

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
MONROE DIVISION**

IN RE:

CASE NO. 25-31257

DIOCESE OF ALEXANDRIA

DEBTOR¹

CHAPTER 11

**DEBTOR'S EXPEDITED MOTION FOR INTERIM AND FINAL ORDERS
AUTHORIZING POSTPETITION USE OF CASH COLLATERAL AND GRANTING
ADEQUATE PROTECTION TO SOUTHERN HERITAGE BANK**

THE DEBTOR HAS REQUESTED AN EXPEDITED SPECIAL SETTING FOR THE HEARING OF THIS MATTER ON DECEMBER 9, 2025, AT 10:00 A.M. (PREVAILING CENTRAL TIME) (A) IN PERSON AT TOM STAGG UNITED STATES COURTHOUSE, COURTROOM 4, 300 FANNIN STREET, SHREVEPORT, LOUISIANA 71101, OR (B) VIRTUALLY USING ZOOM ID 160 6557 9520 AND PASSCODE 6480377. FOR A DIRECT LINK AND OTHER INSTRUCTIONS REGARDING VIRTUAL ATTENDANCE, SEE THE "NOTICE REGARDING REMOTE ACCESS TO PROCEEDINGS" ISSUED BY JUDGE HODGE AND AVAILABLE ON THE COURT'S WEBSITE AT <https://www.lawb.uscourts.gov/>.

IF YOU OBJECT TO THE RELIEF REQUESTED OR BELIEVE THAT EXPEDITED CONSIDERATION IS NOT WARRANTED, YOU MUST MAKE YOUR OBJECTION AT THE HEARING, OR FILE A WRITTEN OBJECTION BEFORE THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

The **Diocese of Alexandria** (the "Debtor" or "Diocese"), as debtor-in-possession, by and through undersigned counsel files this motion (the "Cash Collateral Motion" or "Motion") pursuant to sections 105, 361, 363, and 507 of Title 11 of the United States Code (the "Bankruptcy Code"), Rules 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). The Debtor seeks entry of an interim order in the form attached as Exhibit A (the "Interim

¹ The Debtor's address is 4400 Coliseum Blvd, Alexandria, LA 71303. The last four digits of the Debtor's taxpayer identification number are 1102.

Order”), and, after a final hearing, the entry of a final order in the form attached as Exhibit B (the “Final Order”). In support of this Motion, the Debtor relies on the *Declaration of Deacon Richard Mitchell Regarding the Debtor’s History, Charitable Mission, and Purpose in Seeking Chapter 11 Relief* (the “Mitchell Declaration”) and the *Declaration of David Brook in Support of First Day Motions* (the “Brook Declaration,” together with the Mitchell Declaration, the “First Day Declarations”), which are incorporated by reference, and shows as follows:

Bankruptcy Rule 4001(b) Concise Statement

1. By this Motion, the Debtor requests entry of an Interim Order: (a) authorizing Debtor to use the Cash Collateral (defined below) in which SHB (defined below) has or asserts an interest, (b) authorizing Debtor to provide adequate protection to SHB for any decrease in the value of its interest in Debtor’s property resulting from the use, sale, or lease of Debtor’s property, including the use of Cash Collateral, (c) waiving any applicable stay under the Bankruptcy Rules and providing for the immediate effectiveness of the Interim Order, and (d) scheduling a final hearing (the “Final Hearing”) to consider entry of the Final Order granting the relief requested in the Motion on a final basis.

2. In accordance with Bankruptcy Rule 4001(b)(1)(B), the material provisions of the proposed use of Cash Collateral are as follows:

- a. Definition of Cash Collateral: For purposes herein, the term Cash Collateral shall mean: (i) the Certificate of Deposit (the “CD”) issued on April 11, 2025, with a face amount of \$1,850,000, held in account number ending in 0411; and (ii) any interest accrued on the CD and deposited into the Money Market Account held at Southern Heritage Bank (“SHB” or “Lender”), account number ending 2033. *See* Interim Order, ¶ H.
- b. Parties with and Interest in Cash Collateral. SHB asserts an interest in the Cash Collateral pursuant to the Loan Documents. *See* Interim Order, ¶ F.
- c. Purpose of Use of Cash Collateral. The Debtor seeks authority to use Cash Collateral, specifically the interest payments accrued on the CD, for the purpose of satisfying accruing interest owed to SHB on the unpaid principal balance under the Loan Documents. *See* Interim Order, ¶¶ 2, 3.

