



**SO ORDERED.**

**SIGNED this 2nd day of July, 2024.**

*Dale L. Somers*

Dale L. Somers  
United States Chief Bankruptcy Judge

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF KANSAS (TOPEKA)**

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In re:

LODGING ENTERPRISES, LLC,

Debtor.<sup>1</sup>

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Chapter 11

Case No. 24-40423

**INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO USE CASH COLLATERAL,  
(II) DETERMINING ADEQUATE PROTECTION AND GRANTING RELATED  
RELIEF, AND (III) SCHEDULING A FINAL HEARING**

**[Relates to Motion at Docket No. 14]**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtor and debtor-in-possession (collectively, the “Debtors”) for entry of an order, pursuant to sections 105, 361, and 363 of the Bankruptcy Code and Bankruptcy Rule 4001, authorizing the Debtor to use cash collateral, determining adequate protection, and granting related relief; the Court finds that: (a) it has jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334(b); (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); (c) the relief requested in the Motion

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<sup>1</sup> The last four digits of the Debtor’s federal tax identification number are 9343. The Debtor’s primary mailing address is 8535 East 21st St. N., Suite 250, Wichita, KS 67206.

<sup>2</sup> Capitalized terms used, but not otherwise defined herein, have the meaning assigned in the Motion.

is in the best interest of the Debtors, their estates and creditors, and is necessary to prevent immediate and irreparable harm; (d) notice of the Motion and the hearing thereon (the “Interim Hearing”) has been given via electronic mail, to the extent possible, or overnight mail to (i) the U.S. Trustee, (ii) counsel for the Prepetition Secured Parties (iii) all known creditors holding secured claims against the Debtors’ estates, (iv) those creditors holding the 20 largest unsecured claims against the Debtor’s estate, (v) the Internal Revenue Service, (vi) the states attorneys general for the states in which the Debtor conducts business; and (viii) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002; (e) the interest of the Prepetition Lender is adequately protected by an equity cushion in excess of 20%; and (f) based on the Motion, the First Day Declaration, and the record established at the Interim Hearing and after due deliberation thereon, good and sufficient cause exists for the granting of the relief as set forth herein.

WHEREAS, Debtor represents and acknowledges that: (i) Debtor and Days Inns Worldwide, Inc., Super 8 Worldwide, Inc., Travelodge Hotels, Inc. or Baymont Franchise Systems, Inc. (each a “Franchisor” and collectively, the “Franchisors”) are parties to, among other things, forty-four (44) franchise agreements, including all amendments, riders, supplemental agreements, and assignments, (each a “Franchise Agreement” and collectively the “Franchise Agreements”); (ii) pursuant to the terms and conditions of the Franchise Agreements, Debtor is authorized to operate its hotels that are subject of the Franchise Agreements (each a “Hotel” and collectively the “Hotels”); (iii) post-petition, Debtor has continued to hold each Hotel out to the general public as being affiliated with Franchisors and has generated revenue post-petition from each Hotel via the continued use of the intellectual property and franchise systems of Franchisors, to the benefit of the Debtor’s bankruptcy estate; and (iv) Debtor seeks to use cash collateral in order to,

among other things, comply with its post-petition obligations under the Franchise Agreements.

Therefore,

**IT IS HEREBY ORDERED THAT:**

1. The relief requested in the Motion is hereby GRANTED on an interim basis, until the earlier of July 31, 2024, or the entry of another order concerning the Motion.

2. Any objections to the Motion with respect to the entry of this Interim Order that have not been withdrawn, waived or settled and all reservations of rights included therein, are hereby denied and overruled with prejudice in all respects.

3. A final hearing on the relief requested in the Motion shall be held on \_\_\_\_\_, 2024, at \_\_:\_\_\_ .m. (prevailing Central Time) (the “Final Hearing”). Any party in interest objecting to the relief sought at the shall file written objections no later than on \_\_\_\_\_, 2024, at \_\_:\_\_\_ .m. (prevailing Central Time) (the “Objection Deadline”). Any such objection must be filed with the Court on or before the Objection Deadline.

4. The Debtor shall file a proposed form of final order granting the relief sought in the Motion on a final basis, no later than seven days prior to the Final Hearing.

