

**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.	)	

**SECOND STIPULATION ALLOWING USE OF CASH COLLATERAL AND  
ESTABLISHING ADEQUATE PROTECTION**

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 (the “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 (the “Royal Bankruptcy Case”).

**WHEREAS**, on September 15, 2016, C Swank Enterprises, LLC (“C Swank”), a company with common ownership with the Debtor, namely member Carol Swank of the Debtor, filed a petition for relief under Chapter 11 of Title 11 of the Bankruptcy Code at Case No. 16-23451 (the “C Swank Bankruptcy Case”).

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

**WHEREAS**, On September 30, 2016, C Swank filed an Expedited Motion to Use Cash Collateral and Grant Adequate Protection [C Swank Bankruptcy Case, Docket #13] (the “C Swank 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 Royal Cash Collateral Motion on October 4, 2016 and approved on an interim basis the Debtor’s and FNB’s Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the “Royal First Interim Stipulation”) by way of an Order of Court entered on October 4, 2016 [Royal Bankruptcy Case, Docket #29] (the “Royal First Interim Order”);

**WHEREAS**, the Court held an interim hearing on the C Swank Cash Collateral Motion on October 4, 2016 and approved on an interim basis C Swank's and FNB's Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "C Swank First Interim Stipulation") by way of an Order of Court entered on October 4, 2016 [C Swank Bankruptcy Case, Docket #18] (the "C Swank First Interim Order");

**WHEREAS**, the Court scheduled a final hearing on the C Swank and Royal Cash Collateral Motions for October 21, 2016;

**WHEREAS**, on October 20, 2016, 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.

**WHEREAS**, on October 21, 2016, the Court entered a Second Interim Order of Court Authorizing Use of Cash Collateral and Granting Adequate Protection approving on an interim basis the Debtor's and FNB's Second Interim Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "Royal Second Interim Stipulation" and together with the Royal First Interim Stipulation, the "Royal Interim Stipulations") and setting an objection deadline of November 10, 2016 and rescheduling the final hearing for November 18, 2016 (the "Royal Final Hearing") [Royal Bankruptcy Case, Docket #53] (the "Royal Second Interim Order" and together with the Royal First Interim Order, the "Royal Interim Orders");

**WHEREAS**, on October 21, 2016, the Court entered a Second Interim Order of Court Authorizing Use of Cash Collateral and Granting Adequate Protection approving on an interim basis C Swank's and FNB's Second Interim Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "C Swank Second Interim Stipulation" and together with the C Swank First Interim Stipulation, the "C Swank Interim Stipulations") and setting an objection deadline of November 10, 2016 and rescheduling the final hearing for November 18, 2016 (the "C Swank Final Hearing") [C Swank Bankruptcy Case, Docket #46] (the "C Swank Second Interim Order" and together with the C Swank First Interim Order, the "C Swank Interim Orders");

**WHEARAS**, on November 18, 2016 the Debtor and FNB filed a Final Stipulation Allowing Use of Cash Collateral and Establishing Adequate Protection ("Royal Final Stipulation") [Royal Bankruptcy Case Docket #79-1] and the Court entered an Order on November 18, 2016 approving the Royal Final Stipulation (the "Royal Final Cash Collateral Order"), which extended Termination Date for use of cash collateral to December 21, 2016 [Royal Bankruptcy Case Docket #82];

**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 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 continuing use of Cash Collateral unless this Court enters a Second order (the "Royal Second Cash Collateral Order") approving this Royal Second Stipulation Allowing Use of Cash Collateral and Establishing Adequate Protection (the "Royal Second Stipulation");

**\$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, by way of a certain commercial Guaranty Agreement, the Debtor guaranteed a \$2,200,000.00 loan to C Swank (“\$2.2 Million Guaranty”) 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 only to the extent allowed under Section 506 of the Bankruptcy Code (“\$2.2 Million Loan”);

**\$492,400 Loan**

**WHEREAS**, on or about December 5, 2014, by way of a certain commercial Guaranty Agreement, the Debtor guaranteed \$492,400.00 loan to C Swank (“\$492,400 Guaranty”) 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 only to the extent allowed under Section 506 of the Bankruptcy Code (“\$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 \$2.2 Million Guaranty and \$492,400 Guaranty are collectively referred to as “Guarantees”;

**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, Guarantees, 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 pre-petition first priority lien on all the Personal Property Collateral of the Debtor, including cash collateral as that

term is used under Section 363(a) of the Bankruptcy Code, as of the Petition Date with the possible exception of certain purchase money security interest creditors who may hold liens on certain motor vehicles (the "Pre-Petition Collateral");

**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 only to the extent allowed under Section 506 of the Bankruptcy Code;

**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 only to the extent allowed under Section 506 of the Bankruptcy Code;

**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 their 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 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 only to the extent allowed under Section 506 of the Bankruptcy Code. 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 under Section 506 of the Bankruptcy Code asserting FNB is not fully secured. , 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 Pre-Petition Collateral on and after the

