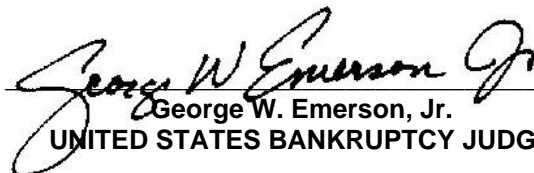




Dated: May 28, 2015
The following is SO ORDERED:


George W. Emerson, Jr.
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

IN RE:

RECYCLE SOLUTIONS, INC.,

Case No. 14-31338-GWE

Debtor.

Chapter 11

INTERIM AGREED ORDER ON MOTION TO TERMINATE AUTOMATIC STAY

THIS MATTER having come before the Court upon the Motion to Terminate Automatic Stay (Doc. No. 49) filed by Regions Bank, a secured creditor, seeking relief from the automatic stay with respect to the collateral securing its claim; upon the Objection (Doc. No. 66) filed by the Debtor; upon the stipulations of Regions Bank and Debtor; and, upon the entire record herein; and

IT APPEARING TO THE COURT that:

1. This Court has jurisdiction over this contested matter pursuant to 28 U.S.C. §§ 157 and 1334. This Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(G).

2. On November 4, 2014, the Debtor, Recycle Solutions, Inc. (“Recycle Solutions” or “Debtor”), filed for relief under Chapter 11 of the United States Bankruptcy Code in the Western District of Tennessee.

3. Regions Bank is a secured creditor in this case which asserts claims against Debtor totaling in excess of \$2,604,185.48 that are secured by properly perfected, first priority liens on the Debtor’s personal property (including accounts, equipment and inventory), on certain real property owned by Debtor and on certain real property owned by Debtor’s principals.

4. On or about January 25, 2013, Recycle Solutions executed that certain Promissory Note (“Working Capital Note”) in the original principal amount of \$500,000.00 in favor of Regions Bank. Recycle Solutions defaulted on the Working Capital Note and Regions Bank accelerated the Working Capital Note. As of November 4, 2014, Regions Bank asserts that the net payoff of the Working Capital Note was \$512,920.04. Interest at the rate of \$65.97 per day, costs, late fees and attorneys’ fees continue to accrue under the terms of the Working Capital Note until all amounts due Regions Bank are paid in full. As reflected in the Security Agreement executed by Recycle Solutions in favor of Regions Bank, the Working Capital Note is secured by a security interest in all of Debtor’s assets (the “Working Capital Note Collateral”).

5. On or about January 24, 2011, Recycle Solutions executed that certain Promissory Note (“Equipment Note 1”) in the original principal amount of \$310,000.00 in favor of Regions Bank. Recycle Solutions defaulted on Equipment Note 1 and Regions Bank accelerated Equipment Note 1. As of November 4, 2014, Regions Bank asserts that the net payoff of the Equipment Note 1 was \$87,223.20. Interest at the rate of \$12.45 per day, costs, late fees and attorneys’ fees continue to accrue under the terms of the Equipment Note 1 until all amounts due Regions Bank are paid in full. As reflected in the Security Agreement executed by Recycle

Solutions in favor of Regions Bank, Equipment Note 1 is secured by a security interest in a Harris Baler Model HRB-10-S-A S/N 2274; a MAC Saturn 52X32 Shredder Model 5232 S/N 3652683; and, a CAT 311 CU Hydraulic Excavator Model 311C S/N CKE01439 (the “Equipment Note 1 Collateral”).

6. On or about July 8, 2011, Recycle Solutions executed that certain Promissory Note (“Equipment Note 2”) in the original principal amount of \$184,515.75 in favor of Regions Bank. Recycle Solutions defaulted on Equipment Note 2 and Regions Bank accelerated Equipment Note 2. As of November 4, 2014, Regions Bank asserts that the net payoff of the Equipment Note 2 was \$36,673.48. Interest at the rate of \$5.09 per day, costs, late fees and attorneys’ fees continue to accrue under the terms of the Equipment Note 2 until all amounts due Regions Bank are paid in full. As reflected in the Security Agreement executed by Recycle Solutions in favor of Regions Bank, Equipment Note 2 is secured by a security interest in various pieces of equipment (the “Equipment Note 2 Collateral”).