5. The Debtor is authorized to use cash collateral consistent with the expenditures identified on the Budget attached hereto as Exhibit 1. The Prepetition Secured Parties are ordered to release cash collateral to the Debtor in an amount sufficient to cover the expenditures identified on the Budget. This requirement includes the Prepetition Secured Parties timely releasing cash collateral to allow the Debtor to fund July 5th payroll. Notwithstanding the foregoing or anything else in this Interim Order, nothing herein authorizes the Debtor to pay any amounts related to the *Debtor’s Motion for Entry of Order (I) Authorizing Payment of (A) Prepetition Claims of the*

*Critical Vendors and (B) 503(b)(9) Claims; (II) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers; and (III) Granting Related Relief* [Docket No. 28].

6. The Debtor shall provide to the Office of the United States Trustee, counsel to the Prepetition Secured Parties, and counsel to any official committees appointed in these cases, upon written request, a report of actual receipts and disbursements for the prior week compared to the Budget on a weekly basis.

7. The Prepetition Secured Parties are ordered to provide the Debtor, and its advisors, access to the bank accounts, including by providing or restoring login credentials associated with such accounts, identified on the list attached hereto as Exhibit 2 (the “Bank Accounts”) to permit the Debtor to monitor and otherwise view balances and activity in such accounts. The Prepetition Secured Parties are further ordered, to the extent necessary, to release funds from the Bank Accounts sufficient for the Debtor to satisfy the expenditures identified on the Budget.

8. Replacement liens. To the extent of any diminution in the value of any cash collateral of the Prepetition Secured Parties, the Prepetition Secured Parties shall receive a valid, perfected first-priority lien upon, and security interest in, (1) all property acquired by Debtor after the Petition Date that is of the same or similar nature, kind, or character as the Prepetition Secured Parties’ prepetition collateral (as defined in the loan documents) and (2) all cash, rents, and receivables or other proceeds generated post-petition by Debtor’s pre-petition property and proceeds thereof, in each case (i) without the need to file or execute any document as may otherwise be required under applicable non-bankruptcy law and (ii) any such liens against the cash collateral shall extend to any account holding such cash collateral, regardless of whether the Prepetition Secured Parties have control over such account, and encumbers any cash collateral held in debtor-in-possession accounts required by applicable law.

9. Superpriority Administrative Expense Claim. Additionally, as adequate protection, to the extent of any diminution in the value of any cash collateral of the Prepetition Secured Parties, the Prepetition Secured Parties shall be entitled to a superpriority administrative expense claim pursuant to 11 U.S.C. §§ 503(b) and 507(b) to the extent the replacement liens identified in the foregoing paragraph prove insufficient and/or do not offset any diminution of value in the cash collateral. Such claim shall have priority over all other administrative expense claims and unsecured claims against the Debtor or its estate, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 507(a), 507(b), 546(c), 546(d), 1113, and 1114 of the Bankruptcy Code, except with respect to any administrative expense claims of any Franchisor, unpaid fees due to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930, and all unpaid fees required to be paid to the Clerk of the Bankruptcy Court. To the extent that any Franchisor and any Prepetition Secured Parties are parties to an existing three party or other agreement(s), nothing contained herein shall be deemed to waive or modify any such agreement(s) or the rights of the parties under any such agreement.

10. Adequate Protection Payment. Debtor shall pay the Prepetition Secured Parties \$883,306, provided that such payment is without prejudice to any recharacterization or reallocation of such amount in accordance with the Bankruptcy Code as a payment of principal, interest, or otherwise.

11. Financial and Other Reporting. Debtor shall make all ongoing reporting and disclosures required under the loan documents on the same schedule and basis as existed prepetition.

12. Insurance. The Debtor shall maintain insurance coverage for any collateral securing the Prepetition Secured Lender's claims, and provide proof of insurance upon request.

13. Inspection Rights. Upon reasonable notice, Debtor shall grant the Prepetition Secured Parties access to Debtor's business records and premises, including all collateral properties, for inspection.

14. Except for any non-ipso facto or third party non-notice of default obligations, Debtor shall comply with all monetary and non-monetary obligations imposed under each Franchise Agreement from the Petition Date through the date of entry of an order authorizing Debtor to assume or reject a Franchise Agreement.

