

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

IN RE:)	CASE NO.: 16-23458-JAD
)	
ROYAL FLUSH, INC.,)	CHAPTER 11
)	
Debtor.)	Doc. # 51

**SECOND INTERIM ORDER OF COURT AUTHORIZING USE OF CASH
COLLATERAL AND GRANTING ADEQUATE PROTECTION**

It is hereby ORDERED on an interim basis (the “Second Interim Order”) that the terms of the Second Interim Stipulation Allowing Use of Cash Collateral and Establishing Adequate Protection by and between the Debtor and First National Bank attached to this Order as Exhibit A (the “Second Interim Stipulation”) are approved and incorporated herein by reference.

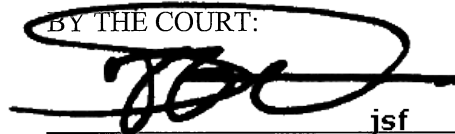
The entry of this Second Interim Order, or the entry of this this Court’s prior interim order on October 4, 2016 (the “First Interim Order”), approving the Interim Stipulations¹ by and between the Debtor and FNB regarding the use of cash collateral shall be without prejudice to the rights of the Official Committee of Unsecured Creditors of Royal Flush, Inc. (the “Committee”) to contest, dispute and/or object on or before the deadline set forth below to any provisions, terms and/or conditions of: (i) the First Interim Order; (ii) this Second Interim Order; (iii) the Interim Stipulations; and/or (iv) the entry of any final order approving the Interim Stipulations, the First and Second Interim Orders and/or the Debtor’s use of cash collateral.

It is hereby FURTHER ORDERED that a final hearing on the use of cash collateral shall be held on November 18, 2016 at 10:00 a.m. in United States Bankruptcy Courtroom D, 54th Floor, U.S. Steel Tower, 600 Grant Street, Pittsburgh, PA 15219 (the “Final Hearing”).

¹ All capitalized terms not defined in this Second Interim Order shall have the meaning given to them in the Second Interim Stipulation.

Any responses, contests, disputes and/or objections by the Committee to the Debtor's Motion to Use Cash Collateral and Grant Adequate Protection [Docket #22], the Interim Stipulations and/or the First and Second Interim Orders shall be filed on or before November 10, 2016.

October 24, 2016

BY THE COURT:

jsf
Jeffery A. Deller
U.S. Bankruptcy Judge

FILED
10/24/16 4:25 pm
CLERK
U.S. BANKRUPTCY
COURT - WDPA

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IN RE:)	CASE NO.: 16-23458-JAD
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ROYAL FLUSH, INC.,)	CHAPTER 11
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Debtor.)	

**SECOND INTERIM STIPULATION ALLOWING USE OF CASH COLLATERAL AND
ESTABLISHING ADEQUATE PROTECTION
("SECOND INTERIM STIPULATION")**

AND NOW, come Royal Flush, Inc. ("Debtor" or "Royal") and First National Bank of Pennsylvania ("FNB" or "Bank") and stipulate as follows:

RECITALS:

WHEREAS, on September 15, 2016 ("Petition Date"), Debtor filed a petition for relief under Chapter 11 of Title 11 of U.S.C. (the "Bankruptcy Code") at the above case caption and number.

WHEREAS, On September 30, 2016, Debtor filed an Expedited Motion to Use Cash Collateral and Grant Adequate Protection [Docket #22] (the "Cash Collateral Motion") to permit its use of cash collateral pursuant to §363 of the Bankruptcy Code;

WHEREAS, the Court held an interim hearing on the Cash Collateral Motion on October 4, 2016 and approved on an interim basis the parties' Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "First Interim Stipulation") by way of an Order of Court entered on October 4, 2016 [Docket #29] (the "First Interim Order");

WHEREAS, the Court scheduled a final hearing on the Cash Collateral Motion for October 21, 2016;

WHEREAS, on October 20, 2016, just a day prior to the scheduled final hearing, an Official Committee of Unsecured Creditors in the Royal Flush, Inc. case was appointed by the U.S. Trustee (the "Committee") and a Notice of Appointment of the Committee was filed. Having just been formed, the Committee has not had adequate opportunity to review and respond to the First Interim Stipulation, the First Interim Order or the instant proposed Second Interim Stipulation (the "Second Interim Stipulation" and together with the First Interim Stipulation, the "Interim Stipulations") and the second interim order approving the same (the "Second Interim Order" and together with the First Interim Order, the "Interim Orders").

WHEREAS, due to the recent appointment of the Unsecured Creditors Committee, Debtor and FNB propose the hearing on October 21, 2016 involve the consideration of this Second Interim Stipulation instead of a final hearing on the Debtor's use of Cash Collateral.

WHEREAS, FNB holds a senior lien on and against, *inter alia*, Cash Collateral (as that term is defined in the Bankruptcy Code) and on all the personal property assets of the Debtor as more fully set forth herein and in the Security Agreements and Loan Documents defined herein below;

WHEREAS, the Debtor asserts it has an immediate need to use Cash Collateral pending the Interim Hearing and asserts that its estate and creditors will be immediately and irreparably harmed if it cannot access Cash Collateral. Concerned about adequate protection of its interest in its Collateral, including Cash Collateral, FNB will not consent to Debtor using Cash Collateral unless this Court enters this consented to Second Interim Stipulation and proposed Order Authorizing the Debtor to Use Cash Collateral;

\$64,800.00 Loan

WHEREAS, on or about April 9, 2014, FNB extended to Debtor and Carol A. Swank a \$64,800.00 Loan (hereinafter "\$64,800 Loan") pursuant to the terms of a certain Promissory Note dated April 9, 2014, executed and delivered by Debtor and Carol A. Swank in favor of FNB in the original principal amount of \$64,800.00 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter the "\$64,800 Note");

WHEREAS, as part of the security for all of Debtor's obligations, debts and liabilities to FNB, including without limitation the \$64,800.00 Loan, Debtor granted to FNB a blanket security interest in the personalty and assets of Debtor, including without limitation inventory, chattel paper, accounts, receivables, equipment, documents and general intangibles as well as certain trailers (collectively, the "Collateral" or "Personal Property"), pursuant to and as more particularly described in those certain Commercial Security Agreements dated April 9, 2014 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter collectively "\$64,800 Security Agreement");