7. On or about March 1, 2012, Recycle Solutions executed that certain Promissory Note (“Equipment Note 3”) in the original principal amount of \$55,090.08 in favor of Regions Bank. Recycle Solutions defaulted on Equipment Note 3 and Regions Bank accelerated Equipment Note 3. As of November 4, 2014, Regions Bank asserts that the net payoff of the Equipment Note 3 was \$33,662.36. Interest at the rate of \$4.53 per day, costs, late fees and attorneys’ fees continue to accrue under the terms of the Equipment Note 3 until all amounts due Regions Bank are paid in full. As reflected in the Security Agreement executed by Recycle Solutions in favor of Regions Bank, Equipment Note 3 is secured by a security interest in various pieces of equipment (the “Equipment Note 3 Collateral”).

8. On or about March 7, 2013, Recycle Solutions executed that certain Promissory Note (“Equipment Note 4”) in the principal amount of \$126,384.55 in favor of Regions Bank. Recycle Solutions defaulted on Equipment Note 4 and Regions Bank accelerated Equipment Note 4. As of November 4, 2014, Regions Bank asserts that the net payoff of the Equipment Note 4 is \$90,997.78. Interest at the rate of \$9.27 per day, costs, late fees and attorneys’ fees continue to accrue under the terms of the Equipment Note 4 until all amounts due Regions Bank are paid in full. As reflected in the Security Agreement executed by Recycle Solutions in favor of Regions Bank, Equipment Note 4 is secured by a security interest in various pieces of equipment (the “Equipment Note 4 Collateral”).

9. On or about June 26, 2012, Recycle Solutions executed that Promissory Note (the “Georgia Real Estate Note”) in the original principal amount of \$544,000.00 in favor of Regions Bank. Recycle Solutions defaulted on the Georgia Real Estate Note and Regions Bank has accelerated the Georgia Real Estate Note. As of November 4, 2014, Regions Bank asserts that the net payoff of the Georgia Real Estate Note is \$512,475.01. Interest at the rate of \$65.57 per day, costs, late fees and attorneys’ fees continue to accrue under the terms of the Georgia Real Estate Note until all amounts due Regions Bank are paid in full. As reflected in the Security Deed executed by Recycle Solutions in favor of Regions Bank, the Georgia Real Estate Note is secured by real property located in Villa Rica, Carroll County, Georgia (the “Georgia Real Estate Note Collateral”).

10. On or about January 25, 2011, Recycle Solutions executed that Promissory Note (the “Tennessee Real Estate Note”) in the original principal amount of \$1,384,000.00 in favor of Regions Bank. Recycle Solutions defaulted on the Tennessee Real Estate Note and Regions Bank has accelerated the Tennessee Real Estate Note. As of November 4, 2014, Regions Bank asserts

that the net payoff of the Tennessee Real Estate Note is \$1,243,350.20. Interest at the rate of \$91.59 per day, costs, late fees and attorneys' fees continue to accrue under the terms of the Tennessee Real Estate Note until all amounts due Regions Bank are paid in full. As reflected in the Deed of Trust executed by James Downing and Mark Huber for the benefit of Regions Bank, the Tennessee Real Estate Note is secured by real property located in Memphis, Shelby County, Tennessee (the "Tennessee Real Estate Note Collateral"), all leases thereto and all rents therefrom. The Tennessee Real Estate Note Collateral is owned by James Downing and Mark Huber, but is occupied by the Debtor, which is obligated to pay monthly rent payments (the "Rents") in the amount of \$10,000.00 that have been assigned to Regions Bank.

11. On or about January 18, 2011, Recycle Solutions executed that certain Purchasing Card Service Agreement (as amended, the "P-Card Line") in the original principal amount of \$100,000.00 in favor of Regions Bank. Recycle Solutions defaulted on the P-Card Line and Regions Bank has accelerated the P-Card Line. As of November 12, 2014, Regions Bank asserts that the net payoff of the P-Card Line was \$86,883.41. Costs, late fees and attorneys' fees continue to accrue under the terms of the P-Card Line until all amounts due Regions Bank are paid in full.

