



SO ORDERED.

SIGNED this 5th day of July, 2017.

A handwritten signature in black ink, appearing to read "Benjamin A. Kahn".

BENJAMIN A. KAHN
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION**

IN RE:

**Paws and Claws Pet Inn, LLC
DEBTOR**

CHAPTER 11

CASE NO. 16-81010

ORDER APPROVING BID PROCEDURES

THIS CAUSE came before the Court on June 22, 2017 in Durham, N.C., upon the Motion of the Debtor Paws and Claws Pet Inn, LLC (“Paws and Claws”) for an Order: (1) authorizing and approving bidding procedures substantially in the form attached to the Bidding Procedures Order as **Exhibit 2** in connection with the sale of the real property owned by the debtor located at 5725 Normans Road, Rougemont, North Carolina 27572 (the “Real Property”) and the assets of the Debtor identified in the list attached to the Bidding Procedures Order as **Exhibit 1** (the “Other Assets”) pursuant to section 363; (2) approving the form and matter of notice of an auction and sale hearing with respect to the sale of the Real Property free and clear of all liens, claims, encumbrances, and interests (the “Sale”); (3) scheduling dates for bid submission and an auction (if necessary); (4) schedule a hearing at which the Court would approve the rejection of the commercial lease agreement between Alissa Smith (the “Current Tenant”), the Debtor and Dean and Patricia Williford dated May

21, 2014 (the “Lease”); and (5) granting certain other relief. At the hearing, James C. White appeared on behalf on the Debtor, John Northen appeared on behalf of Key Star Capital Fund, L.P., Jason Hendren appeared on behalf of tenant Alissa Smith and Robert E. Price, Jr., Assistant Bankruptcy Administrator appeared.

It appearing to the Court that the relief requested is in the best interest of the Debtor’s estate, its creditors, and other parties in interest; the Court having jurisdiction to consider the Motion and the relief requested pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; notice of the Motion having been adequate and appropriate under the circumstances; and after due deliberation and sufficient cause appearing:

THE COURT HEREBY FINDS THAT:

A. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334, and this matter is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. § 1408.

B. The statutory bases for the relief requested in this motion are 11 U.S.C. §§ 105(a), 363, 365, 505, and 507, and Rules 2002, 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

C. Notice of the Motion has been given to: (1) the U.S. Bankruptcy Administrator; (2) the secured creditors in this case; (3) the top 20 unsecured creditors; (4) the Internal Revenue Service; and (5) all parties who have filed appearances or requested notice through the Court’s CM/ECF system.

D. The findings and conclusions set forth in this Order constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

E. The Debtor has articulated good and sufficient reasons for this Court to: (i) approve the Bidding Procedures; and (ii) set the Auction and Sale Hearing and approve the manner of notice of the Auction and Sale Hearing.

F. The Sale Notice is reasonably calculated to provide all interested parties with timely and proper notice of the proposed Sale, including: (a) the deadline for submitting Sealed Bids; (b) the date, time and place of the opening of the Sealed Bids; (c) the date, time and place of the Auction (if one is held); (d) the Bidding Procedures; (e) the deadline for filing objections to the Sale and entry of the Sale Order, and the date, time, and place of the Sale Hearing; (f) a reasonably specific identification of the Selling Debtors' Real Property and Other Assets; (g) instructions for promptly obtaining a copy or copies of the form APA from the Document Room or Debtor's counsel; (h) a description of the Sale as being free and clear of liens, claims, interests, and other encumbrances, with all such liens, claims, interests, and other encumbrances attaching with the same validity and priority to the Sale proceeds; and (i) notice of the proposed rejection of the Lease.

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED**.

2. All objections to the relief requested in the Motion that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion or by stipulation filed with the Court, are overruled.

3. Sale Hearing: The Sale Hearing and hearing on the rejection of the Lease shall be held August 3, 2017 at 11:00 a.m. or as soon thereafter as counsel may be heard at the United States Bankruptcy Court, 302 East Pettigrew Street, Suite 280, Durham, North Carolina.

