

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WISCONSIN

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In re:

INTEGRAL 2545 STOWELL, LLC,

Debtor.

Case No. 19-20553

Chapter 11

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**MOTION FOR PERMANENT CASH COLLATERAL ORDER AND AUTHORITY  
FOR DEBTOR TO MAKE ADEQUATE PROTECTION PAYMENTS TO  
ITS SECURED CREDITOR**

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The above named Debtor moves the Court pursuant to 11 United States Code § 363 and Bankruptcy Rule 4001(D) for an Order from the Court permitting the Debtor to use certain cash collateral, to wit: rents and to make adequate protection payments to its secured creditor.

In support thereof, Debtor alleges and shows to the Court as follows:

1. The Debtor filed a petition for Relief under Chapter 11 of Title 11, United States Code on January 22, 2019.
2. The Debtor is a Wisconsin Limited Liability Company which owns an apartment building at 2545 North Stowell Avenue, Milwaukee, Wisconsin.
3. Certain liens have been perfected against the Debtor's property and the holder of such liens claims an interest in certain cash collateral of the Debtor, to wit: rents. Park Bank, 330 East Kilbourn Avenue, Milwaukee, Wisconsin, claims an interest in the Debtor's rents by virtue of a first mortgage lien on the Debtor's property on North Stowell. Park Bank also holds a second mortgage on said property. Joseph Fenzel, Esq., 757 North Broadway, Suite 201, Milwaukee, Wisconsin 53202, phone number 414-224-1601, is one of the counsels for Park Bank. Debtor's counsel has

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been in contact with Attorney Fenzel and offered to make adequate protection payments plus a tax escrow payment, but Park Bank has refused to permit Debtor to use his cash collateral under any circumstances.

The Debtor was prepared to make an adequate protection payments of principal and interest of \$3,624.00 which is the exact payment that the Debtor was making to TCF Bank (Park Bank's assignor) prior to December 10, 2018 when the Debtor's forbearance agreement with TCF Bank matured. It is a payment based upon six and one-half percent (6.5%) interest, which was the contract rate of interest under the forbearance agreement. Attached hereto is a budget of the Debtor (Attachment 1). Fair-market value of Park Bank's collateral far exceeds the amount of Park Bank's first mortgage. Park Bank has a non-accruing junior mortgage or second mortgage as additional collateral for obligations to Park Bank by parties other than the Debtor with a face amount of \$1,000,000.00 as a blanket mortgage that originally secured five properties, now two remaining properties including Debtor's property. In the second mortgage, Park Bank agreed to subordinate all rights and remedies to the rights and remedies of the senior mortgage and that Park Bank would, upon sale or refinancing, promptly release the lien of the junior additional collateral mortgage upon receipt of fifty-percent (50%) of the net proceeds allocable to Integral Investments, LLC, the seventy-five percent (75%) membership owner of the Debtor.

4. The Debtor proposes that Park Bank shall have a post-Petition security interest in the Debtor's property to the extent of its pre-Petition lien on the Debtor's property, but not in excess thereof, including, but limited to, a lien on the Debtor's rents.

5. The Debtor is proposing that this Permanent Cash Collateral Order shall remain in effect until the earlier to occur of the following:

- a. The Debtor obtains a confirmed Plan of Reorganization;
- b. The Debtor defaults on the timely payment of the sum the Debtor is required to pay to Park Bank; or

c. The date that this case is either dismissed or converted to a proceeding under Chapter 7 of Title 11 United States Code.

6. Debtor shall maintain reasonably adequate fire and extended casualty insurance on the real estate which constitutes the collateral of Park Bank, consistent with its loan-obligation requirements and with historical practice.

7. Debtor shall also make a tax escrow payment along with the adequate protection payment of \$1,944.00 per month which constitutes approximately one-twelfth (1/12) of the 2018 tax bill for the Debtor's property which was \$23,326.92.

8. Attached hereto is a Proposed Order for Debtor's use of cash collateral (Attachment 2).

WHEREFORE, the Debtor respectfully requests that this Honorable Court enter the following Orders:

- a. Granting a Permanent Order permitting the Debtor to use cash collateral;
- b. To make adequate protection payments to Park Bank in the amounts provided for;  
and
- c. For such other and further relief as the Court deems just and equitable.

Dated this 5th day of February, 2019.