Petition Date. Unless otherwise ordered by the Court, the Debtor's authority to use the Pre-Petition Collateral terminates on the Termination Date. Termination Date shall be the earlier of: (i) February 14, 2017; or (ii) the fifth (5<sup>th</sup>) business day following written notice to the Debtor and its counsel and Committee's counsel via email that an Event of Default (defined below) has occurred. 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 receiving notice from FNB that an Event of Default has occurred, the Debtor shall be permitted to file on an expedited basis, a motion with the Court contesting the assertion that an Event of Default has occurred and/or otherwise seek approval for continued use of cash collateral. Upon the occurrence of a Termination Date, the rights granted to the Debtor to use of the Pre-Petition Collateral shall cease to exist absent further Order of Court; provided, however, that the Replacements Liens (defined below), Superpriority Administrative Claims and other adequate protection granted to FNB hereunder shall remain in effect until the indebtedness due to FNB under the terms of the Loan Documents is paid 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 the Termination Date (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 the Royal Second Cash Collateral Order approving this Royal Second Stipulation. 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. Pursuant to Section 361(2) of the Bankruptcy Code, to the extent the Debtor's use of FNB's Pre-Petition Collateral, including Cash Collateral, results in a decrease in the value of FNB's interest in the Pre-Petition Collateral, FNB is hereby granted a replacement lien (the "Replacement Lien") in and upon the post-petition assets of the debtor of the same type and to the same extent and priority FNB possessed in the Debtor's assets before the Petition Date (the "Replacement Lien Collateral"). The amount and/or extent of the Replacement Lien shall be limited to the amount of any decrease in the value of FNB's interests in the Pre-Petition Collateral, resulting from the Debtor's use of the Pre-Petition Collateral. To be free of doubt, the Replacement Liens and the Replacement Lien Collateral being granted to FNB under this paragraph shall not include, attach to, act as a lien upon and/or otherwise encumber, claims and/or causes of action, and the proceeds obtained from the prosecution, settlement, compromise and/or other resolution of any such claim and/or cause of action, under Chapter 5 of the Bankruptcy Code (the "Avoidance Actions"). The Replacement Liens granted to FNB pursuant to the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order are in addition to, and not in substitution of, FNB's existing first priority security interests and liens, 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 Replacement Liens granted in the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order. 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 the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order. 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 paragraph. The Replacement Liens granted to FNB hereunder shall remain in effect until all 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, including Cash Collateral or the Replacement Lien Collateral to any party-in-interest other than FNB, *provided however* nothing in the Royal Final Stipulation and/or Royal Final Cash Collateral Order as well as this Royal Second Stipulation and/or the Royal Second Cash Collateral Order 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 and/or other security interest or lien held by a third party.

7. Administrative Claim. Pursuant to Section 507(b) of the Bankruptcy Code, to the extent the Replacement Liens and the Adequate Protection Payments (defined below) do not adequately protect the diminution of FNB's interests in the Pre-Petition Collateral, suffered as a result of the Debtor's use of the Pre-Petition Collateral, then FNB shall be entitled to an administrative priority pursuant to §507(b) of the Bankruptcy Code in the amount of such diminution (the "Superpriority Administrative Claim"). Without limiting the generality of the preceding sentence, the foregoing treatment and priority are granted as adequate protection in exchange for Debtor's rights to use FNB's Pre-Petition Collateral for purposes specified in the Budget. Such Superpriority Administrative Claim 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. Notwithstanding anything in this paragraph 7 to the contrary, the grant or allowance of any Superpriority Administrative Claim to FNB pursuant to Section 503(a) and 507(b) resulting from the Debtor's failure to adequately protect FNB's interests in the Collateral, including Cash Collateral, shall not be paid from, attach to and/or otherwise encumber the Avoidance Actions.

8. Adequate Protection Payments. Pursuant to Section 361(1) of the Bankruptcy Code, as further adequate protection for FNB's interests in the Collateral, including Cash Collateral, the Debtor shall continue to pay monthly \$14,371.06 to FNB on or before the twentieth (20<sup>th</sup>) day of each month ("Adequate Protection Payments"), which amount the Debtor agrees shall be the very minimum FNB is to receive each month from the Debtor in any proposed Chapter 11 Plan of Reorganization filed by the Debtor; *except that*, the Debtor's foregoing agreement to set a floor on the amount of the monthly Chapter 11 Plan payment to FNB [\$14,371.06] is subject to the rights of creditors, including the Committee, as set forth below in Paragraphs 9 and 10. In the event the parties with Court approval extend the use of



cash collateral beyond the Termination Date on the same terms and conditions provided in the Royal Final Stipulation and Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order, the foregoing Adequate Protection Payments shall be paid monthly to FNB. The foregoing Adequate Protection Payments are not conclusive of adequate protection to FNB. FNB reserves the right to seek additional adequate protection and the agreement of FNB to the adequate protection being granted under this Royal Final Stipulation and Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order, including FNB's agreement on the amount of the Adequate Protection Payments shall not be construed as a waiver of FNB's rights to seek additional adequate protection or increased Adequate Protection Payments. Notwithstanding the occurrence of a Termination Date, the Replacement Liens, administrative claims and the Debtor's obligations to make the monthly Adequate Protection Payments as required by this paragraph 8 shall continue to remain until the indebtedness due under the terms of the Loan Documents is paid in full. All payments shall in FNB's sole discretion be applied and allocated by FNB to the indebtedness under the Loans in which the Debtor is a borrower (not a guarantor) as FNB shall determine in its sole discretion and subject to the provision of Section 506 of the Bankruptcy Code. The adequate protection payments paid to FNB under this Royal Second Stipulation, the Royal Final Stipulation and the Interim Stipulations to protect FNB's interests in the collateral securing the obligations of the Debtor under the \$492,400 Loan, \$2,200,000 Loan, \$64,800 Loan, \$100,000 Loan, \$750,000 Loan, \$80,640 Loan and/or \$200,000 Loan are subject to disgorgement in the amount attributable to a particular loan or loans in the event it is determined FNB's claim arising under such loan(s) is not secured by a lien or other security interest in the assets of the Debtor. All rights of the parties as to allocation of the any adequate protection payments are preserved and reserved.