4. Sale Objection Deadline: Objections, if any, to the Sale must be made by August 2, 2017 at 5:00 p.m. Objections must be: (a) in writing; (b) conform to the applicable provisions of the Bankruptcy Rules; (c) state the legal and factual basis for the objection with particularity; and (d) be filed with the Court and served on all interested parties via the Court's CM/ECF system. It shall not be a basis for objection that a party wishes to submit an amended bid, submit a higher bid or to otherwise cure any deficiencies in any sealed bid that was submitted.

5. A party's failure to timely file or make an objection in accordance with this Order shall forever bar the assertion of any objection to the Motion, entry of the Sale Order, and/or consummation of the Sale with the Successful Bidder and shall be deemed to constitute any such party's consent to entry of the Sale Order and consummation of the Sale.

6. Sealed Bid Receipt Deadline: July 24, 2017 at 5:00 p.m. is the date upon which Sealed Bids (including any credit bids), the deposit, and required documentation must be actually received pursuant to the Bidding Procedures (the "Bid Deadline").

7. Bid Opening: July 25, 2017 at 10:00 a.m. is the date the Sealed Bids will be opened at the office of Parry Tyndall White, 100 Europa Drive, Suite 401, Chapel Hill, North Carolina 27517.

8. Auction: If there is a tie among the top bids, there will be an auction on July 26, 2017 at 10:00 a.m. at the office of Parry Tyndall White, 100 Europa Drive, Suite 401, Chapel Hill, North Carolina 27517 in which any Qualified Bidder can participate. The Bidding Procedures, substantially in the form attached as **Exhibit 2**, are hereby approved in their entirety, and the Bidding Procedures shall govern the submission, receipt, and analysis of all Bids relating to the proposed sale of the Real Property and Other Assets. Any party desiring to bid on the Real Property and Other Assets shall comply with the Bidding Procedures and this Order. The Debtor is authorized to take any and all actions necessary to implement the Bidding Procedures.

9. If counsel for the Debtor does not receive any Qualified Bids, the Debtor may postpone or cancel the Sale.

10. If the two highest Qualifying Bids are identical, the Debtor shall conduct an Auction in which all Qualified Bidders can participate.

11. The Sale Notice in the form attached as **Exhibit 3** is hereby approved. On or within three (3) business days of entry of this Order, the Debtor will cause the Sale Notice to be served by U.S. Mail and email (if available) on: (a) the United States Bankruptcy Administrator; (b) the top 20 unsecured creditors; (c) all parties who have expressed a written interest in the Real Property; (d) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or other interest in the Real Property; (e) the Internal Revenue Service; (f) all applicable state and local taxing authorities; (g) all parties who have filed appearances or requested notices through the Court's CM/ECF system.

12. The Debtor shall also publish an abbreviated version of the Sale Notice in the News and Observer at least fourteen (14) days prior to the Bid Deadline and on the web site of counsel for the Debtor.

13. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

END OF DOCUMENT

Parties to be Served
Paws and Claws Pet Inn, LLC
Chapter 11 – Case No. 16-81010

Alissa Smith
910 Constitution Dr. Apt. 203
Durham, NC 27705

Bynum Rudisill
SBA North Carolina District
6302 Fairview Rd. Suite 300
Charlotte, NC 28210

Employment Security Commission
Attn: Managing Agent
PO Box 26504
Raleigh, NC 27611

Insolvency Support Services
Internal Revenue Service
Attn: Managing Agent
4905 Koger Blvd. Suite 102
Greensboro, NC 27407

Internal Revenue Service
Attn: Managing Agent
PO Box 7346
Philadelphia, PA 19101

NC Department of Commerce
Division of Employment Security
Attn: Managing Agent
PO Box 25903
Raleigh, NC 27611

North Carolina Department of Revenue
Attn: Managing Agent
PO Box 1168
Raleigh, NC 27602

Orange County Tax Office
Attn: Managing Agent
PO Box 8181
Hillsborough, NC 27278

Self-Help Ventures Fund
Attn: Managing Agent
301 W. Main St.
Durham, NC 27701

Paws and Claws Pet Inn, LLC
c/o Patricia Williford, Officer
79 S. Old Lantern Rd.
Timberlake, NC 27583

Stephen Caleb Sellers
301 S. McDowell St. Suite 410
Charlotte, NC 28204
Via CM/ECF

Robert Price
Assistant Bankruptcy Administrator
101 S. Edgeworth St.
Greensboro, NC 27401
Via CM/ECF