12. Collectively, the Working Capital Note, Equipment Note 1, Equipment Note 2, Equipment Note 3, Equipment Note 4, the Georgia Real Estate Note, the Tennessee Real Estate Note, and the P-Card Line are referred to herein as the "Notes". Collectively, the Notes and all documents and instruments executed in connection with Debtor's obligations hereinabove described are referred to herein as the "Loan Documents". Collectively, the Working Capital Note Collateral, Equipment Note 1 Collateral, Equipment Note 2 Collateral, Equipment Note 3 Collateral, Equipment Note 4 Collateral, the Georgia Real Estate Note Collateral, the Tennessee

Real Estate Note Collateral, and the P-Card Line Collateral (if any) are referred to herein as the “Collateral”.

10. The Debtor’s obligations to Regions Bank under the Notes are cross-collateralized by all of the Collateral except for the Tennessee Real Estate Collateral which serves as security only for the Tennessee Real Estate Note.

11. Pursuant to 11 U.S.C. §§ 361 and 363, Regions Bank is entitled to adequate protection for its interests in the subject Collateral including, but not limited to, periodic cash payments and insurance coverage.

12. Since the filing of its Chapter 11 petition, Debtor has remained in possession of the Collateral. Debtor’s continued retention and use of the subject Collateral, together with the passage of time and market conditions, are resulting in depreciation in the value of Regions Bank’s interests in the Collateral. Debtor agrees to provide Regions Bank with adequate protection for its interests in the Collateral including, but not limited to, periodic cash payments and proof of insurance coverage.

13. Regions Bank maintains that, pursuant to 11 U.S.C. § 362(d)(1), sufficient cause exists, including lack of adequate protection, to terminate the automatic stay, to the extent still in effect, as to Regions Bank, the Collateral and the proceeds thereof.

14. Regions Bank maintains that, pursuant to 11 U.S.C. § 362(d)(2), the automatic stay, to the extent still in effect, should be terminated as to Regions Bank, the Collateral and the proceeds thereof as there is no equity in the Collateral, and the Collateral is not necessary for the Debtor’s effective reorganization unless the Debtor can show that it has a reasonable possibility of a successful reorganization within a reasonable period of time.

15. Debtor agrees to provide Regions Bank with adequate protection for its interests in

the Collateral including, but not limited to, periodic cash payments and proof of insurance coverage.

IT IS, THEREFORE, ORDERED that:

1. Regions Bank's Motion to Terminate Automatic Stay and Debtor's Objection thereto are continued to May 21, 2015, and thereafter to such further and other dates as may be announced in court, and, pending a final order, the automatic stay, to the extent still in effect, shall be conditioned upon Debtor complying with the following terms and conditions.

2. With respect to the Tennessee Real Estate Note, Debtor shall pay to Regions Bank all Rents presently due and owing by the Debtor under its lease of the Tennessee Real Estate Note Collateral and shall pay all future Rents to Regions Bank as such Rents become due.

3. Beginning on May 21, 2015, and on or before the 10th day of each month thereafter, Debtor shall pay the sum of \$47,024.24 to Regions Bank as adequate protection, which sum includes the monthly Rent payment on the Tennessee Real Estate Note Collateral to which reference is made in preceding paragraph 2 and is broken down as follows:

- a) Line of Credit, Obligation 1102938 – \$13,890
- b) Line of Credit, Obligation 1102938 – \$1,980
- c) Real Estate Term Loan, Obligation 1104272 (Building located in Kansas Street, Memphis, TN) – \$10,000
- d) Equipment Term Loan, Obligation 1139997 – \$4,303.81
- e) Equipment Term Loan, Obligation 1183144 – \$1,245.69
- f) Equipment Term Loan, Obligation 1245042 – \$2,313.33
- g) Equipment Term Loan, Obligation 1245042 – \$5,896
- h) Real Estate Term Loan, Obligation 1202118 (Building located in Villa Rica, GA) – \$4,231.41
- i) SWAP (Terminated), Obligation 1382605 - \$751
- j) P-Card, Obligation 1102888 – \$2,413

4. All payments shall be paid in good funds; shall be made payable to "Regions Bank"; shall be sent to Regions Bank, Attn: Stephen Quick, 8182 Maryland Avenue – Suite 1100, Clayton, MO 63105; and, shall be sent so as to be received by their due dates.