9. No Prejudice to Creditors, including the Committee. The recitals, agreements and/or stipulations reached by and between the Debtor and FNB in the Royal Interim Stipulations and Royal Interim Orders, the Royal Final Stipulation and/or the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and/or the Royal Second Cash Collateral Order approving the same shall be without prejudice to creditors and/or parties-in-interest, including the Committee, to investigate and to prosecute (if such right exists): (i) any contest, dispute, claim, cause of action, objection and/or similar proceeding relating to the validity, priority, amount and/or extent of any claims, security interest and/or liens of FNB against the Debtor and/or its assets, including any claim FNB has against C Swank which the Debtor has guaranteed; and/or (ii) to otherwise assert any claims, causes of action and/or defenses that may be asserted by the Debtor or its bankruptcy estate, including any claims and/or causes of action under Chapter 5 of the Bankruptcy Code, against FNB arising out of or relating to the Loan Documents and/or any other transactions by and between the Debtor, Carol Swank, C Swank and FNB. Creditors, including the Committee, shall commence any such action against FNB under this paragraph 9 on or before January 31, 2017. This paragraph 9 shall not be construed to confer standing upon the Committee or any other party-in-interest to commence or prosecute such proceedings. The Committee or any other party-in-interest seeking standing to commence or prosecute such proceedings must file with the Court on or before January 31, 2017 a Motion/Application requesting standing, after which deadline they are barred from doing so and all such claims shall be deemed waived to the extent they existed. For purposes of clarity, a Motion/Application for standing does not need not be decided by the Court on or before January 31, 2017, rather only filed by that date. Should the Court enter an Order conferring standing

after January 31, 2017, then such proceeding against FNB may be commenced. Further, it is hereby agreed and acknowledged by the Debtor and FNB, that execution of any stipulation and/or order in the C Swank Bankruptcy Case shall not waive, release and/or otherwise prejudice the rights of parties-in-interest, including the Committee, under this paragraph 9

10. Rights against C Swank. The Debtor and FNB hereby acknowledge and agree that nothing in any order, stipulation and/or similar document executed and/or entered in the C Swank Bankruptcy Case shall prejudice the Debtor, the Debtor's bankruptcy estate, creditors, and/or parties-in-interest, including the Committee, from contesting, disputing, objecting to, asserting any claims, causes of action and/or defenses, if any, and/or commencing and prosecuting any similar proceedings against C Swank and/or any claims C Swank may possess against the Debtor arising out of and/or relating to the Loan Documents and/or any transaction by and between the Debtor and C Swank. This paragraph shall not be construed to confer standing upon the Committee or any other party-in-interest to commence or prosecute such proceedings. To the extent standing is required, the Committee or any other party-in-interest seeking standing to commence or prosecute such proceedings must file with the Court on or before January 31, 2017 a Motion/Application requesting standing, after which deadline they are barred from doing so and all such claims shall be deemed waived to the extent they existed. For purposes of clarity, a Motion/Application for standing does not need not be decided by the Court on or before January 31, 2017, rather only filed by that date. Should the Court enter an Order conferring standing after January 31, 2017, then such proceeding against FNB may be commenced.

11. 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 and the Committee 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 and the Committee upon three (3) days notice from either FNB or the Committee 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 and/or the Committee shall reasonably require from time to time. Each Monday, beginning October 3, 2016, Debtor shall provide to FNB and the Committee 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.

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

13. Sale Proceeds. Subject to paragraph 9 above, the proceeds from the sale of any Pre-Petition Collateral or the Replacement Lien Collateral outside the ordinary course of business or any insurance proceeds arising from a casualty or other insured loss of Pre-Petition Collateral or Replacement Lien 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 Loans in which the Debtor is a borrower (not a guarantor) as FNB shall determine in its sole discretion and subject to the provision of Section 506 of the Bankruptcy Code. Notice of payment of such proceeds to FNB shall be provided by the Debtor to the Committee.

14. 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 distributed pursuant to separate order of the Bankruptcy Court.

15. 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, including Cash Collateral and Replacement Lien Collateral, including equipment, inventory, and vehicles. The Debtor further warrants and represents that FNB is named as loss payee on the Debtor's policies that cover losses in and relating to the Collateral, including Cash Collateral and the Replacement Lien Collateral 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 due to a covered loss on any Collateral, Cash Collateral and/or Replacement Lien Collateral, including claims for losses that have occurred prior to this Royal Final Stipulation, include FNB as loss payee. The Debtor also warrants and represents that any proceeds from any covered loss of any Collateral, including Cash Collateral and/or Replacement Lien 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; *provided however*, any such payment shall be without prejudice to the Committee's right to object, contest and/or take exception to such payment being made and whether payment on such covered loss relates to FNB's Collateral, including Cash Collateral and/or Replacement Lien Collateral.

16. 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.

17. Events of Default. Any one or more of the following events shall constitute an "Event of Default" under the Royal Final Stipulation and Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order approving the same:

- (a). The Debtor's breach of any provision, term or condition of the Royal Final Stipulation as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order, failure to timely provide the financial information, reports, comply with the budget attached hereto as **Exhibit "B"** or provide budget detail reasonably 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; or
- (c). The refusal or failure of the Bankruptcy Court to approve this Royal Final Stipulation; or
- (d). The failure of the Debtor (after entry of the Royal Final Cash Collateral Order) to prospectively 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.

18. Remedies. Upon the occurrence of any Event of Default arising from a failure to comply with the Adequate Protection Payment requirements set forth herein which is not cured within five (5) business days after FNB shall have provided written notice to the Debtor and its counsel and the Committee and its counsel via email of such Event of Default or the failure to cure any other Event of Default within five (5) business days after FNB shall have provided written notice to the Debtor and its counsel and the Committee 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.

19. Waiver of Rights. The Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order shall not prejudice the right of FNB to seek relief from the Automatic Stay under §362 of the Bankruptcy Code. The Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order do 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, or any other collateral of FNB or any other property of the Debtor or the Debtor's bankrupt estate. The Debtor further acknowledges and agrees that this Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order are supplements and in addition to the Loan Documents and is not in lieu thereof. Nothing contained in the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order 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 the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order 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 the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order.

