



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 June 9, 2017

A handwritten signature in cursive script that reads "Barbara J. Houser".

United States Bankruptcy Judge

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

IN RE:

Flour Mountain, LLC.
46-4166090
2450 Cross Timbers Road, 100
Flower Mound, TX 75028

Debtor.

Case No.: 17-32052-BJH-11

Chapter: 11

ORDER AUTHORIZING INTERIM USE OF CASH COLLATERAL

On this day came on for consideration the *Debtor's, Emergency Motion for Order Authorizing the Interim and Final Use of Cash Collateral [11 U.S.C. §§ 105, 361, and 363]* (the "**Motion**"). The Motion is made pursuant to 11 U.S.C. §§ 105, 361 and 363 and Federal Rules of Bankruptcy Procedure 4001 and 9014: (a) authorizing Flour Mountain, LLC, (the "**Debtor**") to use cash collateral of Northstar Bank of Texas ("**Northstar**") and granting adequate protection to Northstar for the use of its cash collateral; and (b) prescribing the form and manner of notice and setting the time for the final hearing (the "**Final Hearing**") on the Motion. Upon review of the Motion and based upon the evidence presented to this Court at the interim hearing on the

Motion (the "Interim Hearing"), the Court hereby makes the following findings of fact and conclusions of law:

1. Adequate and sufficient notice of the Motion and the Interim Hearing, under the circumstances, has been provided to all persons entitled thereto pursuant to Rules 2002 and 4001 of the Federal Rules of Bankruptcy Procedure.

2. This matter constitutes a "core proceeding" within the meaning of 28 U.S.C. § 157.

3. This Court has jurisdiction over the parties and the subject matter of this proceeding pursuant to 28 U.S.C. §§ 1334 and 157.

4. Debtor commenced the cases *sub judice* on May 25, 2017 (the "Petition Date") by the filing of a petition for relief under chapter 11 of the Bankruptcy Code.

5. Northstar asserts it is secured in substantially all Debtor's personal property (collectively, the "Prepetition Collateral") and the proceeds thereof (the "Cash Collateral").

ACCORDINGLY, IT IS ORDERED THAT:

1. Debtor is permitted to use Cash Collateral, in accord with the budget attached hereto as Exhibit "A" (the "Budget"), provided, Debtor may exceed any line item in the Budget by up to ten percent (10%). The Budget may be updated and modified through the date of the Final Hearing by agreement of Debtor and Northstar subject to further order of this Court. Nothing in this Order, the Budget or any pre-petition arrangement allowing Debtor to defer weekly royalty and brand development fund fees shall prejudice the rights of Home-Grown Industries of GA, Inc. ("Franchisor") from seeking or obtaining an allowed administrative

expense for such accrued but unpaid obligations under the applicable franchise agreements between the Franchisor and Debtor.

2. Debtor's right to use Cash Collateral under the Interim Order shall commence on the date of entry of the Interim Order and expire on the earlier of: (a) the entry of a subsequent interim cash collateral order; or (b) the entry of a Final Order.

3. As adequate protection of Northstar's interest, if any, in the Cash Collateral pursuant to sections 361 and 363(e) of the Bankruptcy Code to the extent of any diminution in value from the use of the Collateral the Court hereby grants Northstar a replacement security liens on and replacement liens on all of Debtor's personal property (the "**Replacement Liens**"), whether such property was acquired before or after the Petition Date.

4. Such Replacement Liens are exclusive of any avoidance actions available to the Debtor's bankruptcy estate pursuant to sections 544, 545, 547, 548, 549, 550, 553(b) and 724(a) of the Bankruptcy Code and the proceeds thereof.

5. Further, such Replacement Liens shall be equal to the aggregate diminution in value of the respective Collateral, if any, that occurs from and after the Petition Date. The Replacement Liens shall be of the same validity and priority as the liens of Northstar on the respective prepetition Collateral.

6. The Replacement Liens granted herein shall maintain the same priority, validity and enforceability as Northstar's liens on the respective prepetition Collateral. Northstar shall not be required to file or serve financing statements, notices of liens or similar interests which otherwise may be required under federal or state law in any jurisdiction, or take any action, including taking possession, to validate and perfect such Replacement Liens.

7. The Replacements Liens shall be subject and subordinate to: (a) professional fees and expenses of the attorneys, financial advisors and other professionals retained by the Debtor in the amounts set forth in the Budget and any supplemental budget approved by the Court and/or consented to by Northstar and subject to this Court's approval under section 330 and/or section 331 of the Bankruptcy Code; (b) professional fees and expenses of the attorneys, financial advisors and other professionals retained by any creditors committee if and when one is appointed; and (c) any and all fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6) and the Clerk of the Bankruptcy Court (collectively, the "**Carve Out**").