- d. Duration of Use of Cash Collateral. Debtor's ability to use Cash Collateral pursuant to Interim and Final Orders (the "Orders") shall end on the earliest of: (i) the effective date of a confirmed plan of reorganization in the chapter 11 case, (ii) the dismissal of the chapter 11 case, (iii) any material provision of the Orders having ceased to be valid or binding for any reason, (iv) the Debtor having attempted to modify the Orders without the prior written consent of SHB, and (v) five (5) business days following receipt by the Debtor of a notice (a "Notice of Default") from SHB of Debtor's breach of (a) any term of the Orders or (b) any covenant in the Loan Documents relating to the servicing, preservation or maintenance of the Cash Collateral so long as SHB does not take any action in violation of the Orders that would prevent Debtor from satisfying such covenant or undertaking; provided, however, Debtor shall have the opportunity to cure any alleged breach or default within the five (5) business days following receipt of a Notice of Default from the SHB and, if such breach or default is cured by Debtor, Debtor's ability to use the Cash Collateral shall not terminate. Further, the Debtor reserves the right to seek authority from this Court for Debtor to use cash collateral on a nonconsensual basis, and SHB reserves the right to object to, contest, or otherwise respond to any such request. *See* Interim Order, ¶ 4.
- e. Adequate Protection. The Debtors propose to provide SHB with adequate protection as follows: (i) a continuing security interest in, and lien on, all collateral of the Debtor of the same type and nature, and with the same validity, enforceability, and priority as existed as of the Petition Date, including the CD and any interest therefrom; and (ii) regular interest payments on the unpaid principal balance under the Loan Documents at a rate of 6.00%, on a schedule consistent with the pre-petition payment frequency. The Debtor shall utilize Cash Collateral to satisfy these adequate protection payments. *See* Interim Order, ¶ 5.

Jurisdiction and Venue

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
5. The bases for the relief requested herein are sections 105, 361, 363, and 507 of the Bankruptcy Code and Bankruptcy Rules 4001 and 6004.

Background

6. On **October 31, 2025** (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business and manage its property as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed.

7. On November 21, 2025, the U.S. Trustee appointed a Committee.

8. With the filing of the petition, Debtor filed the First Day Declarations. Please refer to the First Day Declarations for a summary of the Debtor in the above-referenced Chapter 11 case, including an overview of the Debtor’s history, mission, ministries, financial position, the circumstances giving rise to the commencement of the Chapter 11 case, and an overview of the relief requested in the first day pleadings.

9. Prior to the Petition Date, on or around April 15, 2025, the Debtor executed a Promissory Note (as amended, restated, supplemented, or modified, the “Promissory Note”) payable to SHB in the original principal amount of \$1,650,000. On the same date, the Debtor also executed and delivered to SHB a Security Agreement (the “Security Agreement”, together with the Promissory Note, the “Loan Documents”). Pursuant to the Security Agreement, the Debtor granted SHB a security interest in CD and any interest accrued thereon, with a face amount of \$1,850,000, issued by SHB on April 11, 2025 (the “Cash Collateral”). The Collateral is listed in the Debtor’s Schedule A/B as a CD with an account number ending in 0411. *See* Dkt. No. 1.

10. The Debtor earns interest on the CD, which is automatically deposited into its Money Market Account at SHB, account number ending 2033. The funds in this account are primarily used to pay the interest accruing on the unpaid principal balance owed to SHB under the Loan Documents. Since the Petition Date, interest earned on the CD has continued to be deposited into the Money Market Account. By this Motion, the Debtor seeks approval to use these interest

payments in the ordinary course of business, specifically to satisfy accruing interest owed to SHB on its secured debt, thereby preserving the value of the collateral and ensuring the Debtor's continued ability to service its secured obligations.

Need for Cash Collateral

11. The Debtor requests interim and final authority for the post-petition use of Cash Collateral, as requested herein, with a primary focus on the Debtor's ability to utilize interest payments generated by the CD to satisfy accruing interest on the Debtor's primary secured debt to SHB. SHB will be adequately protected by the Debtor's regular application of these interest payments to the outstanding interest obligation, thereby minimizing any risk of diminution in the value of the pre-petition collateral.