\$100,000.00 Loan

WHEREAS, on or about April 9, 2014, FNB extended to Debtor and Carol A. Swank a \$100,000.00 loan (hereinafter "\$100,000 Loan") pursuant to the terms of a certain Promissory Note dated April 9, 2014, executed and delivered by Debtor and Carol A. Swank in favor of FNB in the original principal amount of \$100,000.00 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter the "\$100,000 Note");

WHEREAS, as part of the security for all of Debtor's obligations, debts and liabilities to FNB, including without limitation the \$100,000 Note, Debtor granted to FNB a blanket security interest in the personalty and assets of Debtor, including without limitation inventory, chattel paper, accounts, receivables, equipment, documents and general intangibles (collectively, the "Collateral" or "Personal Property"), pursuant to and as more particularly described in that

certain Commercial Security Agreement dated April 9, 2014 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter “\$100,000.00 Security Agreement”);

\$750,000.00 Loan

WHEREAS, on or about April 9, 2014, FNB extended to Debtor and Carol A. Swank a \$750,000.00 loan (hereinafter “\$750,000 Loan”) pursuant to the terms of a certain Promissory Note dated April 9, 2014, executed and delivered by Debtor and Carol A. Swank in favor of FNB in the original principal amount of \$750,000.00 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter the “\$750,000 Note”);

WHEREAS, as part of the security for all of Debtor’s obligations, debts and liabilities to FNB, including without limitation the \$750,000 Loan, Debtor granted to FNB a blanket security interest in the personalty and assets of Debtor, including without limitation inventory, chattel paper, accounts, receivables, equipment, documents and general intangibles (collectively, the “Collateral” or “Personal Property”), pursuant to and as more particularly described in that certain Commercial Security Agreement dated April 9, 2014 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter “\$750,000 Security Agreement”;

\$80,640.00 Loan

WHEREAS, on or about May 23, 2014, FNB extended to Debtor and Carol A. Swank a \$80,640.00 loan (hereinafter “\$80,640 Loan”) pursuant to the terms of a certain Promissory Note dated May 23, 2014, executed and delivered by Debtor and Carol A. Swank in favor of FNB in the original principal amount of \$80,640.00 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter the “\$80,640 Note”);

WHEREAS, as part of the security for all of Debtor’s obligations, debts and liabilities to FNB, including without limitation the \$80,640 Loan, Debtor granted to FNB a blanket security interest in the personalty and assets of Debtor, including without limitation inventory, chattel paper, accounts, receivables, equipment, documents and general intangibles (collectively, the “Collateral” or “Personal Property”), pursuant to and as more particularly described in that certain Commercial Security Agreement dated May 23, 2014 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter “\$80,640 Security Agreement”;

\$200,000.00 Loan

WHEREAS, on or about July 8, 2016, FNB extended to Debtor and Carol A. Swank a \$200,000.00 loan (hereinafter “\$200,000 Loan”) pursuant to the terms of a certain Promissory Note dated July 8, 2016, executed and delivered by Debtor and Carol A. Swank in favor of FNB in the original principal amount of \$200,000.00 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter the “\$200,000 Note”);

WHEREAS, as part of the security for all of Debtor's obligations, debts and liabilities to FNB, including without limitation the \$200,000 Loan, Debtor granted to FNB a blanket security interest in the personalty and assets of Debtor, including without limitation inventory, chattel paper, accounts, receivables, equipment, documents and general intangibles (collectively, the "Collateral" or "Personal Property"), pursuant to and as more particularly described in that certain Commercial Security Agreement dated July 8, 2016 (as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, hereinafter "\$200,000 Security Agreement");

WHEREAS, the \$64,800 Note, \$100,000 Note, \$750,000 Note, \$80,640 Note and \$200,000 Note are collectively referred to as the "Notes";

WHEREAS, \$64,800 Security Agreement, \$100,000 Security Agreement, \$750,000 Security Agreement, \$80,640 Security Agreement and \$200,000 Security Agreement are collectively referred to as the "Security Agreements" and Personal Property granted to FNB under the Security Agreements and any other instruments, including cash collateral, shall be collectively referred to herein as the "Collateral";

\$2,200,000 Loan

WHEREAS, on or about April 28, 2015, Debtor guaranteed a \$2,200,000.00 loan to related entity, C Swank Enterprises, LLC ("CSE") secured by the Security Agreements in the Debtor's assets which loan is assigned account number #45624140 and has a balance due as of September 21, 2016 of \$1,516,019.32 plus continuing interest, attorneys' fees and costs. ("2.2 Million Loan");

\$492,000 Loan

WHEREAS, on or about December 5, 2014, Debtor guaranteed \$492,400.00 loan to CSE secured by the Security Agreements in the Debtor's assets which loan is assigned account number #45522085 and has a balance due as of September 21, 2016 of \$266,697.32 plus continuing interest, attorneys' fees and costs ("492,000 Loan");

WHEREAS, the \$64,800 Loan, \$100,000 Loan, \$750,000 Loan, \$80,640 Loan \$200,000 Loan, 2.2 Million Loan, and \$492,000 Loan are collectively referred to as the "Loans"; **WHEREAS**, the security interests granted to FNB under the Security Agreements are perfected by way of that certain financing statement filed with the Pennsylvania Department of State Uniform Commercial Code Division on April 15, 2014 at File Number 2104041506583 (as the same may be amended, modified, supplemented, extended, continued, substituted and restated from time to time, hereinafter the "Financing Statement") and by liens recorded with the Pennsylvania Department of Transportation, Bureau of Motor Vehicles on titles to the trucks and/or trailers ("MV Liens");

WHEREAS, the Loans, Notes, Loan Agreements, Security Agreements, Financing Statement, MV Liens and any and all other agreements, instruments, certificates, or documents related to the Loans, as the same may be amended, modified, supplemented, extended, renewed, substituted and restated from time to time, are collectively referred to as the "Loan Documents";