James C. White
100 Europa Dr. Suite 401
Chapel Hill, NC 27517
Via CM/ECF

John A. Northen
PO Box 2208
Chapel Hill, NC 27514
Via CM/ECF

Jason L. Hendren
4600 Marriott Dr. Suite 150
Raleigh, NC 27612

EXHIBIT "1"

OTHER ASSETS

PERSONAL PROPERTY

Caterpillar generator- 40 kw

Septic system and specialized drain fields with uphill pumping action

10 by 12' vinyl completely finished shed with electricity, drywall, flooring, light fixtures used for boarding, training, special activities, storage

33 extra tall steel with chain link gate and bowl holders in door with doggie doors, covers, outside/inside runs totaling 4 by 9 feet

3 extra tall runs totaling 5 by 14 feet

75 solid stainless steel water bowls designed by mason company to fit into the food bowl holders on the mason sani-kennels and 50 other various sized metal bowls

2 solid stainless steel caging for dogs with dividers and PVC flooring grates

Almond laminate cat condos - 10 with rollers, resting benches, port holes

Tri-star stainless steel bath tub with ramp

Edemco grooming/bathing cages & accessories

Oster cage dryer, forced air dryer & accessories

Home depot and Lowe's blowers

2 stainless steel cabinets for grooming supplies

Electric table, stationary table, and grooming arm

Lateral file cabinet- 2 drawer- steel

Vertical 4 drawer steel cabinet

Vertical 2 drawer steel cabinet

Lateral file- 2 drawer wood cabinet

Vertical file-2 drawer wood

Wooden office desk and 2 office chairs, reception room bench, table, 2 wicker chairs

Crates of various sizes for boarding animals- plastic

16 wire cages of various sizes for boarding animals

50 plastic raised kennel decks to put in the kennel runs

Clip on stainless steel water bowls of various sizes
7 food vittles vault for pet food storage
2 window units for additional cooling – cattery and office
4 industrial fans for kennel
Laser printer
Dell all in one office printing, faxing, copying
Cordless phone set
Plastic drawers for storage-Rubbermaid
Wireless keyboard and mouse
Kennel connection software program
Chrome shelving in supply room for food bins
White vinyl fencing at 40.00 per foot installed
Chain link fencing and gates for 60 individual walking yards at \$500 per walking yard
Whirlpool front loading commercial dryer-gas
Whirlpool stainless steel refrigerator
Required by county in parking lot, gravel, greenery to cover septic system, trees
Custom made and installed- wooden
Hoses for washdown in kennels and sprayer attachments
Hose reels- one in each kennel
Mops, mop buckets, water buckets, squeegees, brooms, dust pans
Grooming cart
Plastic storage bins for supplies-Rubbermaid and Sterilite
Wooden bench and ottoman
Ornamental iron garden decor
Statues and benches
Century link router
Wooden side table in lobby
10 litter boxes, 3 scoopers

2 Corner shelving units- metal and wooden

Dishwasher

Muzzles

Grooming aprons

Bedding- towels, sheets, blankets

Large patio umbrella and stand

INTANGIBLE ASSETS

All of Seller's rights in all intangible assets of the Business, including without limitation, telephone and fax numbers, customer lists, supplier lists, referral lists, contracts, advertising materials and data, together with all books, computer software, files, papers, records and other data of Seller relating to the Assets and/or used by Seller in the operation of the Business.

INTELLECTUAL PROPERTY.

All of Seller's right, title and interest in and to all intellectual property of Seller, including without limitations all inventions, marks, trademark or service mark applications, formulas (patented and unpatented), copyrights, copyright applications, logos, franchises, proprietary knowledge, trade secrets, technical information, quality control data, processes (whether secret or not), methods and other similar know-how or rights used in the conduct of the Business, (the "Intellectual Property"), all goodwill associated therewith and all causes of action associated therewith. Notwithstanding the foregoing, Seller shall not sell the name Paws and Claws Pet Inn.