Basis for Relief

A. The Use of Cash Collateral is Warranted and Should be Approved.

12. Section 363 of the Bankruptcy Code governs the ability of the Debtor to use property of the estate, including the Cash Collateral. Section 363 provides general authority to the Debtor to use property of the Debtor's estate in the ordinary course of business:

If the business of the debtor is authorized to be operated under section ... 1108 ... and unless the court orders otherwise, the [debtor] may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c)(1).

13. Section 363(c)(2) of the Bankruptcy Code further provides, however, that a debtor may not use cash collateral unless “(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.”

14. The use of cash collateral may be prohibited or conditioned, upon proper request “of an entity that has an interest in property,” as necessary to adequately protect any interest in cash collateral. *See* 11 U.S.C. § 363(e).

15. The Bankruptcy Code does not define the nature or extent of the “interest in property” of which a secured creditor is entitled to adequate protection under section 361 of the Bankruptcy Code. However, the plain language of the Bankruptcy Code indicates that a qualifying interest demands protection only to the extent that the use of the creditor’s collateral will result in a decrease in “the value of such entity’s interest in such property.” 11 U.S.C. §§ 361, 363.

16. A secured creditor is entitled to “adequate protection” only against diminution in the value of the collateral securing the creditor’s allowed secured claim. *See United Savings Ass’n of Texas v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 370 (1988). Accordingly, where the “value of the collateral” is not diminishing by its use, sale, or lease, the creditor’s interest is adequately protected.

17. Here, SHB will be adequately protected by the Debtor’s regular use of the interest payments accruing on the CD to pay interests owed on the underlying secured debt, thereby ensuring there is no diminution in the value of SHB’s collateral. These types of payments are expressly permitted by section 361 of the Bankruptcy Code. *See* 11 U.S.C. § 361(1).

18. To the extent that adequate protection payments to SHB are not impaired, the Debtor also seeks authority to utilize any remaining interest payments from the CD to address necessary operational expenses as they arise during the case.

19. The Debtor believes that, in its business judgment, the ability to use interest payments from the CD both to service accruing interest on its secured debt and, as needed, to fund essential operations, is critical to preserving the value of the estate and maximizing the likelihood of a successful reorganization.

20. Accordingly, the Debtor submits that the proposed adequate protection structure is fair and reasonable and fully compensates SHB for any potential diminution in value of its collateral.

21. SHB has provided the Debtor with consent to the relief requested herein.

Request for Final Hearing

22. Pursuant to Bankruptcy Rule 4001(b)(2), the Debtor requests that the Court set a date for the Final hearing within thirty (30) days after entry of the Interim Order and fix the time and date prior to the final hearing for parties to file objections to this Motion.

23. The Debtor respectfully requests that, pending the hearing on a Final Order, the Interim Order be approved in all respects and that the terms and provisions of the Interim Order be implemented and deemed binding and that, after the Final Hearing, the Final Order be approved in all respects and the terms and provisions of the Final Order be implemented and be deemed binding.

Notice

24. The Debtor will provide notice of this Motion to the Core Service List as defined in the Court's *Interim Order Approving Debtor's Expedited Motion for an Order Authorizing and Approving Special Noticing and Confidentiality Procedures* [Dkt. No. 93]. A copy of this Motion and any orders approving it will also be made available on the Debtor's Case Information Website located at <https://cases.stretto.com/diocesEOFalexandria>. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

25. No prior motion for the relief requested has been made to this or any other court.

WHEREFORE, the Debtor respectfully requests (a) entry of an order substantially in the form of the proposed Interim Order attached hereto as Exhibit A, (b) after a final hearing on the

relief requested herein, entry of a Final Order approving the proposed use of Cash Collateral, in substantially the same form of the proposed Final Order attached hereto as Exhibit B, and (c) such other relief as the Court deems appropriate under the circumstances.

Alexandria, Louisiana, this 3rd day of December, 2025.