WHEREAS, as a result of the forgoing Loan Documents, FNB holds a first priority lien on all the personal property of the Debtor as of the Petition Date with the possible exception of certain purchase money security interest creditors who may hold liens on certain motor vehicles;

WHEREAS, on or about August 5, 2016, FNB's counsel delivered written Notice of Default and Demand for Payment ("Default Notice") to the Debtor and Carol A. Swank that the Debtor and Carol A. Swank are in default under the terms of the Loan Documents for failure to make payments due and owing (hereinafter the "Acknowledged Defaults") and FNB demanded payment of the Loans;

WHEREAS, on or about August 30, 2016, FNB filed a Complaint in Confession of Judgment against the Debtor and Carol A. Swank on the Loans in the Court of Common Pleas of Armstrong County, Pennsylvania at Case No. 2016-01167 entering judgment against the Debtor in the amount of \$948,327.33, plus continuing interest, fees and costs;

WHEREAS, on or about August 30, 2016, FNB filed a Complaint in Confession of Judgment against the Debtor on certain loans to C Swank Enterprises, LLC and Carol A. Swank, which the Debtor guaranteed and secured by way of the aforementioned Security Agreements, in the Court of Common Pleas of Armstrong County, Pennsylvania at Case No. 2016-01176 entering judgment against the Debtor in the amount of \$1,723,166.92, plus continuing interest fees and costs;

NOW THEREFORE, the Debtor and FNB stipulate and agree, subject to approval of the Bankruptcy Court, as follows:

1. Recitals. The foregoing recitals are incorporated herein by reference as if set forth in its entirety.

2. Reaffirmation of Loan Documents and Debt. The Debtor reaffirms and ratifies all of the Loan Documents, including all terms, conditions and obligations thereunder and further acknowledges and agrees that as of September 21, 2016, the indebtedness under the terms of the Loan Documents related to the Debtor's Loans is \$2,734,179.77 as set forth more particularly in **Exhibit "A"**, attached hereto incorporated herein, together with additional interest at the contractual per diem rate plus late charges and fees and costs, including without limitation attorneys fees and costs. Debtor further agrees that FNB shall have allowed fully secured claims for the indebtedness relating to the Loans, and the Debtor and its affiliates, including parents, subsidiaries, partners, joint ventures, divisions, related companies, agents, officers, directors, employees, heirs, successors and assigns, release and waive any and all defenses, offsets or claims, including any FNB liability claims or actions for cram-down, of whatsoever nature or kind to such indebtedness and any collateral of FNB.

3. Consent to Use of Cash Collateral. Subject to the terms, conditions, covenants and agreements contained herein and limited to the budget for the Debtor attached hereto (with no greater than a ten (10%) percent variance for each item in the budget) as **Exhibit "B"**, FNB hereby consents, retroactively, to the Debtor's use of the Cash Collateral on and after the Petition Date, which authority to use Cash Collateral terminates on the earlier of December 21, 2016 or the date set by the Court for a hearing on a request for continued use of cash collateral, unless

terminated sooner upon five (5) business days written notice to the Debtor and its counsel via email due to an Event of Default. The Debtor shall not exceed the budget attached as Exhibit "B" or use funds from one budget category for other items unless the Debtor obtains express consent from FNB. Upon termination by FNB, the Debtor has a right to request an expedited hearing. Upon termination, the rights granted to the Debtor to use Cash Collateral shall cease to exist absent further Order of Court; provided, however, that the security interests, pledges, liens and other rights and protections granted to FNB hereunder shall remain in effect until the indebtedness due to FNB under the terms of the Loan Documents is paid irrevocably in full.

4. Strict Compliance with the Budget. The Debtor shall be permitted to use Cash Collateral only for the purposes set forth in the Budget, and only up to the respective Aggregate Amount of disbursements set forth in the Budget for each category of expense and for each month up to and until the end of this Second Interim Stipulation on the earlier of December 21, 2016 or the date set by the Court for a hearing on a request for continued use of cash collateral (with no greater than a ten (10%) percent variance for each item in the Budget). FNB has relied on the Budget in consenting to the entry of this Second Interim Stipulation and Order. The Debtor shall timely and strictly comply with the Budget in all respects, and FNB may, but shall have no duty to, monitor such compliance.

5. Adequate Protection Liens. As partial adequate protection for FNB's interest in and to the Cash Collateral and Collateral, FNB is granted a replacement lien on and a security interest in all post-petition property of the Debtor of the same type FNB held pre-petition with first position senior priority (all such post-petition property being hereinafter collectively referred to as, the "Post-Petition Collateral"). The liens, pledges and security interests granted to FNB pursuant to this Second Interim Stipulation are in addition to, and not in substitution for its existing first priority security interests and liens held by FNB, and shall be deemed perfected without reliance upon the filing of any financing statements or recordation of any documents and it shall not be required to obtain security or similar agreements or corporate resolutions, file further financing statements or record any documents, or take any other steps under applicable law to create or perfect the security interests, pledges and liens granted in this Second Interim Stipulation. Nonetheless, FNB may, but shall not be required to, file financing statements or other documents in any jurisdiction or take any other action in order to validate or perfect the security interest granted to and under this Second Interim Stipulation and related instruments, documents and agreements. If FNB in its sole discretion chooses to file financing statements or other documents or otherwise confirm perfection of such security interests, the Debtor shall, at FNB's request, execute the same, and such financing statements or similar documents shall be deemed to have been filed or recorded and perfected on the Petition Date, *nunc pro tunc*. The Automatic Stay of §362(a) of the Bankruptcy Code is modified to the extent necessary to effect the provisions of this provision. The security interest, pledges and liens granted to FNB hereunder shall remain in effect until all obligations, liability and indebtedness of the Debtor to FNB under the terms of the Loan Documents have been irrevocably paid in full.

6. Negative Pledge. The Debtor shall not, without court approval, grant a security interest or lien in the Collateral, Cash Collateral or the Post-Petition Collateral to any party-in-interest other than the Bank, and all parties-in-interest are enjoined from pursuing FNB's Collateral and Cash Collateral, *provided however* nothing in this Second Interim Stipulation shall

be deemed to effect the priority or validity of any validly perfected UCC-1 purchase money security interest lien held by any third party.

