

So Ordered.

Dated: August 16th, 2017



Frank L. Kurtz  
Bankruptcy Judge

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**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF WASHINGTON AT YAKIMA**

In re:

47 HOPS LLC,

Debtor.

No. 17-02440

**ORDER APPROVING INTERIM USE  
OF CASH COLLATERAL,  
GRANTING REPLACEMENT  
LIENS, AND SETTING FINAL  
HEARING**

THIS MATTER having been presented to the Court on shortened time upon the Debtor's Motion to Approve Interim Use of Cash Collateral, Grant Replacement Liens, and Set Final Hearing, the Court having reviewed the files and records herein, and the Court and being otherwise fully advised in the premises, Now, Therefore,

ORDER APPROVING INTERIM USE OF CASH COLLATERAL, GRANTING  
REPLACEMENT LIENS, AND SETTING FINAL HEARING

**WENOKUR RIORDAN PLLC**  
ATTORNEYS AT LAW  
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SEATTLE, WASHINGTON 98101  
206.682.6224 (WENOKUR)  
206.903.0401 (RIORDAN)

1 IT IS HEREBY ORDERED as follows:

2 1. That the Debtor's Motion to Approve Interim Use of Cash Collateral  
3 is granted only with respect to the amounts contained in Exhibit A, attached  
4 hereto, through the date of the Final Hearing, unless earlier terminated by order  
5 of this court, in accordance with the provisions of this Order, and the amounts  
6 spent may not vary therein by more than 10% for each line item and in aggregate  
7 on a monthly basis.

9 2. Within fourteen (14) days of entry of this Order, the Debtor shall  
10 provide the Bank with the following:

11 (a) 1<sup>st</sup> and 2<sup>nd</sup> Quarter 2017 Financials, including a balance sheet,  
12 profit & loss statement, A/R & A/P Aging reports and inventory reports;

14 (b) June and July 2017 Financials, including a balance sheet,  
15 profit & loss statement, A/R & A/P Aging reports and inventory reports; and

16 (c) Copies of the current lease agreements for the Debtor's Office  
17 Lease and Warehouse Lease.

18 3. On or before fourteen (14) days after the end of each month, the  
19 Debtor shall provide the Bank with a report comparing, on a cumulative and  
20 aggregate basis, the Debtor's actual income and expenses to Budget. In addition,  
21 on or before fourteen (14) days after the end of each month, the Debtor shall  
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1 provide the Bank with the financials for such month including a balance sheet,  
2 profit & loss statement, A/R & A/P Aging reports and inventory reports.

3 4. Upon the request of the Bank, the Debtor shall additionally provide:

4 (a) Copies of all contracts with hops growers or hops sellers;

5 (b) Copies of all contracts with brewers or hops buyers, subject to  
6 a mutually agreeable protective order;

7 (c) Copies of all lawsuits against or written demands set to, any  
8 brewery or buyer; and

9 (d) Any other financial or business records as reasonably  
10 requested by the Bank.  
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13 5. The Debtor shall cooperate with Bank in providing full and  
14 reasonable access to information respecting the Bank's Collateral and cash  
15 collateral, and the Debtor's financial conditions, assets and liabilities, including  
16 without limitation, permitting the Bank to inspect upon reasonable notice the  
17 Bank's Collateral and replacement collateral and the Debtor's books and records.  
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19 6. As adequate protection for any Cash Collateral used by the Debtor,  
20 the Bank is hereby granted, pursuant to Sections 361(1), 361(2) and 363(e) of the  
21 Bankruptcy Code, replacement security interests and perfected liens upon all  
22 property acquired by the Debtor after the Petition Date of the same type, kind,  
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1 character and description as the property in which the Bank held a lien or security  
2 interest on the Petition Date, with the same validity and priority and to the same  
3 extent that it had valid, enforceable liens and security interests prior to the Petition  
4 Date (the “Replacement Lien”) in and to the following (collectively the  
5 “Postpetition Collateral”): (a) all proceeds from the disposition of all or any  
6 portion of the Prepetition Collateral, (b) all property of the Debtor and the  
7 Debtor’s estate of the same kind, type and nature as the Prepetition Collateral that  
8 is acquired after the Petition Date, and (c) all proceeds of the foregoing. The  
9 Replacement Liens are and shall be in addition to the prepetition liens evidenced  
10 by the Commercial Security Agreement, and shall remain in full force and effect  
11 notwithstanding any subsequent conversion or dismissal of this case. The  
12 Replacement Lien granted to the Bank shall have the same priority position as  
13 existed in the Prepetition Collateral prior to the Petition Date and shall be valid  
14 and enforceable as of the Petition Date. No other lien of any type or nature shall  
15 become prior to the Replacement Lien granted herein as to the Prepetition  
16 Collateral or Postpetition Collateral. The granting of such Replacement Lien shall  
17 be in addition to Lender’s rights in the Prepetition Collateral, and nothing  
18 contained herein shall constitute a waiver of Lender’s rights and priority in the  
19 Prepetition Collateral. The Replacement Liens shall secure the prepetition  
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1 obligations owed to the Bank and adequately protect it from any diminution in  
2 value of its interests in property of the Debtor's estate as a result of the use of the  
3 Cash Collateral as authorized by this Order.