LAW OFFICES OF JONATHAN V. GOODMAN  
Attorneys for Debtor

By: \_\_\_\_\_

Jonathan V. Goodman

Prepared by:  
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**Integral 2545 Stowell, LLC DIP – Case No.  
Budget - Cash Flow (Accrual)  
2545 N. Stowell Avenue**

Account Name	Monthly
<b>INCOME</b>	
RENT INCOME	
Rent	9,495
Parking	940
Water and Sewer	300
Pet Rent	125
Application/Admin Fees	51
Less: Concessions	-525
<b>NET RENT INCOME</b>	<b>10,386</b>
OTHER INCOME	
Laundry	50
Late and NSF Fees	50
<b>TOTAL OTHER INCOME</b>	<b>100</b>
<b>TOTAL INCOME</b>	<b>10,486</b>
<b>EXPENSES</b>	
DIRECT EXPENSES	
Maintenance Supplies	15
Building Repairs	50
Common Area Repairs	40
Common Area Clean/Supplies	75
Unit Repairs	110
HVAC	90
Snow Removal	200
Landscaping Exterior	130
Pest Control	20
Fire Safety	35
Insurance	245
Electricity	65
Gas	440
Water and Sewer	200
Trash Disposal	116
Water Heater Lease	96
<b>TOTAL DIRECT EXPENSES</b>	<b>1,927</b>
GENERAL & ADMIN EXPENSE	
Office Expense	100
Management Fees	733
Legal and Accounting	100
<b>TOTAL G &amp; A EXPENSE</b>	<b>933</b>
<b>TOTAL EXPENSE</b>	<b>2,860</b>
<b>NET INCOME</b>	<b>7,626</b>
DEBT EXPENSE	
1 <sup>st</sup> Mortgage Interest	2,604
<b>TOTAL DEBT SERVICE</b>	<b>2,604</b>
<b>NI AFTER DEBT EXPENSE</b>	<b>5,022</b>
ADJUSTMENTS	
1st Mortgage Principal	1,020
Tax Escrow	1,875
Administrative Expense UST	108
<b>TOTAL ADJUSTMENTS</b>	<b>3,003</b>
<b>BALANCE</b>	<b>2,019</b>

**ATTACHMENT 1**

1.25.19

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WISCONSIN

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**PROPOSED ORDER GRANTING DEBTOR'S MOTION FOR PERMANENT CASH  
COLLATERAL ORDER**

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The foregoing matter having come on for Hearing on the Debtor's Motion for Permanent Cash Collateral Order and Authority for Debtor to Make Adequate Protection Payments to Its Secured Creditor, and the Court having heard in Evidentiary Hearing on said Motion, and the Court having reviewed the testimony, read the Exhibits, and being otherwise fully advised in the premises,  
ORDERS:

- 1) That Debtor's Motion is GRANTED pursuant to the other terms of this Order;
- 2) The Debtor shall have the right to use Park Bank's collateral in the ordinary course of business as allowed by 11 U.S.C §363 to make payments to pay utilities, pay insurance premiums, pay real estate, make adequate protection payments, pay for professional fees approved by the Court, and for all other uses provided that the use of cash collateral is limited to Debtor's maintenance and

upkeep of, and reinvestment in, the Debtor's property, and to pay administrative expenses, and to pay management fees to its property manager, Integral Management Company, LLC, provided that the Debtor adheres to the following Orders:

a) Commencing on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, and on the same date for all months thereafter, during the term of this Order, Debtor shall make adequate protection payments on the first mortgage to Park Bank in the amount of \$3,624.00. Contemporaneous with the making of such payment, the Debtor shall also make a tax escrow payment of \$1,944.00 per month to be held by Park Bank, for purposes of making the real estate tax payments to the City of Milwaukee, for the 2019 tax bill.

b) The Debtor shall not be required to make any payments on the second mortgage in favor of Park Bank.

c) Park Bank shall have a post-Petition security interest on Debtor's property to the extent of its pre-Petition liens on the Debtor's property, but not in excess thereof, including, without limited to a lien on the Debtor's rents.

d) The Debtor shall maintain reasonably adequate fire and extended casualty insurance on the real estate which constitutes the collateral of Park Bank, consistent with its loan-obligation requirements and with historical practice.

3) This Permanent Cash Collateral Order shall remain in effect until the earlier to occur of the following:

a) The Debtor obtains a confirmed Plan of Reorganization;

b) The Debtor defaults on the timely payment of a sum the Debtor is required to pay to Park Bank; or

c) The date that this case is either dismissed or converted to a proceeding under Chapter 7 of Title 11 United States Code.

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