7. Administrative Claim. As additional partial adequate protection for Debtor's use, consumption, sale, collection or other disposition of any of the Cash Collateral, Collateral and/or Post-Petition Collateral (including Post-Petition Cash Collateral), FNB shall be entitled to an administrative priority pursuant to §507(b) of the Bankruptcy Code to the extent such use, consumption, sale, collection or other disposition results in any diminution in the value of FNB's security interest in or lien upon such Cash Collateral, Collateral and Post-Petition Collateral. Without limiting the generality of the preceding sentence, the foregoing treatment and priority is granted as adequate protection in exchange for Debtor's rights to use FNB's Collateral and Cash Collateral for purposes specified in the Budget. Such administrative claims shall have priority over any other claims of the kind specified in sections 503(b) or 507(a) and (b) of the Bankruptcy Code except it shall be of the same priority (and paid *pari passu* if necessary) as amounts owed for only U.S. Trustee fees and shall continue notwithstanding the appointment of a Chapter 11 trustee or to the extent provided by the Bankruptcy Code, the conversion of this case to a case under Chapter 7 of the Bankruptcy Code.

8. Adequate Protection Payments. As further protection for FNB's interests in the Cash Collateral and Collateral, the Debtor shall immediately pay \$14,371.06 to FNB on or before November 20, 2016, December 20, 2016 and the twentieth (20th) day of each month thereafter in the event the parties with Court approval extend the use of cash collateral on the same terms and conditions provided in this Second Interim Stipulation. The foregoing payments are interim payments only and are not conclusive of adequate protection to FNB. FNB reserves the right to seek additional adequate protection and this Second Interim Stipulation, including receipt of the interim payments shall not be construed against FNB. Notwithstanding the termination of the right to use Cash Collateral pursuant to Section 3 herein or as a result of an Event of Default, as hereinafter defined, the security interests, liens and encumbrances granted herein and the Debtor's obligations to make adequate protection payments as required by this Section shall continue to remain until the indebtedness due under the terms of the Loan Documents is indefeasibly paid in full. All payments shall in FNB's sole discretion be applied and allocated by FNB to the indebtedness under the Loans in such manner and order as FNB shall determine in its sole discretion.

9. No Prejudice to Unsecured Creditors Committee. The interim agreements reached by and between the Debtor and FNB in the Interim Stipulations and the entry of the Interim Orders approving the Interim Stipulations shall be without prejudice to the rights of the Committee to contest, dispute and/or object on or before the deadline set by the Court in the Second Interim Order to any provisions, terms and/or conditions of the Interim Stipulations, the Interim Orders and/or the entry of any final order approving the Interim Stipulations and Interim Orders and Debtor's use of cash collateral.

10. Financial Reporting. The Debtor shall comply with all financial reporting requirements imposed by the U.S. Trustee's Office and the Bankruptcy Code and Rules. On a monthly basis, the Debtor shall provide FNB with copies of the monthly reports on the same forms as submitted to the U.S. Trustee. In addition to the above-referenced reports, the Debtor shall provide to FNB upon three (3) days notice financial statements, including balance sheets,

income statements and for each month following thereafter, account receivable and accounts payable ledgers and other financial statistics, required by the terms of the Loan Documents, and such additional financial information and reports, as FNB shall reasonably require from time to time. Each Monday, beginning October 3, 2016, Debtor shall provide to FNB a cash receipts and disbursements report for the prior week and a detailed budget of the projected cash receipts and disbursements for the current week.

11. Inspections. The Debtor grants to FNB, its agents, designees or other professional persons, the right to inspect and appraise the any collateral and to review the Debtor's books and records during ordinary business hours upon 2 days prior notice; provided that if an Event of Default exists, no prior notice shall be necessary. The Debtor shall cooperate fully with any such inspection or appraisal.

12. Sale Proceeds. The proceeds from the sale of any Collateral or Post-Petition Collateral or any insurance proceeds arising from a casualty or other insured loss of Collateral or Post-Petition Collateral, shall not be available for use as Cash Collateral but shall be delivered to FNB for permanent reduction of the indebtedness due under the terms of the Loan Documents, with all such payments to be applied by FNB to the indebtedness under the terms of the Loan Documents in such order and manner as FNB shall determine in its sole discretion.

13. Taxes; Tax Refunds; Government Credits; Etc. The Debtor shall cooperate reasonably and fully with FNB, and shall, among other things, execute any and all documents required to effect collection of any tax refunds, government grants or credits or insurance proceeds (hereinafter collectively "Refunds"), if any, that may be due or become due to the Debtor or FNB. Said Refunds shall be paid to FNB to the extent that FNB is entitled to the same, pursuant to the Loan Documents.

14. Insurance Policies. The Debtor warrants and represents to FNB that its insurance policies required under the terms of the Loan Documents are in full force and effect and that the policies fully cover FNB's Collateral, Post-Petition Collateral, and Cash Collateral, including equipment, inventory, and vehicles. The Debtor further warrants and represents that FNB is named as loss payee on the Debtor's policies and all such policies comply in all respects with the requirements set forth in the Loan Documents. To the extent FNB is not named as loss payee, the Debtor shall take immediate steps to have the insurance policies name FNB as loss payee so that any claims to be paid, including claims for losses that have occurred prior to this Second Interim Stipulation, include FNB as loss payee. The Debtor also warrants and represents that any proceeds from any loss of any collateral occurring any time in 2016 or prior, including, but not limited to, proceeds from any insurance claim made, shall be paid directly to FNB. The Debtor hereby authorizes the Debtor's insurance company to directly pay any insurance loss proceeds directly to FNB.

15. DIP Accounts. In the event the Debtor have not opened Debtor-in-Possession accounts, they shall immediately do so at FNB and utilized said accounts during the pending of the Bankruptcy case.

