

Below is the Order of the Court.



Mary Jo Heston

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U.S. Bankruptcy Judge
(Dated as of Entered on Docket date above)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WASHINGTON

In re:

Furniture Factory Direct, Inc,

Debtor.

Case No: 18-40718 MJH

ORDER GRANTING DEBTOR'S MOTION
FOR AN ORDER EXTENDING USE OF
CASH COLLATERAL PURSUANT TO 11
U.S.C. §§ 361, 362, 363, 364 AND 105(a)

This matter having come before this Court on the Debtor's Motion for an Order Extending Use Cash Collateral, pursuant to Sections 361 and 363(c) of the Bankruptcy Code, Fed.R. Bankr. P. 4001 and L.Bankr. Rules. 4001-2, and 9013-1(d)(2)(E), having considered the Motion, any objections thereto, declarations in support or in opposition, the arguments of counsel and the relevant pleadings and files of record in this case, the Court finds as follows:

1. The Debtor filed this case on March 5, 2018.
2. The Court has jurisdiction under 28 USC §§157 and 1334.
3. Debtor operates a retail business engaging in the sale of home furniture as debtor in possession ("Debtor").
4. The Cash Collateral is used in the operation of Debtor's business.
5. Use of the Cash Collateral is essential to the reorganization of Debtor's business.

ORDER GRANTING DEBTOR'S MOTION EXTENDING
USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. §§
361, 362, 363, 364 AND 105(a)-- 1

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6. Authorization of the disbursement of increased funds in support of the actual cost of maintaining the leaseholds located at 16705 Southcenter Parkway, Tukwila, WA and 2402 84th St. S. Tacoma, WA for furtherance of reorganization of Debtor's business.

Therefore, it is hereby ORDERED THAT:

1. The Debtor is authorized to use the Cash Collateral to continue to operate its business in accordance with the budget attached to this Order as Exhibit A. The Debtor is authorized to make expenditures in excess of the stated budget up to a cumulative variance of 15% to allow for normal variations in income and expenses. No expenses in excess of such cumulative variation shall be paid without the consent of Bank of America or further Order of this Court.
2. Debtor shall make rent payments to Landlords for the following leasehold by the 10th of each month.

Bellevue Store	\$26,302.00	2209 Bel-Red Rd. Redmond, WA 98052
Tukwila Store	Rejected	402 Strander Blvd. Takwila, WA 98188 (Terminated effective 5/31/2018)
Tukwila Store	\$27,763.00	16705 Southcenter Parkway, WA 98188 (for April and May)
Lakewood Store	\$52,008.43	2402 84th St. S. Tacoma, WA 98444
Lacy Store	\$45,398.59	5420 Martin Way E. Lacey WA 98516
Everett Store	Rejected	510 SW Everett Mall Way, Everett, WA 98204 (Terminated effective 4/5/2018)
Fife Warehouse	Rejected	2925 70th Ave. E. Fife, WA 98424 (Terminated effective 5/31/2018)

3. By the 10th day of each month, the Debtor shall make payments to Bank of America in the amount of \$3,500 as adequate protection of the Bank's interest in estate assets.
4. As additional adequate protection for the diminution of any interest that Bank of America is determined to hold in the assets of the Debtor's bankruptcy estate (the "Prepetition Collateral"), Bank of America is hereby granted a replacement lien in the Debtor's

1 postpetition assets (including the Cash Collateral) of the same kind, type, and nature as
2 the Prepetition Collateral that are acquired after the Petition Date (“Postpetition
3 Collateral”) and in the same priority, relative to other liens (if any), Bank of America held
4 on a prepetition basis. The replacement lien granted by this paragraph shall be in the
5 same priority, validity and enforceability as any prepetition lien securing the claim of
6 Bank of America in the same type of assets. To the extent of any diminution in value
7 ultimately due to the Debtor’s use of Cash Collateral not otherwise protected by the
8 replacement lien granted herein, Bank of America shall retain its rights under 11 U.S.C.
9 §507(b). The replacement lien and retention of rights under 11 U.S.C. §507 constitute
10 adequate protection of Bank of America’s interest in the Prepetition Collateral during the
11 term of this Order but shall not prejudice the rights of Bank of America to request
12 additional adequate protection at any time. The replacement liens in the Postpetition
13 Collateral (including the Cash Collateral) granted hereunder to Bank of America shall be
14 valid, perfected, and enforceable security interests and liens on the Postpetition Collateral
15 without further filing or recording of any document or instrument or the taking of any
16 action.

17 5. As additional adequate protection to Bank of America, the Debtor shall:

- 18 (a) continue to maintain adequate insurance on its assets;
- 19 (b) provide weekly reports to Bank of America of activity and balances of the
20 Debtor’s operating accounts no longer maintained at Bank of America, including
21 weekly deposits, weekly disbursements, and weekly cash balances, which weekly
22 reports shall be provided on Friday of each week for the week ending on Tuesday
23 of the same week; and
- (c) timely provide monthly reports as required by the United States Trustee.