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5 7. This Order shall be deemed to constitute a security agreement under  
6 the applicable provisions of the Uniform Commercial Code ("UCC") in effect in  
7 states where the Debtor (a) is domiciled, (b) operates its business, and (c)  
8 maintains its principal place of business. The Replacement Lien granted hereby  
9 shall be a valid, perfected and enforceable security interest and lien on the  
10 property of the Debtor and the Debtor's estate without further filing or recording  
11 of any document or instrument or any other action, but only to the extent of the  
12 enforceability of the Bank's security interests in the Prepetition Collateral.  
13 Notwithstanding the foregoing, the Debtor is authorized and directed to execute  
14 and deliver to the Bank such financing statements, instruments and other  
15 documents as the Bank may deem necessary or desirable from time to time. To  
16 the extent necessary, the automatic stay in effect pursuant to 11 U.S.C. § 362 is  
17 hereby modified and lifted to permit the granting of the Replacement Lien as set  
18 forth herein.  
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21 8. The Debtor shall at all times keep the Prepetition Collateral and the  
22 properties to which the Replacement Lien attaches free and clear of all other liens,  
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1 encumbrances and security interests, other than those in existence on the Petition  
2 Date, and shall pay and discharge when due all taxes, levies and other charges  
3 arising or accruing from and after the Petition Date.

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5 9. In the event Debtor defaults on any of its obligations under this Order  
6 and such default is not timely cured, the Bank may seek relief from the Court to  
7 terminate Debtor's authority to use all or any portion of the Cash Collateral.

8 10. Unless earlier terminated or extended by further Court order, the  
9 Debtor's authorization to use Cash Collateral pursuant to this Order shall expire  
10 on the close of business on the date set for the Final Hearing; provided, however,  
11 that all rights and interests created or preserved hereunder shall survive such  
12 termination.

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14 11. The provisions of this Order and the effect of any actions taken  
15 hereunder shall survive issuance and entry of any order converting this case to  
16 one under Chapter 7 of the Bankruptcy Code or dismissing this Chapter 11 case.  
17 The priorities, liens and security interests granted herein shall continue in this or  
18 any superseding case under the Bankruptcy Code, and any such liens and security  
19 interests shall maintain their priority as provided herein until satisfied and  
20 discharged subject to the Bankruptcy Code.

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22 /// End of Order ///

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Presented by:

WENOKUR RIORDAN PLLC

*/s/ Nathan T. Riordan*

Nathan T. Riordan, WSBA #33926  
Attorney for Debtor  
600 Stewart St., Suite 1300  
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**EXHIBIT A**  
(Interim Budget)

| <b>47HOPS</b>                                    | 2017            | NOTES                              |
|--|-----------------|------------------------------------|
| <b>30 Day Post Filing Emergency Expense List</b> | <b>AUGUST</b>   | <b>Expenses 8/14/17 - 9/13/17</b>  |
|  |                 |                                    |
| <b>ADMINISTRATIVE EXPENSES</b>                   |                 |                                    |
| Salary - Doug                                    | \$0             |                                    |
| Salary - Anastasia                               | \$0             |                                    |
| Salary - Office                                  | \$18,500        | Salary is paid out on the 15th and |
| Salary - Warehouse                               | \$11,500        | Final day of each month.           |
| Wage Tax   | \$3,000         |                                    |
| Employee Health Insurance                        | \$4,128         |                                    |
| <b>SUBTOTAL</b>                                  | <b>\$37,128</b> |                                    |
|  |                 |                                    |
| <b>OPERATING EXPENSES</b>                        |                 |                                    |
| Accounting & Legal                               | \$0             |                                    |
| Advertising & Marketing                          | \$2,000         |                                    |
| B&O Tax  | \$3,000         |                                    |
| Insurance  | \$0             | Prepaid until October              |
| Misc. Expense                                    | \$500           |                                    |
| Office Expenses                                  | \$1,000         |                                    |
| Office Lease                                     | \$4,000         | September 1                        |
| Repairs, Maintenance & Fuel                      | \$975           | Based on 6-month average           |
| Travel   | \$2,450         | Based on 6-month average           |
| Utilities - Office                               | \$10,047        | Based on 6-month average           |
| Warehouse Lease                                  | \$20,000        | September 1                        |
| <b>SUBTOTAL</b>                                  | <b>\$43,972</b> |                                    |
|  |                 |                                    |
| <b>TOTAL EXPENSES</b>                            | <b>\$81,100</b> |                                    |

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