20. Amendments. This Royal Second Stipulation shall not be modified, vacated, supplemented, amended or reversed except with FNB's and the Committee's written consent, or by further Order of the Bankruptcy Court.

21. Binding Effect. Upon execution by all parties hereto, and further upon the Courts formal entry of the Royal Second Cash Collateral Order approving this Royal Final Stipulation, then the Royal Second Stipulation shall be effective retroactively as of the Petition Date.

22. 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  
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, 9<sup>th</sup> Floor  
Pittsburgh, PA 15222

If to the Committee: Official Committee of Unsecured Creditors of Royal Flush, Inc.  
c/o John M. Steiner, Esquire  
525 William Penn Place, 28<sup>th</sup> Floor  
Pittsburgh, PA 15219  
412-227-5551 (fax)  
412-261-1600 (phone)  
[jsteiner@leechtishman.com](mailto:jsteiner@leechtishman.com) (email)

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

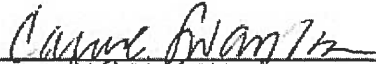
23. Counterparts. This Royal Second Stipulation may be executed in any number of counterparts, and by every one of the Debtor and FNB on separate counterparts, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same agreement. Electronic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

24. Waiver of Remedies. No failure of FNB to enforce any right granted under this Royal Second Stipulation or any Loan Document or the judgments shall represent a waiver of such right. Subject to the limitations in paragraphs 9 and 10, this Royal Second Stipulation and the Royal Second Cash Collateral Order are 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.

25. Governing Law. This Royal Second Stipulation shall be governed by and construed in accordance with laws of the Commonwealth of Pennsylvania and applicable bankruptcy law.

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

**ROYAL FLUSH, INC.**

By:   
Name: CAROL SWANK  
Title: SEC/TREAS.

**CAROL A. SWANK, individually,**

By: 

**FIRST NATIONAL BANK OF  
PENNSYLVANIA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

24. Waiver of Remedies. No failure of FNB to enforce any right granted under this Royal Second Stipulation or any Loan Document or the judgments shall represent a waiver of such right. Subject to the limitations in paragraphs 9 and 10, this Royal Second Stipulation and the Royal Second Cash Collateral Order are 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.

25. Governing Law. This Royal Second Stipulation shall be governed by and construed in accordance with laws of the Commonwealth of Pennsylvania and applicable bankruptcy law.

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

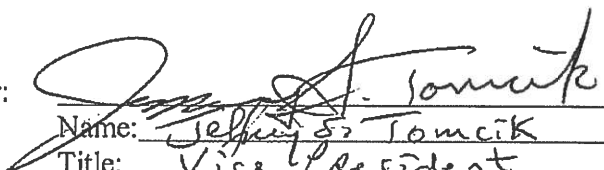
**ROYAL FLUSH, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CAROL A. SWANK, individually,**

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

**FIRST NATIONAL BANK OF  
PENNSYLVANIA**

By:   
Name: Jeffrey S. Tomcik  
Title: Vice President

**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.	)	

**FINAL~~SECOND~~ STIPULATION ALLOWING USE OF CASH COLLATERAL AND  
ESTABLISHING ADEQUATE PROTECTION**

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 (the “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 (the “Royal Bankruptcy Case”).

**WHEREAS**, on September 15, 2016, C Swank Enterprises, LLC (“C Swank”), a company with common ownership with the Debtor, namely member Carol Swank of the Debtor, filed a petition for relief under Chapter 11 of Title 11 of the Bankruptcy Code at Case No. 16-23451 (the “C Swank Bankruptcy Case”).

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

**WHEREAS**, On September 30, 2016, C Swank filed an Expedited Motion to Use Cash Collateral and Grant Adequate Protection [C Swank Bankruptcy Case, Docket #13] (the “C Swank 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 Royal Cash Collateral Motion on October 4, 2016 and approved on an interim basis the Debtor’s and FNB’s Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the “Royal First Interim Stipulation”) by way of an Order of Court entered on October 4, 2016 [Royal Bankruptcy Case, Docket #29] (the “Royal First Interim Order”);



**WHEREAS**, the Court held an interim hearing on the C Swank Cash Collateral Motion on October 4, 2016 and approved on an interim basis C Swank's and FNB's Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "C Swank First Interim Stipulation") by way of an Order of Court entered on October 4, 2016 [C Swank Bankruptcy Case, Docket #18] (the "C Swank First Interim Order");

**WHEREAS**, the Court scheduled a final hearing on the C Swank and Royal Cash Collateral Motions for October 21, 2016;

**WHEREAS**, on October 20, 2016, 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.

**WHEREAS**, on October 21, 2016, the Court entered a Second Interim Order of Court Authorizing Use of Cash Collateral and Granting Adequate Protection approving on an interim basis the Debtor's and FNB's Second Interim Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "Royal Second Interim Stipulation" and together with the Royal First Interim Stipulation, the "Royal Interim Stipulations") and setting an objection deadline of November 10, 2016 and rescheduling the final hearing for November 18, 2016 (the "Royal Final Hearing") [Royal Bankruptcy Case, Docket #53] (the "Royal Second Interim Order" and together with the Royal First Interim Order, the "Royal Interim Orders");

