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Proposed Attorneys for Barcelona Apartments, LLC, Debtor

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

In re:	§	
	§	
BARCELONA APARTMENTS, LLC,	§	
	§	Case No. 18-31925-bjh11
Debtor.	§	
	§	

**DEBTOR’S MOTION FOR AUTHORITY TO  
USE CASH COLLATERAL UNDER 11 U.S.C. § 363**

COMES NOW, Barcelona Apartments, LLC (the “Debtor”), Debtor in the above styled and numbered case, and files its **Motion to Use Cash Collateral Under 11 U.S.C. § 363** (the “Motion”) and would respectfully show the Court as follows:

**Jurisdiction & Venue**

1. The Court has jurisdiction over this Motion under 28 U.S.C. § 1334 and 11 U.S.C. § 363.
2. This is a core proceeding under 28 U.S.C. § 157(b)(1) and (b)(2)(M).
3. Venue is proper under 28 U.S.C. §§ 1408 and 1409.

### **Background**

4. The Debtor filed its voluntary chapter 11 petition on June 5, 2018 (the “Petition Date”) and is now operating as a debtor in possession under 11 U.S.C. §§ 1107 and 1108.

5. As of the filing of this Motion, no request has been made for the appointment of a trustee, and no official committee has been appointed.

6. The Debtor owns and operates an apartment complex in Big Spring, Texas (the “Property”). The Property has experienced a recent decline in occupancy due in part to declining oil prices and the fallout in Big Spring (and many other west Texas towns) that accompanies fluctuations in the oil market.

7. Federal National Mortgage Association (“Fannie Mae”) claims a lien on the Property and all rents derived from the Property pursuant to Loan Documents dated on or about October 11, 2013 between the Debtor and Arbor Commercial Funding, LLC. The Loan Documents include a Multifamily Note; Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing; and Multifamily Loan and Security Agreement (non-recourse).

8. Although the Debtor is current on pre-petition monthly payments due to Fannie Mae under the Loan Documents, Fannie Mae declared a non-monetary default under the Loan Documents and posted the Property for foreclosure on June 5, 2018, which precipitated the Debtor’s bankruptcy filing.

9. The alleged non-monetary default is apparently related to the condition of the Property and repairs Fannie Mae has requested that the Debtor perform.

10. The Debtor believes Fannie Mae’s equity cushion in the Property exceeds \$2,000,000.00.

### **Request for Authority to Use Cash Collateral**

11. In order to fund ongoing operating expenses for the Property, the Debtor has an immediate need to use Fannie Mae's cash collateral, namely rents collected from operations of the Property, which are deposited into the Debtor's operating account as collected each month.

12. The Debtor's proposed one-month budget is attached hereto as **Exhibit A**.

13. The Debtor proposes to adequately protect the interests of Fannie Mae by providing Fannie Mae with the following:

- a. Replacement liens that are co-extensive with its pre-petition liens to the same extent, validity, and priority of its pre-petition liens; and
- b. Ongoing monthly payments of at least the amount of non-default interest due under the Loan Documents in accordance with 11 U.S.C. § 362(d)(3)(B).

14. The Debtor requests that this Court enter an *Interim Order Pursuant to 11 U.S.C. § 363 Approving Debtor's Use of Cash Collateral* in the form attached hereto as **Exhibit B** pursuant to Bankruptcy Rule 4001(b)(2) and *Findings of Fact and Conclusions of Law in Support of Interim Order Pursuant to 11 U.S.C. § 363 Approving Debtor's Use of Cash Collateral* in the form attached hereto as **Exhibit C**.

WHEREFORE, the Debtor respectfully requests that this Court grant it the relief sought herein, enter an Interim Order and Findings of Fact and Conclusions of Law in Support thereof, and for such other and further relief to which the Debtor may be justly entitled.

Respectfully submitted,

/s/ Charles B. Hendricks

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