15. Except for any non-ipso facto or third party non-notice of default obligations, Debtor is authorized and directed to utilize cash collateral to satisfy all monetary and non-monetary obligations imposed under each Franchise Agreement from the Petition Date through the date of entry of an order authorizing Debtor to assume or reject a Franchise Agreement. Debtor is specifically authorized and directed to utilize cash collateral to, among other things, pay to Franchisors of all "Recurring Fees" set forth in the Franchise Agreements (including royalty fees, marketing/advertising fees, reservation fees, and other fees and charges) incurred after the Petition Date, as and when set forth in each Franchise Agreement, without any compromise, set-off, modification, or reduction.

16. Nothing contained herein shall be deemed or construed to: (i) limit Franchisors to the relief granted herein; (ii) constitute Franchisors consent to assumption or rejection of any of the Franchise Agreements as contemplated in 11 U.S.C. §365; or (iii) bar Franchisors from seeking other and further relief for cause shown on appropriate notice to parties-in-interest entitled to notice of same.

17. Nothing in this Interim Order or the Motion shall be construed as prejudicing the rights of the Debtor to dispute or contest whether the Prepetition Secured Parties have a valid perfected security interest in the cash collateral or any other assets of the Debtor.

18. The Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

19. Within three business days of the entry of this Interim Order, the Debtor shall serve a copy of this Interim Order, thereby providing notice of the Final Hearing, on (a) the Office of the United States Trustee; (b) counsel to the Prepetition Secured Parties; (c) those creditors holding the 20 largest unsecured claims against the Debtors' estate; (d) the Internal Revenue Service, (e) the state attorneys general for the states in which the Debtor conducts business, and (f) all parties that have requested or that are required to receive notice pursuant to Bankruptcy Rule 2002.

20. A reply to any timely filed and served objection may be filed with the Court and served on or before 12:00 p.m. (prevailing Eastern Time) on the day that is at least two business days before the a final hearing on the Motion.

21. Notwithstanding any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Bankruptcy Rule that might otherwise delay the effectiveness of this Order, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

22. This Court shall retain exclusive jurisdiction over any and all matters arising from or related to the implementation or interpretation of this Interim Order.

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Respectfully submitted,

/s/ Jonathan A. Margolies

Jonathan A. Margolies  
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|                                                                                              | <u>Amount in USD\$</u> |
|----------------------------------------------------------------------------------------------|------------------------|
| <b>CASH INFLOW:</b>                                                                          |                        |
| Room Receipts                                                                                | \$ 5,689,418           |
| Food and Beverage Receipts                                                                   | 1,326,337              |
| Transportation & Other Receipts                                                              | 363,253                |
| Sales Tax Collections                                                                        | 494,802                |
| Employee Tips Collections                                                                    | 126,461                |
| <b>Cash Inflow from Operations</b>                                                           | <b>\$ 8,000,271</b>    |
| <b>CASH OUTFLOW</b>                                                                          |                        |
| Room Disbursements                                                                           | \$ (2,167,179)         |
| Food and Beverage Disbursements                                                              | (1,434,650)            |
| Administrative & General                                                                     | (1,368,645)            |
| Transportation & Other Disbursements                                                         | (228,263)              |
| Information & Technology                                                                     | (134,541)              |
| Sales & Marketing                                                                            | (14,430)               |
| Franchise Expense                                                                            | (120,931)              |
| Property Maintenance                                                                         | (539,227)              |
| Utilities                                                                                    | (379,000)              |
| Workers Compensation Insurance                                                               | (45,314)               |
| Lease payments                                                                               | (57,378)               |
| Employee Tips                                                                                | (126,461)              |
| Critical Vendors                                                                             | (136,930)              |
| Health, Safety and Environmental                                                             | (132,000)              |
| <b>Cash Outflow from Operations</b>                                                          | <b>\$ (6,884,949)</b>  |
| <b>Net Cash Flow from Operations</b>                                                         | <b>\$ 1,115,322</b>    |
| Portfolio Improvements                                                                       | \$ (20,000)            |
| Adequate Protection Payment                                                                  | (883,306)              |
| <b>Total Net Cash Flow (NCF)</b>                                                             | <b>\$ 212,016</b>      |
| <b>Beginning Balance Operating Account <sup>(1)</sup></b>                                    | <b>\$ 5,163,600</b>    |
| <b>Ending Balance Operating Account <sup>(1)</sup></b>                                       | <b>\$ 5,375,616</b>    |
| <b><u>Est. July 1, 2024 Balances Other Debtor Accounts (informational purposes only)</u></b> |                        |
| <b>Clearing Account <sup>(2)</sup></b>                                                       | <b>\$ 131,800</b>      |
| <b>Cash Management Account <sup>(3)</sup></b>                                                | <b>\$ 1,745,883</b>    |
| <b>Other Reserve <sup>(4)</sup></b>                                                          | <b>\$ 15,013,308</b>   |