**WHEREAS**, on October 21, 2016, the Court entered a Second Interim Order of Court Authorizing Use of Cash Collateral and Granting Adequate Protection approving on an interim basis C Swank's and FNB's Second Interim Stipulation Allowing Interim Use of Cash Collateral and Establishing Adequate Protection (the "C Swank Second Interim Stipulation" and together with the C Swank First Interim Stipulation, the "C Swank Interim Stipulations") and setting an objection deadline of November 10, 2016 and rescheduling the final hearing for November 18, 2016 (the "C Swank Final Hearing") [C Swank Bankruptcy Case, Docket #46] (the "C Swank Second Interim Order" and together with the C Swank First Interim Order, the "C Swank Interim Orders");

**WHEREAS**, on November 18, 2016 the Debtor and FNB filed a Final Stipulation Allowing Use of Cash Collateral and Establishing Adequate Protection ("Royal Final Stipulation") [Royal Bankruptcy Case Docket #79-1] and the Court entered an Order on November 18, 2016 approving the Royal Final Stipulation (the "Royal Final Cash Collateral Order"), which extended Termination Date for use of cash collateral to December 21, 2016 [Royal Bankruptcy Case Docket #82];

**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 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 continuing use of~~ Cash Collateral unless this Court enters a ~~final~~Second order (the “Royal ~~Final~~Second Cash Collateral Order”) approving this ~~Final~~Royal Second Stipulation Allowing Use of Cash Collateral and Establishing Adequate Protection (the “Royal ~~Final~~Second Stipulation”);

**\$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, by way of a certain commercial Guaranty Agreement, the Debtor guaranteed a \$2,200,000.00 loan to C Swank (“\$2.2 Million Guaranty”) 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 only to the extent allowed under Section 506 of the Bankruptcy Code (“\$2.2 Million Loan”);

**\$492,400 Loan**

**WHEREAS**, on or about December 5, 2014, by way of a certain commercial Guaranty Agreement, the Debtor guaranteed \$492,400.00 loan to C Swank (“\$492,400 Guaranty”) 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 only to the extent allowed under Section 506 of the Bankruptcy Code (“\$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 \$2.2 Million Guaranty and \$492,400 Guaranty are collectively referred to as “Guarantees”;

**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, Guarantees, 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 pre-petition first priority lien on all the Personal Property Collateral of the Debtor, including cash collateral as that term is used under Section 363(a) of the Bankruptcy Code, as of the Petition Date with the possible exception of certain purchase money security interest creditors who may hold liens on certain motor vehicles (the “Pre-Petition Collateral”);

**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 only to the extent allowed under Section 506 of the Bankruptcy Code;

**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 only to the extent allowed under Section 506 of the Bankruptcy Code;

**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 their 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 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 only to the extent allowed under Section 506 of the Bankruptcy Code. 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 under Section 506 of the Bankruptcy Code asserting FNB is not fully secured. , 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 Pre-Petition Collateral on and after the Petition Date. Unless otherwise ordered by the Court, the Debtor's authority to use the Pre-Petition Collateral terminates on the Termination Date. Termination Date shall be the earlier of: (i) ~~December 21, 2016~~ February 14, 2017; or (ii) the fifth (5<sup>th</sup>) business day following written notice to the Debtor and its counsel and Committee's counsel via email that an Event of Default (defined



below) has occurred. 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 receiving notice from FNB that an Event of Default has occurred, the Debtor shall be permitted to file on an expedited basis, a motion with the Court contesting the assertion that an Event of Default has occurred and/or otherwise seek approval for continued use of cash collateral. Upon the occurrence of a Termination Date, the rights granted to the Debtor to use of the Pre-Petition Collateral shall cease to exist absent further Order of Court; provided, however, that the Replacements Liens (defined below), Superpriority Administrative Claims and other adequate protection granted to FNB hereunder shall remain in effect until the indebtedness due to FNB under the terms of the Loan Documents is paid 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 the Termination Date (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 the Royal ~~Final~~Second Cash Collateral Order approving this Royal ~~Final~~Second Stipulation. 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. Pursuant to Section 361(2) of the Bankruptcy Code, to the extent the Debtor's use of FNB's Pre-Petition Collateral, including Cash Collateral, results in a decrease in the value of FNB's interest in the Pre-Petition Collateral, FNB is hereby granted a replacement lien (the "Replacement Lien") in and upon the post-petition assets of the debtor of the same type and to the same extent and priority FNB possessed in the Debtor's assets before the Petition Date (the "Replacement Lien Collateral"). The amount and/or extent of the Replacement Lien shall be limited to the amount of any decrease in the value of FNB's interests in the Pre-Petition Collateral, resulting from the Debtor's use of the Pre-Petition Collateral. To be free of doubt, the Replacement Liens and the Replacement Lien Collateral being granted to FNB under this paragraph shall not include, attach to, act as a lien upon and/or otherwise encumber, claims and/or causes of action, and the proceeds obtained from the prosecution, settlement, compromise and/or other resolution of any such claim and/or cause of action, under Chapter 5 of the Bankruptcy Code (the "Avoidance Actions"). The Replacement Liens granted to FNB pursuant to ~~this~~the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order are in addition to, and not in substitution of, FNB's existing first priority security interests and liens, 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 Replacement Liens granted in ~~this~~the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order. 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~~the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order. 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 paragraph. The Replacement Liens granted to FNB hereunder shall remain in effect until all 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, including Cash Collateral or the Replacement Lien Collateral to any party-in-interest other than FNB, *provided however* nothing in ~~this~~the Royal Final Stipulation and/or Royal Final Cash Collateral Order as well as this Royal Second Stipulation and/or the Royal Second Cash Collateral Order 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 and/or other security interest or lien held by a third party.