16. Events of Default. Any one or more of the following events shall constitute an "Event of Default" under this Second Interim Stipulation:

- (a). The Debtor's breach of any provision, term or condition of this Second Interim Stipulation, failure to timely provide the financial information, reports, comply with the budget attached hereto as **Exhibit "B"** or provided budget detail requested by FNB;
- (b). The conversion or dismissal of the Debtor's Chapter 11 case, or application or motion by or against the Debtor for such conversion or dismissal, unless FNB consents to such dismissal or conversion;
- (c). The refusal or failure of the Bankruptcy Court to approve this Second Interim Stipulation;
- (d). The failure of the Debtor to observe or perform any other term, condition, covenant or provision under the Loan Documents after any applicable cure period, except to the extent modified by this Second Interim Stipulation; or

17. Remedies. Upon the occurrence of any Event of Default arising from a failure to comply with the payment requirements set forth in herein which is not cured within five (5) business days after FNB shall have provided written notice to the Debtor and its counsel via email of such Event of Default or the failure to cure any other Event of Default within five (5) days after FNB shall have provided written notice to the Debtor and its counsel via email of such Event of Default, FNB's consent to the continued use of its Cash Collateral shall automatically terminate without any further action or notice from FNB or the Bankruptcy Court and FNB shall be free to move for relief from the automatic stay or take such other action as it deems necessary.

18. Waiver of Rights. This Second Interim Stipulation shall not prejudice the right of FNB to seek relief from the Automatic Stay under §362 of the Bankruptcy Code. This Second Interim Stipulation does not and shall not constitute a waiver by FNB of any of its rights, including, without limitation, those with respect to the Collateral, Cash Collateral, any other collateral of FNB or any other property of the Debtor, the Debtor's bankrupt estate. The Debtor further acknowledges and agrees that this Second Interim Stipulation is a supplement and in addition to the Loan Documents and is not in lieu thereof. Nothing contained in this Second Interim Stipulation shall constitute, or shall be deemed to constitute, an admission by FNB that its interests are adequately protected within the meaning of section 361 of the Code on the date of this Second Interim Stipulation or at any future date nor prejudice FNB's right to assert that it is entitled to adequate protection by reason of any failure of the Debtor to comply with covenants set forth in the Loan Documents or this Second Interim Stipulation.

19. Amendments. This Second Interim Stipulation shall not be modified, vacated, supplemented, amended or reversed except with FNB's written consent.

20. Binding Effect. Upon execution by all parties hereto, and further upon the Courts formal entry of an order approving this Second Interim Stipulation, then the Second Interim Stipulation shall be effective retroactively as of the Petition Date.

21. Notices. Any notices in connection herewith may be mailed by Federal Express or similar service, personally delivered, or sent by facsimile or e-mail transmission to:

If to Debtor: Royal Flush, Inc., Debtor
1693 Route 56
Spring Church, PA 15686

With a copy to: c/o Donald R. Calaiaro, Esquire
Calaiaro Valencik
428 Forbes Avenue, Suite 900
Pittsburgh, PA 15219

If to FNB: First National Bank of Pennsylvania.
Attention: Jeffrey S. Tomcik
Assistant Vice President
First National Bank
Special Lending
55 Wyoming Street
Pittsburgh PA 15211

With copies to: John B. Joyce, Esquire
Grenen & Birsic, P.C.
One Gateway Center, 9th Floor
Pittsburgh, PA 15222

Unless otherwise provided herein, notices shall be effective upon receipt, personal delivery or transmission by facsimile.

22. Counterparts. This Second Interim Stipulation may be executed in any number of counterparts, and by every one of the Debtor and FNB on separate counterparts, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same agreement. Electronic signatures transmitted by facsimile or email transmission shall be deemed equivalent to original signatures.

23. Waiver of Remedies. No failure of FNB to enforce any right granted under this Second Interim Stipulation or any Loan Document or the judgments shall represent a waiver of such right. This Second Interim Stipulation and Order is without prejudice to any and all rights, claims or defenses of any creditors or parties in interest, with respect to the validity, perfection, priority or amount of any claims, liens, or security interest.

24. Governing Law. This Second Interim Stipulation shall be governed by and construed in accordance with laws of the Commonwealth of Pennsylvania.

WITNESS, the due execution hereof the day and year first above written.

ROYAL FLUSH, INC.

By: _____
Name: _____
Title: _____

CAROL A. SWANK, individually,

By: _____

**FIRST NATIONAL BANK OF
PENNSYLVANIA**

By: _____
Name: _____
Title: _____

Royal Flush Loans as of 9/21/16:

#45300205	Balance Due excluding attorneys fees & costs:	\$47,603.00*
#45301210	Balance Due excluding attorneys fees & costs:	\$766,372.06*
#45301225	Balance Due excluding attorneys fees & costs:	\$30,846.67*
#45350410	Balance Due excluding attorneys fees & costs:	\$29,888.13*
#45925095	Balance Due excluding attorneys fees & costs:	\$76,753.27*

C Swank Enterprises Loans as of 9/21/16:

#45522085	Balance Due excluding attorneys fees & costs:	\$266,697.32*
#45624140	Balance Due excluding attorneys fees & costs:	\$1,516,019.32*

*With continuing interest, plus attorneys' fees and costs for each of the above loans

EXHIBIT "A"