6. This Order shall have effect until June 30, 2018. The Debtor shall note a hearing on
extension of this Order, if necessary, to be conducted on June 21, 2018 at 9:00 a.m.

END OF ORDER

Presented by:

/s/ Mark C. McClure
Mark C. McClure, WSBA# 24393
Law Offices of Mark McClure, P.S.
Attorney for Debtor-in-Possession

/s/ Masafumi Iwama
Masafumi Iwama, WSBA #40821
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Attorney for Debtor-in-Possession

/s/ S. Lamont Bossard, Jr.
S. Lamont Bossard, Jr., WSBA# 12295
The Iwama Law Firm
Attorney for Debtor-in-Possession

Furniture Factory Direct

	<u>June 18</u>
Ordinary Income/Expense	
Income	
Delivery Charge	37,000.00
Sales	930,000.00
Total Income	<u>967,000.00</u>
Expense	
Advertising	2,000.00
Bank Fees	
Bank Service Charges	14,811.08
Total Bank Fees	<u>14,811.08</u>
Computer Expenses	19,988.00
Delivery Expense - paid to WFD	70,000.00
Drug Screening Expense	62.00
Facilities Expense	
Building & Cleaning Supplies	100.00
Building Repairs&Maintenance	600.00
Rent Expense	
2209 Bel-Red Rd. Redmond, WA	26,302.00
402 Strander Blvd. Takwila, WA	0.00 Lease Rejected
16705 Southcenter Parkway, WA	27,763.00 (IMOT, LLC owned)
2402 84th St. S. Tacoma, WA	52,008.43 (IMOT, LLC owned)
5420 Martin Way E. Lacey WA	45,398.59
510 SW Everett Mall Way, Everett	0.00 Lease Rejected
2925 70th Ave. E. Fife, WA	0.00 Lease Rejected
Warehouse equipment maint.	0.00
Total Facilities Expense	<u>152,172.02</u>
Insurance	
Dental Ins - Employee Contribt	1,500.00
Health Ins. - Employee Contrib.	26,000.00
Total Insurance	<u>27,500.00</u>
Liability Insurance Expense	3,513.77
Office Supplies	2,000.00
Other Employee Benefits	600.00
Payroll & Other Taxes	
Business License	600.00
FICA	10,500.00
FUTA	160.00
L & I	3,100.00
Medicare	2,800.00
Property Taxes	1,300.00
State B&O Tax	7,000.00
SUI - Expense	3,200.00
Total Payroll & Other Taxes	<u>28,660.00</u>

Furniture Factory Direct

	<u>June 18</u>
Payroll Expenses	
Bonus	0.00
Gross Wages	
Operations Salary/hourly*	33,000.00
Everett	0.00
Lacey Commission	13,000.00
Lacey Sales Salary	11,000.00
Lakewood Commission	22,500.00
Lakewood Hourly	5,800.00
Lakewood Salary	5,000.00
Lakewood Sales Salary	6,500.00
Redmond Commission	8,100.00
Redmond Salary	5,500.00
Redmond Sales Salary	3,200.00
Tukwila	0.00
Unique Commission	15,000.00
Unique Salary	500.00
Unique Sales Salary	8,000.00
Warehouse	0.00
Gross Wages - Other**	6,035.64
Total Gross Wages	143,135.64
Overtime	800.00
Sick Pay	5,000.00
Vacation	14,000.00
Payroll Expenses - Other	1,100.00
Total Payroll Expenses	164,035.64
Postage Expense	100.00
Professional Fees	20,000.00
Usage Fee Default	4,331.10
Utilities Expense	
Security	653.77
Telephone Expense	11,550.59
Trash Removal	3,000.00
Utilities Expense - Other	16,321.38
Total Utilities Expense	31,525.74
Bank of America	
Adequate Protection Payment	3,500.00
Total Projected June Expenses	544,799.35
Total Cash Flow	422,200.65
Budget for Replacement Inventory paid	

Furniture Factory Direct

	June 18
cash on delivery	300,000.00
US Trustee's Fee (Reserve 2nd Quarter)	8,447.99
* Operations Salary	
Svetlozar Ganev Todorov	6500.00
Other Staff	26150.00
** Gross Wages Other: Commissions on Warranty Contract	
16705 Southcenter Parkway, WA	
Mortgage	22950.57
Propety Tax	4812.43
Total	27763.00
2402 84th St. S. Tacoma, WA	
Mortgage	28495.73
Propety Tax	6370.7
CAM Charges	17142.00
	52008.43