<sup>(1)</sup> INTRUST Bank, N.A. (Account No. 9341) ("Operating Account"), includes ~\$240,000 in the various portfolio accounts described in the cash mgmt motion

<sup>(2)</sup> PNC National Bank, N.A. (Account Nos. 1812, 1839, and 1847) ("Clearing Account")

<sup>(3)</sup> Wells Fargo Bank, N.A. (Account No. 0248) ("Cash Management Account")

<sup>(4)</sup> As described in the cash management motion docket #13

|                            |
|----------------------------|
| <b>EXHIBIT</b><br><b>2</b> |
|----------------------------|

| Account Holder          | Bank Name                 | Account Type            | Ending of Account # |
|-------------------------|---------------------------|-------------------------|---------------------|
| Lodging Enterprises LLC | PNC Bank                  | Clearing Account        | 1812                |
| Lodging Enterprises LLC | PNC Bank                  | Clearing Account        | 1839                |
| Lodging Enterprises LLC | PNC Bank                  | Clearing Account        | 1847                |
| Lodging Enterprises LLC | PNC Bank                  | Deposit Account         | 4802                |
| Lodging Enterprises LLC | INTRUST Bank              | Operations Account      | 9341                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Cash Management Account | 0248                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 5940                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 5957                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 9139                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 0695                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 3037                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 2841                |
| Lodging Enterprises LLC | Wells Fargo Bank          | Deposit Account         | 5368                |
| Lodging Enterprises LLC | US Bank                   | Deposit Account         | 0273                |
| Lodging Enterprises LLC | US Bank                   | Deposit Account         | 2615                |
| Lodging Enterprises LLC | US Bank                   | Deposit Account         | 9941                |
| Lodging Enterprises LLC | Security State Bank       | Deposit Account         | 0636                |
| Lodging Enterprises LLC | Platte Valley Bank        | Deposit Account         | 3240                |
| Lodging Enterprises LLC | The Eastern Colorado Bank | Deposit Account         | 2563                |
| Lodging Enterprises LLC | Foothills Bank            | Deposit Account         | 0021                |
| Lodging Enterprises LLC | Bank of The San Juans     | Deposit Account         | 7630                |
| Lodging Enterprises LLC | Citizens State Bank       | Deposit Account         | 3597                |

|                         |                                       |                 |      |
|-------------------------|---------------------------------------|-----------------|------|
| Lodging Enterprises LLC | Everyone's Federal Credit Union       | Deposit Account | 8164 |
| Lodging Enterprises LLC | First Interstate Bank                 | Deposit Account | 0741 |
| Lodging Enterprises LLC | Prosperity Bank                       | Deposit Account | 4333 |
| Lodging Enterprises LLC | Desert Community Bank / Flagstar Bank | Deposit Account | 6701 |
| Lodging Enterprises LLC | West Texas National Bank              | Deposit Account | 4613 |
| Lodging Enterprises LLC | West Texas National Bank              | Deposit Account | 7388 |
| Lodging Enterprises LLC | Banner Bank                           | Deposit Account | 9611 |
| Lodging Enterprises LLC | M&T Bank                              | Deposit Account | 1295 |
| Lodging Enterprises LLC | First National Bank                   | Deposit Account | 5109 |
| Lodging Enterprises LLC | The Rawlins National Bank             | Deposit Account | 9012 |
| Lodging Enterprises LLC | Midstates Bank                        | Deposit Account | 8852 |
| Lodging Enterprises LLC | RVR Bank                              | Deposit Account | 9871 |
| Lodging Enterprises LLC | Points West Community Bank            | Deposit Account | 4095 |
| Lodging Enterprises LLC | First Citizens Bank                   | Deposit Account | 4809 |
| Lodging Enterprises LLC | BancFirst                             | Deposit Account | 0202 |
| Lodging Enterprises LLC | Eagle Bank                            | Deposit Account | 1973 |
| Lodging Enterprises LLC | Central Bank                          | Deposit Account | 7378 |
| Lodging Enterprises LLC | First Tennessee Bank                  | Deposit Account | 9415 |
| Lodging Enterprises LLC | City State Bank                       | Deposit Account | 4702 |