EXHIBIT "2"

BIDDING PROCEDURES

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION

IN RE:
Paws and Claws Pet Inn, LLC
DEBTOR

CHAPTER 11
CASE NO. 16-81010

**BIDDING PROCEDURES FOR THE SALE OF THE
DEBTOR'S REAL PROPERTY AND OTHER ASSETS**

On [DATE], this Court entered an Order by which the Court approved the following procedures (the "Bidding Procedures"). These Bidding Procedures set forth the process by which the Debtor is authorized to solicit Sealed Bids and, if necessary, conduct an Auction for the sale of substantially all of the Debtor's assets.

1. **The Assets Being Sold**

- a. **Real Property**: The Real Property to be sold is the real property owned by the Debtor located at 5725 Normans Road, Rougemont, North Carolina 27572;
- b. **Other Assets**: The buyer will also purchase the Other Assets of the Debtor identified in the list attached to the Bidding Procedure Order as **Exhibit 1**.

2. **"As Is, Where Is"**

- a. The proposed transfer of the Real Property will be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtor's estate. All of the Debtor's right, title, and interest in and to the Real Property will be

transferred free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests in accordance with section 363(f) of the Bankruptcy Code;

b. Each Bidder will be deemed to acknowledge and represent that it: (i) has had an opportunity to conduct any and all due diligence regarding the Real Property prior to making its offer; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Real Property or Other Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Real Property or the completeness of any information provided in connection with the Sale.

3. Each Bid must be for the purchase of both the Real Property and Other Assets, and the purchase price must be allocated between the two. The winning bidder will be the bidder with the highest aggregate price, regardless of allocation between the Real Property and the Other Assets.

4. Credit Bid: Should KeyStar Capital Fund, L.P. (“KeyStar”) and Self Help Ventures Fund/SBA (“SBA”) submit a bid, they may offer a credit bid pursuant to section 363(k) which would be applied to the portion of their bid allocated to the Real Property:

- i. Key Star may credit bid up to the amount of its allowed claim, or \$290,019.16;
- ii. SBA may credit bid up to the amount of its allows claim, or \$122,660.86.

5. Deposit: Each Bid must be accompanied by a deposit in certified funds equal to five percent (5%) of the total Bid (the “Deposit”). This deposit requirement is waived for Key Star and SBA should they submit credit bids.

6. Minimum Bid: The Debtor reserves the right to reject any bid that is not equal to or greater than \$660,000.00, or to postpone or cancel the Sale if no Qualified Bids are received that are equal to or above \$660,000.00.

7. APA: A form Asset Purchase Agreement (the "Form APA") is attached to the Bidding Procedures Motion as **Exhibit B**. Each Bid must expressly include the Form APA with a redline clearly marked to show changes requested to the Form APA by the Bidder. Each Bid must be, in the Debtor-in-Possession's reasonable business judgment, substantially on the same or better terms than the terms of the Form APA.

8. Demonstrated Financial Capacity; Committed Financing: A Bidder must have, in the Debtor-in-Possession's reasonable business judgment, the necessary financial capacity to consummate the proposed transaction required by its Bid. Each Bid must include either proof of funds sufficient to close the proposed transaction or a funding commitment that is not subject to any internal approvals or credit committee approvals and does not have covenants or conditions that are not reasonably acceptable to the Debtor. Any proof of funds or funding commitment must include contact information for the specific person(s) whom the Debtor or Debtor's counsel can contact regarding such proof of funds or financing.

9. Identity: Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Bidder if such Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by such Bid), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific person(s) whom counsel for the Debtor should contact regarding such Bid.

10. Contingencies; No Financing or Diligence Provisions: A Bid shall not be conditioned on the obtaining or the sufficiency of financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy at the closing of specified representations and warranties or the satisfaction at the closing of specified conditions, which shall not be more burdensome, in the Debtor's reasonable business judgment, than those set forth in the Form APA.

11. Irrevocable: A Bidder's Bid shall be irrevocable unless and until the Debtor accepts a higher Qualified Bid (as defined below) and such Bidder is not selected as the Backup Bidder (as defined below).

12. Expenses: Each Bidder presenting a Bid or Bids shall bear its own costs and expenses (including legal fees) in connection with the proposed transaction.

13. Authorization: Each Bid that is not submitted by an individual must contain evidence that the Bidder has obtained authorization or approval from its Board of Directors (or a comparable governing body acceptable to the Debtor) with respect to the submission of its Bid and the consummation of the transactions contemplated in such Bid.