Respectfully submitted:

GOLD, WEEMS, BRUSER, SUES & RUNDELL

By: /s/ Bradley L. Drell

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**ATTORNEYS FOR THE DEBTOR AND DEBTOR IN
POSSESSION, DIOCESE OF ALEXANDRIA**

EXHIBIT A

PROPOSED INTERIM ORDER

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
MONROE DIVISION**

IN RE:

DIOCESE OF ALEXANDRIA

CASE NO. 25-31257

DEBTOR¹

CHAPTER 11

**INTERIM ORDER AUTHORIZING POSTPETITION
USE OF CASH COLLATERAL AND GRANTING ADEQUATE
PROTECTION TO SOUTHERN HERITAGE BANK**

Considering the *Debtor's Expedited Motion for Interim and Final Orders Authorizing Postpetition Use of Cash Collateral and Granting Adequate Protection to Southern Heritage Bank* (the "Motion")² filed by the Diocese of Alexandria, as debtor and debtor in possession (the "Debtor"); and the Court having conducted a hearing on the Motion (the "Hearing"); and it appearing that notice of the Motion and Hearing was good and sufficient under the circumstances; and the Court having reviewed the motion and the record in this Chapter 11 Case and determined that granting the relief requested in the Motion on an interim basis is in the best interests of the Debtor, its estate, its creditors, and all parties in interest; and after due deliberation and for good cause shown;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Petition Date. On October 31, 2025 (the "Petition Date"), the Debtor commenced its case ("Chapter 11 Case") by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code;

¹ The Debtor's address is 4400 Coliseum Blvd, Alexandria, LA 71303. The last four digits of the Debtor's taxpayer identification number are 1102.

² Capitalized terms used in this Interim Order shall have the meanings ascribed to them in the Motion.

B. Debtor-in-Possession. The Debtor continues to operate its business and manage its properties as debtor and debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, and no trustee or examiner has been appointed;

C. Notice. In light of the circumstances, the Debtor gave due and sufficient notice of the Motion and Hearing pursuant to the Bankruptcy Rules;

D. Jurisdiction and Venue. This Court has core jurisdiction over the Debtor's Chapter 11 Case, the Motion, and the parties and property affected by this Interim Order pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409;

E. Statutory Committee Formation. The U.S. Trustee appointed a Committee on November 21, 2025.

F. Debtor's Stipulations. The Debtor has admitted, represented and stipulated, without prejudice to the rights of third parties or the Committee as set forth in this Interim Order, the following (collectively, the "Stipulations"):

- i. *Pre-Petition Loan Documents and Obligations*. As of the Petition Date, Debtor was a party to that certain Promissory Note dated April 15, 2025 (as amended, restated, supplemented, or modified, the "Promissory Note") payable to SHB in the original principal amount of \$1,650,000. On the same date, the Debtor also executed and delivered to SHB a Security Agreement (the "Security Agreement", together with the Promissory Note, the "Loan Documents"). Pursuant to the Security Agreement, the Debtor granted SHB a security interest in CD and any interest accrued thereon, with a face amount of \$1,850,000, issued by SHB on April 11, 2025 (the "Cash Collateral"). The Debtor earns

interest on the CD, which is automatically deposited into its Money Market Account at SHB, account number ending 2033.

G. The Stipulations are and shall be binding upon the Debtor and any of the Debtor's successors including, without limitation, any chapter 11 trustee, responsible person, examiner, or other estate representative. The Stipulations shall also be binding on each other party-in-interest in this Chapter 11 Case and all of its successors-in-interest and assigns, including without limitation, the Committee.

H. Cash Collateral. Cash Collateral shall mean: (i) the Certificate of Deposit (the "CD") issued on April 11, 2025, with a face amount of \$1,850,000, held in account number ending in 0411; and (ii) any interest accrued on the CD and deposited into the Money Market Account held at Southern Heritage Bank ("SHB" or "Lender"), account number ending 2033.

I. Good Cause and Business Justification. The Debtor has demonstrated good cause for entry of this Interim Order. The Debtor has an immediate need to utilize the Cash Collateral, particularly the interest payments generated by the CD, to satisfy post-petition interest accruing on its primary secured debt. The Debtor's ability to apply these interest payments to its secured debt obligations, and, if necessary, to fund essential operations, is critical to preserving the value of the estate and maximizing the likelihood of a successful reorganization.