8. This Interim Order is without prejudice to the rights of Northstar or the Debtor as to any further order regarding the use of Cash Collateral as to the request for payment of any other expenses incurred during the period covered by this Interim Order.

9. This Interim Order is without prejudice to the rights of any party-in-interest, including the Debtor, to contest the priority, validity and enforceability of Northstar's liens and security interests in and to the Prepetition Collateral.

10. During the term of this Interim Order, Debtor shall comply with the reporting requirements of Access and Franchisor.

11. The Final Hearing to consider the entry of a Final Order authorizing and approving the use of Cash Collateral is hereby scheduled for **June 28, 2017, at 1:15 P.m.**

12. The Debtor shall serve a copy of this Order on the entire mailing matrix within 1 business day of the Order's entry upon the Court docket.

13. This Interim Order is and shall be fully effective upon its entry.

END OF ORDER

ORDER SUBMITTED BY:

/s/ Robert T. DeMarco

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Counsel for Northstar Bank of Texas

BUDGET ESTIMATE Flower Mound Store					
		May 25 - Jun 7	June 8 - July 7	July 8 - Aug 7	Aug 8- Sep 7
	Cash at beginning of Period 05/05	14,873.80	4,179.80	3,515.80	-12,433.20
	Sales	63,000.00	125,000.00	126,000.00	124,000.00
			0.00	0.00	0.00
	Total Income	63,000.00	125,000.00	126,000.00	124,000.00
	Cost of Goods Sold				
	COGS (Food, Produce and LBW)	17,955.00	35,625.00	35,910.00	35,340.00
		0.00	0.00	0.00	0.00
	Total COGS	17,955.00	35,625.00	35,910.00	35,340.00
	Gross Profit	45,045.00	89,375.00	90,090.00	88,660.00
	Labor				
	Salaries, Wages and Commissions (includes all Taxes and fees)	17,500.00	36,500.00	53,000.00	35,000.00
	Total	17,500.00	36,500.00	53,000.00	35,000.00
	CredCard Processing (inc GCards)	2,400.00	2,500.00	2,500.00	2,500.00
	HGI (Royalties)				
	Depreciation Expense	0.00	0.00	0.00	0.00
	Hotschedules, NCR, HCS, IX	810.00	810.00	810.00	810.00
	Equipment Rental (Ecolab)	255.00	255.00	255.00	255.00
	Insurance Expense				
	General Liability	2,250.00	2,250.00	2,250.00	2,250.00
	Health Insurance	915.00	915.00	915.00	915.00
	Life Insurance	2,593.00			
	Total Insurance Expense	5,758.00	3,165.00	3,165.00	3,165.00
	Loan and Interest Expense	0.00	1,500.00	1,500.00	1,500.00
	Licenses and Permits	0.00	0.00	0.00	0.00
	Office Supplies	216.00	200.00	200.00	200.00
	Other Leases		1,459.00	1,459.00	1,459.00
	Store Cash Withdrawls	4,000.00	5,000.00	5,000.00	5,000.00
	Other Minor Exp (Fire, CO2, Pand)	500.00	500.00	500.00	500.00
	Accounting Fees		1,500.00	1,000.00	1,000.00
	State BR Fee		0.00	0.00	1,920.00
	Metro Linen	450.00	500.00	500.00	500.00
	Total Other Expenses	950.00	2,500.00	2,000.00	3,920.00
	Rent Expense	18,836.00	18,836.00	18,836.00	18,836.00
	Repairs and Maintenance	500.00	1,000.00	1,000.00	1,000.00
	Restaurant Supplies		300.00	300.00	300.00
	Taxes Franchise Tax		0.00	0.00	0.00
	Sales Tax + TABC Paid		11,500.00	11,500.00	11,500.00
	Total Taxes	0.00	11,500.00	11,500.00	11,500.00
	Telephone/Internet (ATT)	308.00	308.00	308.00	308.00

					pest control	106.00	106.00	106.00	106.00
					Utilities (Coserve, Directv, Atmos)	4,100.00	4,100.00	4,100.00	4,100.00
					Total Expense	55,739.00	90,039.00	106,039.00	89,959.00
					Cash Need or Excess	-10,694.00	-664.00	-15,949.00	-1,299.00
					Cash at the end of the period	4,179.80	3,515.80	-12,433.20	-13,732.20