14. As-Is, Where-Is: Each Bid must include a written acknowledgement and representation that the Bidder: (a) has had an opportunity to conduct any and all due diligence regarding the Real Property prior to making its offer; (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Real Property or Other Assets in making its Bid; and (c) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Real Property or the completeness of any

information provided in connection therewith, except as expressly stated in the Bidder's proposed APA.

15. Online Document Room: The Debtor will offer an online document room on its counsel's website that will contain relevant information for potential bidders, including the Bid Procedure Order, the Form APA, and information that will facilitate potential Bidders' due diligence process. The web address for the online document room will be <http://pawsandclaws.ptwfirm.com>.

16. Qualified Bidders: A Bidder that: (a) demonstrates financial credibility by submitting a cash deposit of 5% of the bid; (b) demonstrates an ability to perform through proof of funds or a lending commitment; and (c) either submits the Form APA, or an APA that is on the same or better terms than the Form APA, satisfying all of the bid requirements as determined in the Debtor's reasonable business judgment, shall be a "Qualified Bidder." Bidders shall be conditionally qualified on the day that Sealed Bids are opened, subject to further investigation by the Debtor or Debtor's counsel. Counsel for the Debtor may discuss or seek clarification of any Qualified Bid from the Qualified Bidder.

17. Bid Deadline: Each Bid must be actually received by Parry Tyndall White, 100 Europa Drive, Suite 401, Chapel Hill, NC 27517 on or before July 24, 2017 at 5:00 p.m. Each Bid must be in a sealed envelope containing bid information, proof of funds or funding commitment, proposed APA, and deposit in certified funds.

18. Bid Opening: The Sealed Bids shall be opened at the offices of Parry Tyndall White, 100 Europa Drive, Suite 401, Chapel Hill, NC 27517 on July 25, 2017 at 10:00 a.m. The highest Qualifying Bid received shall be declared the Successful Bidder. The second highest Qualifying Bid shall be declared the Backup Bidder (as defined below).

19. The Auction: If the amounts of the two highest Qualified Bids are identical, counsel for the Debtor will conduct an Auction in which all Qualified Bidders may participate. There shall be no minimum increment for the amount of Overbids. The Auction shall continue until counsel for the Debtor determines that there is one highest Qualified Bid.

20. Attendance: Only parties who have submitted Bids and their legal and financial advisors shall be entitled to attend the Sealed Bid Opening, and the Qualified Bidders shall appear in person and through duly-authorized representatives at the Auction. Only Qualified Bidders and their legal and financial advisors shall be entitled to bid at the Auction. Creditors of the Debtor may also attend the Bid Opening and the Auction.

21. Backup Bidder: Notwithstanding anything in the Bidding Procedures to the contrary, the Qualified Bidder(s) with the next-highest or otherwise second-best Qualified Bid(s), either after the opening of Sealed Bids or at the Auction, as determined by the Debtor in the exercise of its reasonable business judgment, shall be required to serve as a Backup Bidder. The Backup Bidder(s) shall be required to keep its or their Qualified Bid(s) (or if the Backup Bidder(s) submitted one or more Overbids at the Auction, its final Overbid(s)) open and irrevocable until the closing of the transaction with the Successful Bidder. The Backup Bidder's Deposit shall be held in escrow in the Trust Account of Debtor's counsel until the closing of the transaction with the Successful Bidder.

22. Highest or Otherwise Best Bid: When determining the highest or otherwise best Qualified Bid, as compared to other Qualified Bids, the Debtor may, in its sole discretion, consider the following factors in addition to any other factors that the Debtor deems appropriate:

(a) the number, type, and nature of any changes to the Form APA requested by the Qualified

Bidder; (b) the amount and nature of the total consideration; and (c) the likelihood of the Bidder's ability to close a transaction and the timing thereof.

23. Filing: As soon as is reasonably practicable after the Sealed Bids are opened and/or the Auction is closed, but in any event no later than July 27, 2017 at 5:00p.m., the Debtor shall file the Bid Documents for the Successful Bid and the Backup Bid with the Court.

24. Certification: Each Qualified Bidder participating in the Sale may be required to confirm on the record that: (a) it has not engaged in any collusion with respect to the bidding; and (b) its Qualified Bid is a good faith bona fide offer and it intends to consummate the proposed transaction if it is selected as the Successful Bidder.