J. Fair and Reasonable Terms. Based on the Motion and the record presented to the Court at the Hearing, the terms of the use of the Cash Collateral herein are fair and reasonable and reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties.

K. Immediate and Irreparable Harm. Good and sufficient cause has been shown for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2). Absent granting the relief set forth in this Interim Order, the Debtor and its estate will be immediately and

irreparably harmed. Authorizing of the use of the Cash Collateral in accordance with this Interim Order is therefore in the best interest of the Debtor's estate.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein.
2. The Debtor is hereby authorized, pursuant to section 363 of the Bankruptcy Code, to use the Cash Collateral, specifically the interest payments accrued on the CD, for the purpose of satisfying accruing interest owed to SHB on the unpaid principal balance under the Loan Documents.
3. To the extent that adequate protection payments to SHB are not impaired, the Debtor is authorized to utilize any remaining interest payments from the CD to address necessary operational expenses as they arise during the Chapter 11 Case.
4. Subject to the terms of this Interim Order, Debtor is hereby authorized to use Cash Collateral from the date hereof through the earliest of: (i) the effective date of a confirmed plan of reorganization in the chapter 11 case, (ii) the dismissal of the chapter 11 case, (iii) any material provision of the Interim Order having ceased to be valid or binding for any reason, (iv) the Debtor having attempted to modify the Interim Order without the prior written consent of SHB, and (v) five (5) business days following receipt by the Debtor of a notice (a "Notice of Default") from SHB of Debtor's breach of (a) any term of the Interim Order or (b) any covenant in the Loan Documents relating to the servicing, preservation or maintenance of the Cash Collateral so long as SHB does not take any action in violation of the Interim Order that would prevent Debtor from satisfying such covenant or undertaking; provided, however, Debtor shall have the opportunity to cure any alleged breach or default within the five (5) business days following receipt of a Notice of Default from the SHB and, if such breach or default is cured by Debtor, Debtor's ability to use

the Cash Collateral shall not terminate. Further, the Debtor reserves the right to seek authority from this Court for Debtor to use cash collateral on a nonconsensual basis, and SHB reserves the right to object to, contest, or otherwise respond to any such request.

5. SHB is entitled, pursuant to sections 361, 362(d) and 363(e) of the Bankruptcy Code, to adequate protection of its respective interest in Debtor's property and is granted:

- a. a continuing security interest in, and lien on, all collateral of the Debtor of the same type and nature, and with the same validity, enforceability, and priority as existed as of the Petition Date, including the CD and any interest therefrom; and
- b. regular interest payments on the unpaid principal balance under the Loan Documents at a rate of 6.00%, on a schedule consistent with the pre-petition payment frequency. The Debtor shall utilize Cash Collateral to satisfy these adequate protection payments.

6. The provisions of this Interim Order, including all findings herein, shall be binding upon all parties in interest in this Chapter 11 Case including, without limitation, SHB, the Committee, and the Debtor, and their respective successors and assigns and shall inure to the benefit of SHB and the Debtor, and their respective successors and assigns.

7. The Debtor reserves all rights to seek other or additional use of Cash Collateral on such further or different terms and conditions as may be approved by the Court and SHB reserves all rights with respect to any such request. This Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the rights of SHB to request additional forms of adequate protection at any time or the rights of Debtor or any other party to contest such request.

8. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9024 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim

Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution of effectiveness of this Interim Order as provided in such rules.

9. Nothing in this Interim Order shall be construed as an admission as to the validity of any claim or a waiver of the Debtor's rights to dispute any claim.

10. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

11. A final hearing on the Motion (the "Final Hearing") shall be held on _____, 2025, at [●].m. (Central Time) before the Honorable John S. Hodge, at Tom Stagg United States Courthouse, Courtroom 4, 300 Fannin Street, Shreveport, Louisiana 71101, with virtual participating allowed pursuant to this Court's *Notice Regarding Remote Access to Proceedings*.

12. In accordance with Local Rules, any objections or responses to the relief sought in the Motion must be filed with the Clerk of this Court no later than _____, 2025, [●].m. (Central Time).

13. Notice of this Interim Order shall be provided to the Core Service List as defined in the Court's *Interim Order Approving Debtor's Expedited Motion for an Order Authorizing and Approving Special Noticing and Confidentiality Procedures* [Dkt. No. 93].

