debtor will maintain insurance on the Secured Lenders' collateral and pay taxes when due. The automatic stay under Section 362(a) of the Bankruptcy Code shall be, and it hereby is, modified to the extent necessary to permit the Secured Lenders to retrieve, collect and apply payments and proceeds in respect of the Pre-petition Collateral and Post-petition Collateral in accordance with the terms and provisions of this Order. The Secured Lenders' liens in Post-petition Collateral, including their respective cash collateral, are and shall be valid, perfected, enforceable and effective as of the Petition Date without the need for any further action or the necessity of execution or filing of any instruments or agreements. Nevertheless, the Debtor shall execute and deliver to the Secured Lenders all such agreements, financing statements, instruments and other documents as the Secured Lenders may reasonably request to evidence, confirm, validate or perfect the liens granted pursuant hereto. The Debtor shall deliver a copy of its Monthly Operating Report to the Secured Lenders' counsel by the 25th day of each month for the prior month; it is further

ORDERED that the provisions of this Order shall be binding upon and inure to the benefit of the Secured Lenders and the Debtor. However, nothing herein shall prevent the Secured Lenders from seeking any form of relief under the Bankruptcy Code. It is further

ORDERED that the Debtor shall, within two (2) business days of entry of this Order, serve notice of an additional interim hearing to be held on **Thursday, April 27, 2017, at 9:30 a.m.** before the Honorable Bankruptcy Stacey G.C. Jernigan, United States Bankruptcy Court, 1100 Commerce Street, 14th Floor, Courtroom #1, Dallas, TX 75242 to consider entry of a further interim order on Cash Collateral on (a) the Office of the U. S. Trustee; (b) counsel to American Savings Life; (c) counsel for Compass Bank; (d) parties requesting notice in this case. Copies of the Motion, this Order and the Notice of Hearing on followup hearing on cash

collateral shall be served upon all persons requesting service of papers pursuant to Bankruptcy Rule 2002 by U. S. mail, first class postage prepaid, within one business day following the receipt of such request. It is further

ORDERED that Ms. Genoveva Robinson shall appear and testify at the hearing on April 27, 2017. It is further

ORDERED that original receipts must be produced at the April 27, 2017 hearing, reflecting all post-petition expenditures of cash collateral by Ms. Robinson or by any other party on behalf of the Debtor (with copies to counsel for lenders and to U.S. Trustee by 4/25/2017).

END OF ORDER

Order prepared and submitted by:

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EXHIBIT #1

Barstow Management, LLC
One-Month Budget

TOTAL BARSTOW MONTHLY INCOME:		**$23,800.00**
Rental Income from cash-collateral producing properties listed below.	$16,400.00	
Rental Income - 4452 Barstow	$950.00	
Rental Income - 4456 Barstow	$1,100.00	
Rental Income - 316 Familia	$1,300.00	
Rental Income - 2220 Piedmont	$1,200.00	
Rental Income - 4463 Barstow	$1,300.00	
Rental Income - 2212 Piedmont	$1,150.00	
Rental Income - 6916 Trailcrest	$1,200.00	
Rental Income - 3832 Buckingham	$1,500.00	
Rental Income - 4416 Barstow	$1,500.00	
Rental Income - 4420 Barstow	$1,300.00	
Rental Income - 4436 Barstow	$1,000.00	
Rental Income - 3813 N Eugene	$1,600.00	
Rental Income - 2425 Anderson	$1,300.00	
Rental Income – 5225 Cockrell Hill	$1,800.00	*
Rental Income - 813 Beacon Hill	$1,200.00	*
Rental Income – 1400 Crestridge	$800.00	*
MONTHLY EXPENSES:		
Accounting / Bookkeeping		$0.00
Bank Charges		$0.00
Mortgages (Compass Bank):		$2,050.00
4452 Barstow	$950.00	
4456 Barstow	$1,100.00	
Mortgages (American Life):		$14,350.00
316 Familia	$1,300.00	
2220 Piedmont	$1,200.00	
4463 Barstow	$1,300.00	
2212 Piedmont	$1,150.00	
6916 Trailcrest	$1,200.00	
3832 Buckingham	$1,500.00	
4416 Barstow	$1,500.00	
4420 Barstow	$1,300.00	
4436 Barstow	$1,000.00	
3813 N Eugene	$1,600.00	
2425 Anderson	$1,300.00	
Utilities:		
Barstow Office	$1,250.00	$1,250.00
Insurance:	$4,198.00	$4,198.00

* - Expected Rental Income if and when rented

Property Taxes (Accrual):	$1,500.00	$1,500.00
TOTAL EXPENSES:		**$23,348.00**
NET INCOME:		**$ 452.00**

* - Expected Rental Income if and when rented