7. Administrative Claim. Pursuant to Section 507(b) of the Bankruptcy Code, to the extent the Replacement Liens and the Adequate Protection Payments (defined below) do not adequately protect the diminution of FNB's interests in the Pre-Petition Collateral, suffered as a result of the Debtor's use of the Pre-Petition Collateral, then FNB shall be entitled to an administrative priority pursuant to §507(b) of the Bankruptcy Code in the amount of such diminution (the "Superpriority Administrative Claim"). Without limiting the generality of the preceding sentence, the foregoing treatment and priority are granted as adequate protection in exchange for Debtor's rights to use FNB's Pre-Petition Collateral for purposes specified in the Budget. Such Superpriority Administrative Claim 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. Notwithstanding anything in this paragraph 7 to the contrary, the grant or allowance of any Superpriority Administrative Claim to FNB pursuant to Section 503(a) and 507(b) resulting from the Debtor's failure to adequately protect FNB's interests in the Collateral, including Cash Collateral, shall not be paid from, attach to and/or otherwise encumber the Avoidance Actions.

8. Adequate Protection Payments. Pursuant to Section 361(1) of the Bankruptcy Code, as further adequate protection for FNB's interests in the Collateral, including Cash Collateral, the Debtor shall continue to pay monthly \$14,371.06 to FNB on or before ~~November 20, 2016, December 20, 2016 and~~ the twentieth (20<sup>th</sup>) day of each month ~~thereafter in~~ ("Adequate Protection Payments"), which amount the Debtor agrees shall be the very minimum FNB is to receive each month from the Debtor in any proposed Chapter 11 Plan of Reorganization filed by the Debtor; except that, the Debtor's foregoing agreement to set a floor on the amount of the monthly Chapter 11 Plan payment to FNB [\$14,371.06] is subject to the rights of creditors, including the Committee, as set forth below in Paragraphs 9 and 10. In the event the parties with Court approval extend the use of cash collateral beyond the Termination Date on the same terms and conditions provided in ~~this~~the Royal Final -Stipulation and Royal Final Cash Collateral Order ~~(as well as this Royal Second Stipulation and~~ the "Royal Second Cash Collateral Order, the foregoing Adequate Protection Payments")~~, shall be paid monthly to FNB.~~ The foregoing Adequate Protection Payments are not conclusive of adequate protection to FNB. FNB reserves the right to seek additional adequate protection and the agreement of FNB to the adequate

protection being granted under this Royal Final Stipulation and Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order, including FNB's agreement on the amount of the Adequate Protection Payments shall not be construed as a waiver of FNB's rights to seek additional adequate protection or increased Adequate Protection Payments. Notwithstanding the occurrence of a Termination Date, the Replacement Liens, administrative claims and the Debtor's obligations to make ~~adequate protection payments~~ the monthly Adequate Protection Payments as required by this paragraph 8 shall continue to remain until the indebtedness due under the terms of the Loan Documents is paid in full. All payments shall in FNB's sole discretion be applied and allocated by FNB to the indebtedness under the Loans in which the Debtor is a borrower (not a guarantor) as FNB shall determine in its sole discretion and subject to the provision of Section 506 of the Bankruptcy Code. The adequate protection payments paid to FNB under this Royal Second Stipulation, the Royal Final Stipulation and the Interim Stipulations to protect FNB's interests in the collateral securing the obligations of the Debtor under the \$492,400 Loan, \$2,200,000 Loan, \$64,800 Loan, \$100,000 Loan, \$750,000 Loan, \$80,640 Loan and/or \$200,000 Loan are subject to disgorgement in the amount attributable to a particular loan or loans in the event it is determined FNB's claim arising under such loan(s) is not secured by a lien or other security interest in the assets of the Debtor. All rights of the parties as to allocation of the any adequate protection payments are preserved and reserved.

9. No Prejudice to Creditors, including the Committee. The recitals, agreements and/or stipulations reached by and between the Debtor and FNB in the Royal Interim Stipulations and Royal Interim Orders ~~and this, the~~ Royal Final Stipulation and/or the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and/or the Royal Second Cash Collateral Order approving the same shall be without prejudice to creditors and/or parties-in interest, including the Committee, to investigate and to prosecute (if such right exists): (i) any contest, dispute, claim, cause of action, objection and/or similar proceeding relating to the validity, priority, amount and/or extent of any claims, security interest and/or liens of FNB against the Debtor and/or its assets, including any claim FNB has against C Swank which the Debtor has guaranteed; and/or (ii) to otherwise assert any claims, causes of action and/or defenses that may be asserted by the Debtor or its bankruptcy estate, including any claims and/or causes of action under Chapter 5 of the Bankruptcy Code, against FNB arising out of or relating to the Loan Documents and/or any other transactions by and between the Debtor, Carol Swank, C Swank and FNB. Creditors, including the Committee, shall commence any such action against FNB under this paragraph 9 on or before January 31, 2017. This paragraph 9 shall not be construed to confer standing upon the Committee or any other party-in-interest to commence or prosecute such proceedings. The Committee or any other party-in-interest seeking standing to commence or prosecute such proceedings must file with the Court on or before January 31, 2017 a Motion/Application requesting standing, after which deadline they are barred from doing so and all such claims shall be deemed waived to the extent they existed. For purposes of clarity, a Motion/Application for standing does not need not be decided by the Court on or before January 31, 2017, rather only filed by that date. Should the Court enter an Order conferring standing after January 31, 2017, then such proceeding against FNB may be commenced. Further, it is hereby agreed and acknowledged by the Debtor and FNB, that execution of any stipulation and/or order in the C Swank Bankruptcy Case shall not waive, release and/or otherwise prejudice the rights of parties-in-interest, including the Committee, under this paragraph 9