Royal Flush Inc.
Budget - 90 Day Projection

	<u>Budget</u>	<u>Oct</u>	<u>90 Day Projection</u> <u>Nov</u>	<u>Dec</u>
Sales Revenue				
Trucking Sales	\$734,844	\$734,844	\$734,844	\$634,844
Porta-john Sales	\$79,658	\$79,658	\$79,658	\$79,658
Dumpster Sales	\$32,534	\$32,534	\$32,534	\$32,534
<u>Total Revenue</u>	<u>\$847,036</u>	<u>\$847,036</u>	<u>\$847,036</u>	<u>\$747,036</u>
Expenses				
Bank Fees	\$495	\$495	\$495	\$495
Chemicals	\$600	\$600	\$600	\$600
Cost of Trash Disposal	\$3,253	\$3,253	\$3,253	\$3,253
Debt Service	\$18,982	\$18,982	\$18,982	\$18,982
Dues & Subscriptions	\$1,220	\$1,220	\$1,220	\$1,220
Hauling Expenses	\$23,298	\$23,298	\$23,298	\$20,543
Insurances	\$140,373	\$140,373	\$140,373	\$140,373
Internet	\$400	\$400	\$400	\$400
Legal & Accounting	\$4,000	\$4,000	\$4,000	\$4,000
Licenses & Permits	\$5,700	\$5,700	\$5,700	\$5,700
Maintenance	\$10,000	\$10,000	\$10,000	\$10,000
C Swank Lease Fee	\$58,316	\$58,316	\$58,316	\$58,316
C Swank Management Fee	\$16,650	\$16,650	\$16,650	\$16,650
Office	\$500	\$500	\$500	\$500
Payroll				
Truck Drivers	\$235,150	\$235,150	\$235,150	\$203,150
PJ Service	\$29,000	\$29,000	\$29,000	\$29,000
Yard	\$12,500	\$12,500	\$12,500	\$12,500
Operations Mgmt	\$15,417	\$15,417	\$15,417	\$15,417
Office	<u>\$15,192</u>	<u>\$15,192</u>	<u>\$15,192</u>	<u>\$15,192</u>
Total Payroll - Wages	\$307,259	\$307,259	\$307,259	\$275,259
Payroll Taxes	\$33,798	\$33,798	\$33,798	\$30,278
Past Due Payroll Taxes	\$5,000	\$5,000	\$5,000	\$5,000
Postage	\$420	\$420	\$420	\$420
Rents	\$18,600	\$18,600	\$18,600	\$18,600
Safety	\$3,400	\$3,400	\$3,400	\$3,400
Shop Tools	\$400	\$400	\$400	\$400
Supplies	\$3,812	\$3,812	\$3,812	\$3,362
Travel	\$2,500	\$2,500	\$2,500	\$2,500
Truck Tools	\$1,250	\$1,250	\$1,250	\$1,250
Utilities	\$6,500	\$6,500	\$6,500	\$6,500
Vehicle/Truck	\$152,495	\$152,495	\$152,495	\$134,466
<u>Total Expenses</u>	<u>\$819,222</u>	<u>\$819,222</u>	<u>\$819,222</u>	<u>\$762,468</u>
<u>Net Profit</u>	<u>\$27,814</u>	<u>\$27,814</u>	<u>\$27,814</u>	<u>(\$15,432)</u>
Projected Cash Collections		\$850,000	\$814,341	\$912,229

EXHIBIT "B"

Royal Flush, Inc.
Budget - 90 Day Projection

	<u>Budget</u>	<u>Oct</u>	<u>90 Day Projection</u> <u>Nov</u>	<u>Dec</u>
Sales Revenue				
Trucking Sales	\$734,844	\$734,844	\$734,844	\$634,844
Porta-john Sales	\$79,658	\$79,658	\$79,658	\$79,658
Dumpster Sales	\$32,534	\$32,534	\$32,534	\$32,534
<u>Total Revenue</u>	<u>\$847,036</u>	<u>\$847,036</u>	<u>\$847,036</u>	<u>\$747,036</u>
Expenses				
Bank Fees	\$495	\$495	\$495	\$495
Chemicals	\$600	\$600	\$600	\$600
Cost of Trash Disposal	\$3,253	\$3,253	\$3,253	\$3,253
Debt Service	\$18,982	\$18,982	\$18,982	\$18,982
Dues & Subscriptions	\$1,220	\$1,220	\$1,220	\$1,220
Hauling Expenses	\$23,298	\$23,298	\$23,298	\$20,543
Insurances	\$140,373	\$140,373	\$140,373	\$140,373
Internet	\$400	\$400	\$400	\$400
Legal & Accounting	\$4,000	\$4,000	\$4,000	\$4,000
Licenses & Permits	\$5,700	\$5,700	\$5,700	\$5,700
Maintenance	\$10,000	\$10,000	\$10,000	\$10,000
C Swank Lease Fee	\$58,316	\$58,316	\$58,316	\$58,316
C Swank Management Fee	\$16,650	\$16,650	\$16,650	\$16,650
Office	\$500	\$500	\$500	\$500
Payroll				
Truck Drivers	\$235,150	\$235,150	\$235,150	\$203,150
PJ Service	\$29,000	\$29,000	\$29,000	\$29,000
Yard	\$12,500	\$12,500	\$12,500	\$12,500
Operations Mgmt	\$15,417	\$15,417	\$15,417	\$15,417
Office	<u>\$15,192</u>	<u>\$15,192</u>	<u>\$15,192</u>	<u>\$15,192</u>
Total Payroll - Wages	\$307,259	\$307,259	\$307,259	\$275,259
Payroll Taxes	\$33,798	\$33,798	\$33,798	\$30,278
Past Due Payroll Taxes	\$5,000	\$5,000	\$5,000	\$5,000
Postage	\$420	\$420	\$420	\$420
Rents	\$18,600	\$18,600	\$18,600	\$18,600
Safety	\$3,400	\$3,400	\$3,400	\$3,400
Shop Tools	\$400	\$400	\$400	\$400
Supplies	\$3,812	\$3,812	\$3,812	\$3,362
Travel	\$2,500	\$2,500	\$2,500	\$2,500
Truck Tools	\$1,250	\$1,250	\$1,250	\$1,250
Utilities	\$6,500	\$6,500	\$6,500	\$6,500
Vehicle/Truck	\$152,495	\$152,495	\$152,495	\$134,466
<u>Total Expenses</u>	<u>\$819,222</u>	<u>\$819,222</u>	<u>\$819,222</u>	<u>\$762,468</u>
<u>Net Profit</u>	<u>\$27,814</u>	<u>\$27,814</u>	<u>\$27,814</u>	<u>(\$15,432)</u>
Projected Cash Collections		\$850,000	\$814,341	\$912,229

EXHIBIT "B"

Description	CDL	Owner	VIN	Date of Purchase
2014 Dodge Caravan	No	RF	VIN-365509	8/21/2014
2014 Jeep Wrangler	No	RF	VIN-305827	8/21/2014
2014 RAM 5500	No	RF	VIN-127679	9/16/2014
2014 RAM 2500	No	RF	VIN-236558	7/24/2014
2014 RAM 2500	No	RF	VIN-125901	7/24/2014
Robert Corcetti Loan	No	RF		
Sunbridge Capital	No	RF		
US Bank Loan 46515	No	RF		
US Bank Loan 46015	No	RF		
2007 Ford F450 w/Tank	No	RF		
J&E Sanitation - Portajohn Equipment	No	RF		
2014 RAM 1500	No	RF	VIN-145595	5/2/2014
2014 Subaru	No	RF		4/16/2014
FNB LOC	No	RF		
FNB Loan	No	RF		
Dumpsters	No	RF		4/9/2014
Dumpsters	No	RF		5/23/2014
Payoff Citizens Bank LOC	No	RF		4/9/2014
2014 RAM 2500	No	RF	VIN-296360	11/28/2014
2015 RAM 1500	No	RF	VIN-524922	11/17/2014