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Respectfully submitted:

GOLD, WEEMS, BRUSER, SUES & RUNDELL

By: _____

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**ATTORNEYS FOR THE DEBTOR AND DEBTOR IN
POSSESSION, DIOCESE OF ALEXANDRIA**

EXHIBIT B

PROPOSED FINAL ORDER

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
MONROE DIVISION**

IN RE:

**DIOCESE OF ALEXANDRIA
DEBTOR¹**

**CASE NO. 25-31257
CHAPTER 11**

**FINAL ORDER AUTHORIZING POSTPETITION
USE OF CASH COLLATERAL AND GRANTING ADEQUATE
PROTECTION TO SOUTHERN HERITAGE BANK**

Considering the *Debtor's Expedited Motion for Interim and Final Orders Authorizing Postpetition Use of Cash Collateral and Granting Adequate Protection to Southern Heritage Bank* (the "Motion")² filed by the Diocese of Alexandria, as debtor and debtor in possession (the "Debtor"); and the Court having conducted a final hearing on the Motion (the "Final Hearing"); and it appearing that notice of the Motion and Final Hearing was good and sufficient under the circumstances; and an order granting the relief requested in the Motion on an interim basis having been entered on [●], 2025; and the Court having reviewed the motion and the record in this Chapter 11 Case and determined that granting the relief requested in the Motion on a final basis is in the best interests of the Debtor, its estate, its creditors, and all parties in interest; and after due deliberation and for good cause shown;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Petition Date. On October 31, 2025 (the "Petition Date"), the Debtor commenced its case ("Chapter 11 Case") by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code;

¹ The Debtor's address is 4400 Coliseum Blvd, Alexandria, LA 71303. The last four digits of the Debtor's taxpayer identification number are 1102.

² Capitalized terms used in this Final Order shall have the meanings ascribed to them in the Motion.

B. Debtor-in-Possession. The Debtor continues to operate its business and manage its properties as debtor and debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, and no trustee or examiner has been appointed;

C. Notice. In light of the circumstances, the Debtor gave due and sufficient notice of the Motion and Final Hearing pursuant to the Bankruptcy Rules;

D. Jurisdiction and Venue. This Court has core jurisdiction over the Debtor's Chapter 11 Case, the Motion, and the parties and property affected by this Final Order pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409;

E. Statutory Committee Formation. The U.S. Trustee appointed a Committee on November 21, 2025.

F. Debtor's Stipulations. The Debtor has admitted, represented and stipulated, without prejudice to the rights of third parties or the Committee as set forth in this Final Order, the following (collectively, the "Stipulations"):

- i. *Pre-Petition Loan Documents and Obligations*. As of the Petition Date, Debtor was a party to that certain Promissory Note dated April 15, 2025 (as amended, restated, supplemented, or modified, the "Promissory Note") payable to SHB in the original principal amount of \$1,650,000. On the same date, the Debtor also executed and delivered to SHB a Security Agreement (the "Security Agreement", together with the Promissory Note, the "Loan Documents"). Pursuant to the Security Agreement, the Debtor granted SHB a security interest in CD and any interest accrued thereon, with a face amount of \$1,850,000, issued by SHB on April 11, 2025 (the "Cash Collateral"). The Debtor earns interest on the CD, which is automatically deposited into its Money Market Account at SHB, account number ending 2033.

G. The Stipulations are and shall be binding upon the Debtor and any of the Debtor's successors including, without limitation, any chapter 11 trustee, responsible person, examiner, or other estate representative. The Stipulations shall also be binding on each other party-in-interest in this Chapter 11 Case and all of its successors-in-interest and assigns, including without limitation, the Committee.

H. Cash Collateral. Cash Collateral shall mean: (i) the Certificate of Deposit (the "CD") issued on April 11, 2025, with a face amount of \$1,850,000, held in account number ending in 0411; and (ii) any interest accrued on the CD and deposited into the Money Market Account held at Southern Heritage Bank ("SHB" or "Lender"), account number ending 2033.