10. Rights against C Swank. The Debtor and FNB hereby acknowledge and agree that nothing in any order, stipulation and/or similar document executed and/or entered in the C Swank Bankruptcy Case shall prejudice the Debtor, the Debtor's bankruptcy estate, creditors, and/or parties-in-interest, including the Committee, from contesting, disputing, objecting to, asserting any claims, causes of action and/or defenses, if any, and/or commencing and prosecuting any similar proceedings against C Swank and/or any claims C Swank may possess against the Debtor arising out of and/or relating to the Loan Documents and/or any transaction by and between the Debtor and C Swank. This paragraph shall not be construed to confer standing upon the Committee or any other party-in-interest to commence or prosecute such proceedings. To the extent standing is required, the Committee or any other party-in-interest seeking standing to commence or prosecute such proceedings must file with the Court on or before January 31, 2017 a Motion/Application requesting standing, after which deadline they are barred from doing so and all such claims shall be deemed waived to the extent they existed. For purposes of clarity, a Motion/Application for standing does not need not be decided by the Court on or before January 31, 2017, rather only filed by that date. Should the Court enter an Order conferring standing after January 31, 2017, then such proceeding against FNB may be commenced.

11. 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 and the Committee 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 and the Committee upon three (3) days notice from either FNB or the Committee 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 and/or the Committee shall reasonably require from time to time. Each Monday, beginning October 3, 2016, Debtor shall provide to FNB and the Committee 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.

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

13. Sale Proceeds. Subject to paragraph 9 above, the proceeds from the sale of any Pre-Petition Collateral or the Replacement Lien Collateral outside the ordinary course of business or any insurance proceeds arising from a casualty or other insured loss of Pre-Petition Collateral or Replacement Lien 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 Loans in which the Debtor is a borrower (not a guarantor) as FNB shall determine in its sole discretion and subject to the provision of Section 506 of the Bankruptcy Code. Notice of payment of such proceeds to FNB shall be provided by the Debtor to the Committee.

14. 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 distributed pursuant to separate order of the Bankruptcy Court.

15. 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, including Cash Collateral and Replacement Lien Collateral, including equipment, inventory, and vehicles. The Debtor further warrants and represents that FNB is named as loss payee on the Debtor’s policies that cover losses in and relating to the Collateral, including Cash Collateral and the Replacement Lien Collateral 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 due to a covered loss on any Collateral, Cash Collateral and/or Replacement Lien Collateral, including claims for losses that have occurred prior to this Royal Final Stipulation, include FNB as loss payee. The Debtor also warrants and represents that any proceeds from any covered loss of any Collateral, including Cash Collateral and/or Replacement Lien 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; *provided however*, any such payment shall be without prejudice to the Committee’s right to object, contest and/or take exception to such payment being made and whether payment on such covered loss relates to FNB’s Collateral, including Cash Collateral and/or Replacement Lien Collateral.

16. 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.

17. Events of Default. Any one or more of the following events shall constitute an “Event of Default” under ~~this~~the Royal Final Stipulation and Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order approving the same:

- (a). The Debtor’s breach of any provision, term or condition of ~~this~~the Royal Final Stipulation as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order, failure to timely provide the financial information, reports, comply with the budget attached hereto as **Exhibit “B”** or provide budget detail reasonably 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; or
- (c). The refusal or failure of the Bankruptcy Court to approve this Royal Final Stipulation; or

- (d). The failure of the Debtor (after entry of the Royal Final Cash Collateral Order) to prospectively 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.

18. Remedies. Upon the occurrence of any Event of Default arising from a failure to comply with the Adequate Protection Payment requirements set forth herein which is not cured within five (5) business days after FNB shall have provided written notice to the Debtor and its counsel and the Committee and its counsel via email of such Event of Default or the failure to cure any other Event of Default within five (5) business days after FNB shall have provided written notice to the Debtor and its counsel and the Committee 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.

19. Waiver of Rights. ~~This~~The Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order shall not prejudice the right of FNB to seek relief from the Automatic Stay under §362 of the Bankruptcy Code. ~~This~~The Royal Final Stipulation ~~does~~and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order do 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, or any other collateral of FNB or any other property of the Debtor or the Debtor's bankrupt estate. The Debtor further acknowledges and agrees that this Royal Final Stipulation ~~is a supplement~~and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order are supplements and in addition to the Loan Documents and is not in lieu thereof. Nothing contained in ~~this Royal Final Stipulation~~the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order 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 Royal Final Stipulation~~the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order 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 Royal Final Stipulation~~the Royal Final Stipulation and the Royal Final Cash Collateral Order as well as this Royal Second Stipulation and the Royal Second Cash Collateral Order.

20. Amendments. This Royal ~~Final~~Second Stipulation shall not be modified, vacated, supplemented, amended or reversed except with FNB's and the Committee's written consent, or by further Order of the Bankruptcy Court.

21. Binding Effect. Upon execution by all parties hereto, and further upon the Courts formal entry of the Royal ~~Final~~Second Cash Collateral Order approving this Royal Final Stipulation, then the Royal ~~Final~~Second Stipulation shall be effective retroactively as of the Petition Date.

22. 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  
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, 9<sup>th</sup> Floor  
Pittsburgh, PA 15222

If to the Committee: Official Committee of Unsecured Creditors of Royal Flush, Inc.  
c/o John M. Steiner, Esquire  
525 William Penn Place, 28<sup>th</sup> Floor  
Pittsburgh, PA 15219  
412-227-5551 (fax)  
412-261-1600 (phone)  
[jsteiner@leechtishman.com](mailto:jsteiner@leechtishman.com) (email)

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

23. Counterparts. This Royal ~~Final~~Second 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.

24. Waiver of Remedies. No failure of FNB to enforce any right granted under this Royal ~~Final~~Second Stipulation or any Loan Document or the judgments shall represent a waiver of such right. Subject to the limitations in paragraphs 9 and 10, this Royal ~~Final~~Second Stipulation

and the Royal ~~Final~~Second Cash Collateral Order are 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.