25. The Debtor reserves the right to ask the Court to modify these Bidding Procedures, in any manner in its reasonable business judgment will best promote the goals of the bidding process, or to seek extension of the deadlines imposed in these Bidding Procedures or cancellation of the Sale or Auction.

26. By submitting their bids, all Qualified Bidders shall be deemed to have consented to the jurisdiction of the Court and waived any right to a jury trial in connection with any disputes relating to the Auction, the construction and enforcement of these Bidding Procedures, and/or the Bid Documents, as applicable.

27. Alissa Smith, the current tenant in the Real Property (the "Current Tenant") and the Debtor have entered into the following Agreement to facilitate the solicitation of Bids:

- a. The Debtor will dismiss Adversary Proceeding 17-09002 with prejudice;
- b. The Current Tenant, K9 R&R, Inc., and any entity submitting a Bid on the Current Tenant's behalf on the one hand and the Debtor, Dean Williford and Patricia Williford on the other hand, have executed a mutual release;

- c. The Current Tenant agrees to waive any rights she may have under section 365(h) and to vacate the Real Property on the following terms:
 - i. within 30 days if she is neither the Successful Bidder nor the Backup Bidder; or
 - ii. within 3 days of closing by the Successful Bidder if she is the Backup Bidder; or
 - iii. within 3 days of closing by the Backup Bidder if she is the Successful Bidder but is unable to complete the closing.
- d. The Current Tenant agrees to properly maintain the Real Property and the Other Assets pending the Sale;
- e. The Debtor agrees to waive any non-compete contained in the Lease.

28. A hearing to consider approval of the Sale is presently scheduled to be held on August 3, 2017 at 11:00 a.m. or as soon thereafter as counsel may be heard at the United States Bankruptcy Court, 302 East Pettigrew Street, Suite 280, Durham, North Carolina. At the hearing the Debtor will present the Successful Bid to the Court for approval.

29. The Successful Bidder's Deposit shall be held, pending Sale, in the trust account of counsel for the Debtor and shall be applied to the purchase price of such transaction at closing. If a Successful Bidder fails to consummate a proposed transaction the Debtor will not have any obligation to return the Deposit deposited by such Successful Bidder, which may be retained by the Debtor as damages, without limiting any and all rights, remedies, and/or causes of action that may be available to the Debtor, and the Debtor shall be free to consummate the proposed transaction with the applicable Backup Bidder without the need for an additional hearing or order of the Court.

30. The Backup Bidder's Deposit shall be held, pending Sale, in the trust account of counsel for the Debtor. The Backup Bidder's Deposit shall be returned at the earlier of the Successful Bidder's closing or 90 days from the entry of the Sales Order if the Successful Bidder is unable to consummate the proposed transaction. If a Successful Bidder fails to consummate a proposed transaction the Debtor shall be free to consummate the proposed transaction with the applicable Backup Bidder without the need for an additional hearing or order of the Court. The Backup Bidder must be allowed a minimum of 45 days to close its transaction. If the Backup Bidder fails to consummate a proposed transaction the Debtor will not have any obligation to return the Deposit deposited by such Backup Bidder, which may be retained by the Debtor as damages, without limiting any and all rights, remedies, and/or causes of action that may be available to the Debtor.

31. All deposits, other than those of the Successful Bidder and Backup Bidder(s), shall be returned after the opening of the Sealed Bids, or the Auction if one is held.

32. The deposits of the Successful Bidder and Backup Bidder shall be returned if they are unable to consummate their respective transactions because Court fails to approve sale of the Debtor's Real Property and Other Assets to them.