I. Good Cause and Business Justification. The Debtor has demonstrated good cause for entry of this Final Order. The Debtor has an immediate need to utilize the Cash Collateral, particularly the interest payments generated by the CD, to satisfy post-petition interest accruing on its primary secured debt. The Debtor's ability to apply these interest payments to its secured debt obligations, and, if necessary, to fund essential operations, is critical to preserving the value of the estate and maximizing the likelihood of a successful reorganization.

J. Fair and Reasonable Terms. Based on the Motion and the record presented to the Court at the Final Hearing, the terms of the use of the Cash Collateral herein are fair and reasonable and reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties.

K. Immediate and Irreparable Harm. Good and sufficient cause has been shown for immediate entry of this Final Order pursuant to Bankruptcy Rule 4001(b)(2). Absent granting the relief set forth in this Final Order, the Debtor and its estate will be immediately and irreparably harmed. Authorizing of the use of the Cash Collateral in accordance with this Final Order is therefore in the best interest of the Debtor's estate.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein.
2. The Debtor is hereby authorized, pursuant to section 363 of the Bankruptcy Code, to use the Cash Collateral, specifically the interest payments accrued on the CD, for the purpose of satisfying accruing interest owed to SHB on the unpaid principal balance under the Loan Documents.
3. To the extent that adequate protection payments to SHB are not impaired, the Debtor is authorized to utilize any remaining interest payments from the CD to address necessary operational expenses as they arise during the Chapter 11 Case.
4. Subject to the terms of this Final Order, Debtor is hereby authorized to use Cash Collateral from the date hereof through the earliest of: (i) the effective date of a confirmed plan of reorganization in the chapter 11 case, (ii) the dismissal of the chapter 11 case, (iii) any material provision of the Final Order having ceased to be valid or binding for any reason, (iv) the Debtor having attempted to modify the Final Order without the prior written consent of SHB, and (v) five (5) business days following receipt by the Debtor of a notice (a “Notice of Default”) from SHB of Debtor’s breach of (a) any term of the Final Order or (b) any covenant in the Loan Documents relating to the servicing, preservation or maintenance of the Cash Collateral so long as SHB does not take any action in violation of the Final Order that would prevent Debtor from satisfying such covenant or undertaking; provided, however, Debtor shall have the opportunity to cure any alleged breach or default within the five (5) business days following receipt of a Notice of Default from the SHB and, if such breach or default is cured by Debtor, Debtor’s ability to use the Cash Collateral shall not terminate. Further, the Debtor reserves the right to seek authority from this Court for Debtor to use cash collateral on a nonconsensual basis, and SHB reserves the right to object to, contest, or otherwise respond to any such request.

5. SHB is entitled, pursuant to sections 361, 362(d) and 363(e) of the Bankruptcy Code, to adequate protection of its respective interest in Debtor's property and is granted:

- a. a continuing security interest in, and lien on, all collateral of the Debtor of the same type and nature, and with the same validity, enforceability, and priority as existed as of the Petition Date, including the CD and any interest therefrom; and
- b. regular interest payments on the unpaid principal balance under the Loan Documents at a rate of 6.00%, on a schedule consistent with the pre-petition payment frequency. The Debtor shall utilize Cash Collateral to satisfy these adequate protection payments.

6. The provisions of this Final Order, including all findings herein, shall be binding upon all parties in interest in this Chapter 11 Case including, without limitation, SHB, the Committee, and the Debtor, and their respective successors and assigns and shall inure to the benefit of SHB and the Debtor, and their respective successors and assigns.

7. The Debtor reserves all rights to seek other or additional use of Cash Collateral on such further or different terms and conditions as may be approved by the Court and SHB reserves all rights with respect to any such request. This Final Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the rights of SHB to request additional forms of adequate protection at any time or the rights of Debtor or any other party to contest such request.

8. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9024 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Final Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution of effectiveness of this Final Order as provided in such rules.

9. Nothing in this Final Order shall be construed as an admission as to the validity of any claim or a waiver of the Debtor's rights to dispute any claim.

10. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

11. Notice of this Final Order shall be provided to the Core Service List as defined in the Court's *Interim Order Approving Debtor's Expedited Motion for an Order Authorizing and Approving Special Noticing and Confidentiality Procedures* [Dkt. No. 93].

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Respectfully submitted:

GOLD, WEEMS, BRUSER, SUES & RUNDELL

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