

Below is the Order of the Court.



[Handwritten signature]

Marc Barreca
U.S. Bankruptcy Judge

(Dated as of Entered on Docket date above)

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re

YSC, INC.,

Debtor.

Case No. 13-17946

FIRST INTERIM ORDER
AUTHORIZING USE OF CASH
COLLATERAL

This matter having come before the court on the Debtor's motion for authority to use cash collateral after a preliminary hearing on a shortened time basis, and the Court finding that notice of such preliminary hearing was properly provided under Federal Rule of Bankruptcy Procedure 4001(b) and L.R. 9013-1(d)(2)(E), that use of cash collateral on an interim basis is necessary to avoid immediate and irreparable harm to the estate pending a final hearing, and that adequate protection of the interest of Wilshire State Bank and Whidbey Island Bank is appropriate under the circumstances, it is hereby

ORDERED and ADJUDGED as follows:

1. Second Interim Hearing. A Second Interim Hearing on Debtor's motion for authorization to use cash collateral ("Cash Collateral Motion") shall commence on September 27, 2013, at 9:30 a.m. before Judge Barreca, room 7106, 700 Stewart Street, Seattle, WA 98101. By September 10, 2013, Debtor shall serve the Agreements For Use of Cash

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1 Collateral and Adequate Protection, the Cash Collateral Motion, this signed first interim
2 order, and notice of the time within which objections may be filed pursuant to Local
3 Bankruptcy Rule 9013(b) on Wilshire Bank, Whidbey Island Bank, any other party which has
4 an interest in the cash collateral, any committee appointed pursuant to 11 U.S.C. § 1102 or its
5 authorized agent, the United States trustee, and creditors and equity security holders who
6 have served on Debtor and filed requests that all notices be mailed to them.
7

8 2. Interim Authorization to Use Cash Collateral. Pending the Second Interim
9 Hearing, Debtor may use cash collateral in which Whidbey Island Bank and Wilshire State
10 Bank have an interest in accordance with and subject to the conditions set forth in the
11 Agreements and budget, a copy of which are all attached hereto as Exhibit A provided,
12 however, that no payment shall be make to the Debtor's principals, Sang Kil Yim and Chan
13 Sook Yim.
14

15 3. Approval of Agreement. The Agreements are approved with respect to all
16 collateral used by Debtor through the conclusion of the Second Interim Hearing. Debtor is
17 authorized and ordered to do all things authorized and required by the Cash Collateral
18 Agreements, except that Debtor's authorization to use cash collateral shall terminate at the
19 conclusion of the Second Interim Hearing unless that authorization is extended at that time.
20

21 4. Adequate Protection. This order and the conditions on Debtor's use of cash and
22 other collateral and the other provisions set forth in the Agreements constitute provision of
23 adequate protection under § 363 by Debtor of Whidbey Island Bank's and Wilshire State Bank's
24 interest in its collateral within the meaning of § 507(b).

25 4(a) Replacement Liens. Per the agreements each bank will be granted
26 replacement liens pursuant to § 361(2) on all post-petition assets of the same class as those in
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1 which they had a valid and perfected unavoidable pre-petition security interest or lien which
2 have the same priority as the Wilshire and Whidbey's allowed secured claims, and in the case
3 where the replacement liens do not secure the amount of any diminution in value of the allowed
4 secured claims, Wilshire and Whidbey will be entitled to an administrative priority claim.

5 4(b) Monthly Payments. Debtor will continue to make its monthly
6 contractual payment of approximately \$37,000 to Wilshire Bank pursuant to the terms of its
7 loan documents. Debtor will pay the pre-maturity contractual payment of \$96,308.83 to
8 Whidbey Island Bank within 24 hours of the entry of this order. Debtor will also continue to
9 make the contractual payment of approximately \$15,400 on the SBA's second-position deed of
10 trust pursuant to the terms of the loan, which is current.

11 4(c) Taxes and Insurance. Debtor shall immediately provide proof of all
12 hazard insurance the Comfort Inn and Ramada Inn, the real property and improvements as well
13 as personal property, and establish a reserve for real and personal property taxes accruing from
14 the Petition Date forward.

15 4(d) Maintenance. Debtor shall maintain the Comfort Inn and Ramada Inn in
16 good condition and repair.

17 4(e) Segregation of Bank Accounts. Debtor shall keep completely segregated
18 the expenses, proceeds, operating funds and any other income for each of its hotels to prevent
19 commingling of the cash collateral of the different secured creditors. Debtor shall continue to
20 maintain the Ramada Inn's funds in its Anchor Bank Account, and the Comfort Inn funds in the
21 separate Sterling Bank Account.

22 5. Default. An event of default occurs with the termination or expiration of
23 Debtor's authority to use cash collateral; failure to make any payment when due under this
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