Paccar Refinanced Debt

\$0.00 84 months & 5%

FNB Refinanced Debt

\$13,115.17 84 months & 5%

Monthly Payment for Other Debt

\$5,867.01 Highlighted Creditor

Total Monthly Debt Service Payment

\$18,982.18

Debt Service Eliminated

\$9,075.02/month

Loan Info	Amount Financed	Balance: 8/31/2016	Monthly Payment	RFI #
Ally	\$19,800	\$13,202.09	\$382.70	
Ally	\$31,899	\$21,304.61	\$618.06	
Ally	\$46,291	\$31,705.00	\$894.72	63
Chrysler/3580880	\$32,600	\$17,841.47	\$757.44	58
Chrysler/3576839	\$32,600	\$18,470.87	\$757.44	59
	\$176,141	\$87,965.66	\$3,612.05	
	\$25,000	\$0.00	\$0.00	
	\$6,300	\$0.00	\$0.00	
	\$750	\$0.00	\$0.00	
	\$25,000	\$0.00	\$0.00	
	\$265,000	\$89,575.28	\$5,462.97	
Chrysler	\$39,817	\$24,229.43	\$738.91	42
Subaru Financial/11410610014001	\$25,262	\$16,664.54	\$384.19	
Line of Credit		\$749,284.33		
First National Bank/45925095		\$75,179.00		
First National Bank/45300205	\$100,000	\$45,645.14	\$2,283.44	
First National Bank/45350410	\$80,640	\$28,235.88	\$2,401.83	
First National Bank/45301225	\$64,800	\$29,577.98	\$1,479.67	
Ally Bank	\$33,600	\$24,396.51	\$633.65	68
Chrysler	\$37,343	\$26,487.30	\$699.90	67
TOTALS	\$1,044,843	\$1,299,765.09	\$21,106.97	

Total Debt \$0.00

Total Debt \$927,922.33

rs In Red (Total Debt \$194,301.82)

Total Debt \$177,540.94

Maturity Date	Interest Rate	2016 Portion L/T Debt	2017 Portion L/T Debt	2018 Portion L/T Debt	2019 Portion L/T Debt
9/21/2019	5.99%	\$3,772.98	\$4,005.80	\$4,251.90	\$3,329.95
9/21/2019	6.09%	\$6,073.12	\$6,453.60	\$6,857.92	\$5,375.91
9/16/2019	5.99%	\$8,820.94	\$9,364.07	\$9,940.64	\$8,635.37
8/7/2018	5.34%	\$8,061.54	\$8,512.16	\$5,918.92	\$0.00
8/7/2018	5.34%	\$8,061.54	\$8,512.16	\$6,530.95	\$0.00
4/27/2019	8.00%	\$34,568.20	\$37,435.18	\$35,792.26	\$0.00
6/17/2016	6.00%	\$0.00	\$0.00	\$0.00	\$0.00
12/15/2015	8.00%	\$0.00	\$0.00	\$0.00	\$0.00
12/15/2015	8.00%	\$0.00	\$0.00	\$0.00	\$0.00
12/15/2015	8.00%	\$0.00	\$0.00	\$0.00	\$0.00
11/1/2017	4.00%	\$61,645.55	\$63,709.01	\$0.00	\$0.00
5/16/2019	4.24%	\$7,827.21	\$8,165.61	\$8,518.64	\$3,588.38
5/16/2020	2.99%	\$4,099.99	\$4,226.04	\$4,355.97	\$4,489.90
3/9/2018	4.50%	\$25,196.94	\$26,354.48	\$6,580.73	\$0.00
04/23/2017	4.50%	\$27,511.83	\$12,067.93	\$0.00	\$0.00
3/9/2018	4.50%	\$16,327.63	\$17,077.71	\$4,264.23	\$0.00
1/12/2020	4.97%	\$6,379.63	\$6,704.02	\$7,044.90	\$7,427.64
12/1/2019	4.72%	\$7,136.73	\$7,480.96	\$7,841.80	\$8,147.61
		\$225,481.83	\$220,068.73	\$107,898.86	\$40,994.76

Notice Recipients

District/Off: 0315-2 User: gamr Date Created: 10/24/2016
Case: 16-23458-JAD Form ID: pdf900 Total: 74

Recipients submitted to the BNC (Bankruptcy Noticing Center) without an address:

cr Hunter's Truck Sales & Service, Inc.
cr TCF Equipment Finance, Inc.
cr Jacobs Petroleum Products, Inc.

TOTAL: 3

Recipients of Notice of Electronic Filing:

ust Office of the United States Trustee ustpreion03.pi.ecf@usdoj.gov
aty Daniel R. Schimizzi dschimizzi@bernsteinlaw.com
aty Donald R. Calaiaro dcalaiaro@c-vlaw.com
aty Gregory C. Michaels gmicahels@dmclaw.com
aty Heather A. Sprague on Behalf of the United States Trustee by Heather.Sprague@usdoj.gov
aty Jason L. Ott Jott@dmclaw.com
aty John B. Joyce jjoyce@grenenbirsic.com
aty Leonard F. Spagnolo lspagnolo@bentzlaw.com
aty Robert C. Edmundson redmundson@attorneygeneral.gov
aty Roger P. Poorman rpoorman@lenderlaw.com
aty Samuel R. Grego gregos@dmclaw.com