25. Governing Law. This Royal ~~Final~~Second Stipulation shall be governed by and construed in accordance with laws of the Commonwealth of Pennsylvania and applicable bankruptcy law.

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: \_\_\_\_\_

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. )

**FINAL ORDER OF COURT AUTHORIZING USE APPROVING SECOND**  
**STIPULATION ALLOWING USE OF CASH COLLATERAL AND**  
**GRANTING ESTABLISHING ADEQUATE PROTECTION**

It is hereby ORDERED that the terms of the ~~Final~~Second 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 “Royal ~~Final~~Second Stipulation”) are approved and incorporated herein by reference.<sup>1</sup>

It is hereby further ORDERED that a hearing to consider further use of cash collateral beyond the Termination Date of February 14, 2106 shall be held on \_\_\_\_\_ at \_\_\_\_\_ in United States Bankruptcy Courtroom D, 54<sup>th</sup> Floor, U.S. Steel Tower, 600 Grant Street, Pittsburgh, PA 15219.

BY THE COURT:

\_\_\_\_\_  
Jeffery A. Deller  
U.S. Bankruptcy Judge

<sup>1</sup> All capitalized terms not defined in this Order shall have the meaning given to them in the Royal Final Stipulation.

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"**

Exhibit B  
**Royal Flush Inc**  
**90 Day Cash Flow Projection**

	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>
<b>Cash Beginning of Month</b>	\$490,239	\$415,668	\$590,411
<b>Receipts</b>			
AR Collected	\$912,229	\$1,006,777	\$1,143,058
Other Receipts			
<b><u>Total Receipts</u></b>	<b><u>\$912,229</u></b>	<b><u>\$1,006,777</u></b>	<b><u>\$1,143,058</u></b>
<b>Disbursements</b>			
Bank Fees	\$495	\$495	\$495
Chemicals	\$600	\$600	\$600
Cost of Trash Disposal	\$3,253	\$3,253	\$3,253
Debt Service - FNB Payment	\$14,371	\$14,371	\$14,371
Dues & Subscriptions	\$1,220	\$1,220	\$1,220
Hauling Expenses	\$20,543	\$20,543	\$20,543
Insurances	\$132,586	\$132,586	\$132,586
Internet	\$400	\$400	\$400
Legal & Accounting	\$25,000	\$25,000	\$25,000
Licenses & Permits	\$5,700	\$5,700	\$5,700
Maintenance	\$10,000	\$10,000	\$10,000
C Swank Rentals	\$105,552	\$105,552	\$105,552
Office	\$500	\$500	\$500
<b>Payroll</b>			
Truck Drivers	\$309,600	\$206,400	\$206,400
PJ Service	\$43,500	\$29,000	\$29,000
Yard	\$45,000	\$30,000	\$30,000
Operations Mgmt	\$23,750	\$15,833	\$15,833
Office	<u>\$22,788</u>	<u>\$15,192</u>	<u>\$15,192</u>
Total Payroll - Wages	\$444,638	\$296,425	\$296,425
Payroll Taxes	\$48,910	\$32,607	\$32,607
Postage	\$420	\$420	\$420
Rents	\$17,500	\$17,500	\$17,500
Safety	\$3,400	\$3,400	\$3,400
Shop Tools	\$400	\$400	\$400
Supplies	\$3,362	\$3,362	\$3,362
Travel	\$2,500	\$2,500	\$2,500
Truck Tools	\$1,250	\$1,250	\$1,250
US Trustee Fees	\$0	\$9,750	\$0
Utilities	\$6,500	\$6,500	\$6,500
Vehicle/Truck	\$137,700	\$137,700	\$137,700
<b><u>Total Disbursements</u></b>	<b><u>\$986,800</u></b>	<b><u>\$832,034</u></b>	<b><u>\$822,284</u></b>
<b><u>Net Cash Flow</u></b>	<b><u>(\$74,571)</u></b>	<b><u>\$174,743</u></b>	<b><u>\$320,774</u></b>
<b>Cash End of Month</b>	<b>\$415,668</b>	<b>\$590,411</b>	<b>\$911,185</b>

**EXHIBIT B**



**Expense Details**

**Insurance**

Workers Comp	\$39,083
Vehicle	\$38,968
Umbrella	\$7,157
Ultra Flex PA & OH	\$7,211
Ultra Flex WV	\$167
Health	\$36,000
Vision	\$1,000
Dental	<u>\$3,000</u>

**Total Insurance** \$132,586

**Rents**

Carmichaels Office	\$8,250
Spring Church Office	\$3,000
Ohio Office	\$2,600
Ohio Yard	\$1,500
WV Office	<u>\$2,150</u>

**Total Rents** \$17,500

**\*Notes - There is a 120 day term between the monthly billings and A/R collected.**

**A/R Collection Rate is 98%.**

**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.	)	

**ORDER OF COURT APPROVING SECOND STIPULATION ALLOWING USE OF  
CASH COLLATERAL AND ESTABLISHING ADEQUATE PROTECTION**

It is hereby ORDERED that the terms of the Second 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 “Royal Second Stipulation”) are approved and incorporated herein by reference.<sup>1</sup>

It is hereby further ORDERED that a hearing to consider further use of cash collateral beyond the Termination Date of February 14, 2106 shall be held on \_\_\_\_\_ at \_\_\_\_\_ in United States Bankruptcy Courtroom D, 54<sup>th</sup> Floor, U.S. Steel Tower, 600 Grant Street, Pittsburgh, PA 15219.

BY THE COURT:

\_\_\_\_\_  
Jeffery A. Deller  
U.S. Bankruptcy Judge

<sup>1</sup> All capitalized terms not defined in this Order shall have the meaning given to them in the Royal Final Stipulation.