Dated: June 28, 2017

PARRY TYNDALL WHITE

/s/ James C. White

James C. White, N.C. Bar # 31859

Michelle M. Walker, N.C. Bar # 41664

100 Europa Drive, Ste 401

Chapel Hill, NC 27517

jwhite@ptwfirm.com

(919)246-4676

(919) 246-9113 fax

Attorneys for Debtor

EXHIBIT "3"

SALE NOTICE

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION

IN RE:

Paws and Claws Pet Inn, LLC
DEBTOR

CHAPTER 11

CASE NO. 16-81010

NOTICE OF SALE OF THE DEBTOR'S
REAL PROPERTY AND OTHER ASSETS

PLEASE TAKE NOTICE that on June 6, 2017 Paws and Claws Pet Inn LLC (the “Debtor”), filed the *Motion for an Order Approving Bid Procedures* [Docket No. 111] (the “Sale Motion”) with the United States Bankruptcy Court for the Middle District of North Carolina (the “Court”) seeking, among other things, entry of an order (the “Sale Order”) authorizing and approving: (a) the sale of all of the Selling Debtor’s real property (the “Real Property”) and other assets (the “Other Assets”) free and clear of liens, claims, interests, and encumbrances, with all such liens, claims, interests, and other encumbrances attaching with the same validity and priority to the sale proceeds; and (b) authorizing the rejection of an unexpired non-residential lease (the “Lease”).

PLEASE TAKE FURTHER NOTICE that the Debtor is soliciting offers for the purchase of the Real Property and Other Assets consistent with the bidding procedures (the “Bidding Procedures”) approved by the Court by entry of an order on [_____] [Docket No. [•]](the “Bidding Procedures Order”). **All interested bidders should carefully read the Bidding Procedures and Bidding Procedures Order.** To the extent that there are any

inconsistencies between this notice and the Bidding Procedures or Bidding Procedures Order, the Bidding Procedures or Bidding Procedures Order, as applicable, shall govern in all respects.

PLEASE TAKE FURTHER NOTICE that qualified Sealed Bids (as described in the Bidding Procedures Order) must be received by counsel for the Debtor, Parry Tyndall White, 100 Europa Drive, Suite 401, Chapel Hill, North Carolina 27517 (“Counsel’s Office”) no later than **5:00 p.m. on July 24, 2017**. All such bids will be opened by counsel for the Debtor on **July 25, 2017 at 10:00 a.m.** at Counsel’s Office, and the highest qualified bid at the opening shall be the purchaser of the Real Property and the Other Assets.

PLEASE TAKE FURTHER NOTICE that if the Debtor receives two or more identical highest Qualified Sealed Bids within the requirements and time frame specified by the Bidding Procedures, counsel will conduct an auction (the “Auction”) of the Debtor’s Real Property and Other Assets on **July 27, 2017 at 10:00 a.m.** at Counsel’s Office.

PLEASE TAKE FURTHER NOTICE that the Debtor will seek approval of the Sale at a hearing scheduled to commence on **August 3, 2017 at 11:00 a.m.** (the “Sales Hearing”) at the United States Bankruptcy Court, 302 East Pettigrew Street, Suite 280, Durham, North Carolina.

PLEASE TAKE FURTHER NOTICE that, except as otherwise set forth in the Bidding Procedures Order, objections, if any, to the relief requested in the Sale Motion **must**: (1) be in writing; (2) conform to the applicable provisions of the Bankruptcy Rules and the Local Rules; (3) state with particularity the legal and factual basis for the objection; and (4) be filed with the Court no later than **August 2, 2017 at 5:00 p.m.** and served via the Court’s CM/ECF system.

CONSEQUENCES OF FAILING TO MAKE A TIMELY OBJECTION

ANY PARTY OR ENTITY WHO FAILS TO MAKE A TIMELY OBJECTION TO THE SALE ON OR BEFORE THE SALE OBJECTION DEADLINE IN ACCORDANCE WITH THIS NOTICE SHALL BE FOREVER BARRED FROM ASSERTING ANY

OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF THE DEBTOR'S REAL PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS.

PLEASE TAKE FURTHER NOTICE that copies of the Sale Motion, and any exhibits, including the Bidding Procedures Order, Bidding Procedures, and the Form APA are available:

(a) upon request to Parry Tyndall White (counsel for the Debtor) by calling (919) 246-4676; (b) by visiting the online document room maintained by counsel for the Debtor at

<http://pawsandclaws.ptwfirm.com>; or (c) for a fee via PACER by visiting

<https://ecf.ncmb.uscourts.gov/>.

PLEASE TAKE FURTHER NOTICE that you may obtain additional information concerning the Real Property and Other Assets at <http://pawsandclaws.ptwfirm.com>.

Dated: June __, 2017

PARRY TYNDALL WHITE

/s/ James C. White

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