TOTAL: 11

Recipients submitted to the BNC (Bankruptcy Noticing Center):

db Royal Flush, Inc. 1693 St. Route 56 PO Box 153 Spring Church, PA 15686
cr First National Bank of Pennsylvania 4140 East State Street Hermitage, PA 16148
cr Office of Attorney General Department of Revenue Robert C. Edmundson 564 Forbes
Avenue Pittsburgh, PA 15219
cr First Commonwealth Bank c/o McGrath McCall, P.C. Three Gateway Center, Suite 1375 401
Liberty Avenue Pittsburgh, PA 15222
cr Guttman Energy c/o Bernstein-Burkley, P.C. 707 Grant Street Suite 2200, Gulf
Tower Pittsburgh, PA 15219
14290419 Advanced Auto Parts 56008 Airport Rd. Roanoke, VA 24012
14304946 Ally Bank PO Box 130424 Roseville MN 55113-0004
14290420 Ally Financial P.O. Box 380901 Minneapolis, MN 55438
14290421 Apex Energy Services, LLC 6041 Wallace Rd. Extension #100 Wexford, PA 15090
14290422 Appalachian Water Services LLC 2326 McClellandtown Rd. Masontown, PA 15461
14290423 BDI 203 Overlook Dr. Sewickley, PA 15143
14290424 Burns Drilling & Excavating P.O. Box 951734 Cleveland, OH 44193
14290425 Chrysler Capital P.O. Box 961278 Fort Worth, TX 76161
14302411 Chrysler Capital PO Box 961275 Fort Worth, TX 76161
14290426 ComDoc 900 Parish ST. Pittsburgh, PA 15220
14290427 Cumberland Truck Parts 55 Atlas Rd. Uniontown, PA 15401
14290428 D.D.T.A. Services Inc. 641 E. Taggart ST. East Palestine, OH 44413
14290429 De Lage Landen Financial Services, Inc. 1111 Old Eagle School Rd. Wayne, PA 19087
14290430 Deborah Kaiser P.O. Box 467 Barnesville, OH 43713
14290431 Diamond Oil Services 6521 Lois Ln Yukon, OK 73099
14290432 E & R Energy Services LLC 8643 East Pike Norwich, OH 43767
14301549 Erie Indemnity Company ATTN: Erica Jenkins, Esq. Erie Insurance Group 100 Erie Insurance
Place Erie, PA 16530
14290433 Erie Insurance Group 100 Erie Insurance Place Erie, PA 16530
14290434 First National Bank of Pennsylvania 4140 E. State Street Hermitage, PA 16148
14290435 Fleet Pride Truck & Trailer Parts 600 E. Las Colinas Blvd. Suite 400 Irving, TX 75039
14290436 Franklin Township Sewer Authority 3001 Meadowbrook Road Murrys ville, PA 15668
14290438 GE: BMO Transportation Finance P.O. Box 71951 Chicago, IL 60694
14290439 GE: Navistar Capital P.O. Box 71810 Chicago, IL 60694
14290437 Gaurdian 7 Hanover Square New York, NY 10004
14290440 Guttman Oil Company 200 Speers Street Belle Vernon, PA 15012
14290441 Highmark Blue Shield 120 Fifth Avenue Suite 2323 Pittsburgh, PA 15222
14290442 Hinerman Automotive Inc. 1005 E. Greene St. #1007 Waynesburg, PA 15370
14290443 Hunter Truck Sales & Service Inc. 1 West Alexander Rd. Valley Grove, WV 26060
14290444 IPFS Corporation P.O. Box 412086 Kansas City, MO 64141
14290446 JM Teagarden 70 Grimes Rd. Claysville, PA 15323
14290445 Jacobs Petroleum Products, Inc. 1115 East High Street Waynesburg, PA 15370
14290447 John B. Joyce, Esquire Grenen & Birsic, PC One Gateway Center, 9th Floor Pittsburgh, PA
15222
14290448 Keystone Spring Services, Inc. 112 35th Street Pittsburgh, PA 15201
14290449 Kimble Landfill 3596 State Route 39 NW Dover, OH 44622
14290450 Kleese Development Associates 103 W. Market ST. #300 Warren, OH 44481
14290451 L.A.D./Hapchuck Inc. 226 Rankin Road Washington, PA 15301
14290452 Liquid Waste Solidification 1021 Main Street Houston, TX 77002

PDF Notice: Notice Recipients Page 2 of 2

14290453	M&M Pump & Supply	37235 Barnesville Bethesda Rd.	Barnesville, OH 43713
14290454	M&T Bank	Lending Services, Customer Support	P.O. Box 900 Millsboro, DE 19966
14290455	Ohio Valley Hospital	25 Heckel Rd.	Mc Kees Rocks, PA 15136
14290456	PACCAR Financial	240 Gibraltar Rd.	Horsham, PA 19044
14300760	PACCAR Financial Corp.	Attn: Linda Markle, BK Specialist	P.O. Box 1518 Bellevue, WA 98009-1518
14305129	Pennsylvania Department of Revenue	Bankruptcy Division PO Box 280946	Harrisburg, PA 17128-0946
14290457	Porta Pro dba Cross Country Prod.	855 Hylton Rd.	Pennsauken, NJ 08110
14290458	Robinson Vacuum Tanks Inc	306 Runville Rd.	Bellefonte, PA 16823
14290459	Safety Kleen	P.O. Box 382066	Pittsburgh, PA 15250
14290460	Santander	3 Huntingdon Quadrangle, Suite 101N	Melville, NY 11747
14290461	Schwab MFG & Environmental Supply	459 Lawsonham ST.	Rimersburg, PA 16248
14290462	Sherrard German, & Kelly, P.C.	535 Smithfield St. Suite 300	Pittsburgh, PA 15222
14290463	Straight-N-Clear	390 N. Longrun Rd	
14290464	TCF Equipment Finance	11100 Wayzata Blvd.	Suite 801 Hopkins, MN 55305
14290465	Thomas Mason & Anthony Mason	ATTN: Thomas W. Kupec	228 Court Street Clarksburg, WV 26301
14290466	Tri-County Joint Municipal Authority	26 Monongahela Ave.	Fredericktown, PA 15333
14290467	Vision Benefits of America	300 Weyman Rd. #400	Pittsburgh, PA 15236
14290468	Washington Water Service, LLC	14519 Peacock Hill Ave/	Gig Harbor, WA 98335

TOTAL: 60