5. As required by the Loan Documents, Debtor shall maintain adequate insurance coverage on the Collateral at all times as required by the Loan Documents and Regions Bank shall be shown as lienholder/loss payee on the policy. Upon reasonable request being made, Debtor shall provide proof of such insurance to Regions Bank. Debtor shall be relieved of the obligation to maintain insurance only upon Debtor satisfying in full its obligations to Regions Bank.

6. Debtor shall maintain the Collateral in good condition and repair in accordance with all the requirements of the Loan Documents. Debtor shall submit the Collateral to Regions Bank or its designee for periodic inspection upon reasonable request being made. Debtor will not allow any repair, storage or other lien to attach to the Collateral unless such lien is incurred in the ordinary course of business and the obligation giving rise to the lien is paid in full when due.

7. Debtor shall comply with the terms and conditions of the Loan Documents subject to the modifications made herein. Should Debtor default as to any of the terms and conditions of this Agreed Order, or the terms of the Loan Documents, Regions Bank may give written notice to Debtor and Debtor's attorney and Debtor shall have fifteen (15) days to cure the default(s) or the automatic stay, to the extent still in effect, shall be terminated as to Regions Bank, the Collateral and the proceeds thereof without further notice, hearing, order or fourteen (14) day stay. If the automatic stay is terminated in accordance with this Agreed Order, the Debtor is ordered to voluntarily surrender the Collateral to Region Bank's designated representative immediately. Nothing herein shall constitute a waiver by Regions Bank of its rights or remedies under the original terms of the Loan Documents.

8. Any modifications of the Loan Documents contained in this Agreed Order shall not be binding upon Regions Bank if the Debtor's Chapter 11 case is converted or dismissed. Furthermore, in the event the Debtor's Chapter 11 case is converted to a Chapter 7 case, the

automatic stay, to the extent still in effect, shall automatically terminate as of the date of conversion without further notice, hearing, order, or fourteen (14) day stay to permit Regions Bank to pursue any and all remedies available to it under the Loan Documents and applicable law. Should the automatic stay be terminated, or should the Chapter 11 case be converted or dismissed, nothing herein shall constitute a waiver by Regions Bank of its rights or remedies under the original terms of the Loan Documents.

9. Debtor agrees that this Interim Agreed Order is intended to temporary in nature and shall be subject to further order of the Court as Debtor intends to file a Plan of Liquidation whereunder the secured claims of Regions Bank will be satisfied. Until the secured claims of Regions Bank are satisfied, Regions Bank shall retain its security interests in, and liens upon, the Collateral. To the extent still in effect, the automatic stay shall automatically terminate without further notice upon confirmation of the Plan.

10. The foregoing provisions are intended to provide adequate protection to Regions Bank; however, nothing herein shall act as a waiver or modification of Regions Bank's rights and remedies, including Regions Bank's right to take such steps as it deems necessary or appropriate to protect its interests in Debtor's Chapter 11 case, including its right to seek a modification of the adequate protection payments provided herein.

11. This Agreed Order shall become effective immediately so that Regions Bank is not stayed for fourteen (14) days before exercising its rights and remedies hereunder.

12. As confirmed by his signature hereinbelow, nothing herein shall act as a release, waiver, modification or novation of the Guaranties executed by James Warren Downing.

APPROVED BY:

/s/Harris P. Quinn

Harris P. Quinn (Tenn. Disc. No. 7333)

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Memphis, Tennessee 38103

(901) 577-1042

harrisquinn@pqflegal.com

Attorney for Regions Bank

/s/Steven N. Douglass

Steven N. Douglass (Tenn. Disc. No. 9770)

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Memphis, Tennessee 38103

(901) 525-1455

snd@harrishelton.com

Attorney for Debtor and Debtor in Possession

/s/James Warren Downing

James Warren Downing

CERTIFICATE OF SERVICE

I hereby certify that foregoing Interim Agreed Order was e-filed to the Bankruptcy Court on this 27th day of May, 2015 and the following parties should be served with the Order upon its entry:

/s/ Harris P. Quinn

Debtor

Debtor's Attorney

U.S. Trustee