



ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
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The following constitutes the order of the Court.

Hamilton DeWayne Hale
United States Bankruptcy Judge

Signed August 24, 2005

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:

VARTEC TELECOM, INC., et al.,

DEBTORS.

§
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§
§
§

CASE NO. 04-81694-SAF-11

**(Chapter 11)
(Jointly Administered)**

**STIPULATION AND ORDER AUTHORIZING
ADEQUATE PROTECTION PAYMENTS TO UMB BANK, N.A.**

The above-referenced debtors and debtors in possession (collectively, the “Debtors”)¹ and UMB Bank, n.a. (“UMB”) stipulate and agree as follows:

RECITALS

A. On November 1, 2004, the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

¹ The Debtors include VarTec Telecom, Inc., Excel Communications Marketing, Inc., Excel Management Service, Inc., Excel Products, Inc., Excel Telecommunications, Inc., Excel Telecommunications of Virginia, Inc., Excel Teleservices, Inc., Excelcom, Inc., Telco Communications Group, Inc., Telco Network Services, Inc., VarTec Business Trust, VarTec Properties, Inc., VarTec Resource Services, Inc., VarTec Solutions, Inc., VarTec Telecom Holding Company, VarTec Telecom International Holding Company, and VarTec Telecom of Virginia, Inc.

B. On or about August 1, 2001, VarTec Telecom, Inc. ("VarTec") signed a promissory note in the original principal amount of \$8,000,000 (the "Note") under which VarTec agreed to make forty-eight monthly payments of approximately \$166,666 each. The maturity date of the Note is August 2, 2005. As of the date of the filing of this Stipulation, the principal outstanding under the Note equals \$1,336,092.04.

C. The Note provides that the payment of the obligations thereunder are secured by (i) "all indebtedness of Lender to any of the undersigned," including money held on deposit; and (ii) "equipment as further described in security agreements and collateral lease assignments." See *Note* at 1. A copy of the Note is attached hereto as **Exhibit 1**.

D. On June 15, 2001, VarTec and UMB executed a security agreement (the "Security Agreement") under which VarTec granted UMB a security interest in (i) "all indebtedness of Secured Party to each Debtor" and (ii) four voice and data switches located in Pittsburgh, Pennsylvania, Seattle, Washington, Englewood, Colorado, and Houston, Texas (collectively, the "Switches"). See *Security Agreement* at 1.

E. The security interest secures the payment of any of VarTec's obligations to UMB. A copy of the Security Agreement is attached hereto as **Exhibit 2**.

F. UMB asserts that it properly perfected its security interest in the Switches and on or about March 1, 2005 (the "Demand Date"), UMB initially demanded adequate protection of its security interest.

IT IS HEREBY AGREED AND STIPULATED AMONG THE DEBTORS AND UMB, AND ORDERED BY THE BANKRUPTCY COURT, AS FOLLOWS:

STIPULATION

As adequate protection of its security interest in the Equipment, UMB shall be paid interest on the principal outstanding under the Note as calculated in the Note effective as of the Demand Date. The adequate protection payments for the period from March 1, 2005 through the date of the entry of this Stipulation and Order shall be made within five business days after the date of the entry of this Stipulation and Order and the adequate protection payments for each month thereafter shall be payable in arrears on the first business day of each month.

IT IS SO ORDERED.

AGREED TO AND ACCEPTED:

VINSON & ELKINS L.L.P.

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CERTIFICATE OF SERVICE

District/off: 0539-3
Case: 04-81694

User: bsimpson
Form ID: pdf012

Page 1 of 1
Total Served: 1

Date Rcvd: Aug 24, 2005

The following entities were served by first class mail on Aug 26, 2005.
aty +Richard H. London, Vinson & Elkins, LLP, 3700 Trammell Crow Center, 2001 Ross Ave.,
Dallas, TX 75201-2998

The following entities were served by electronic transmission.
NONE.

TOTAL: 0

***** BYPASSED RECIPIENTS *****

NONE.

TOTAL: 0

Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

I, Joseph Speetjens, declare under the penalty of perjury that I have served the attached document on the above listed entities in the manner shown, and prepared the Certificate of Service and that it is true and correct to the best of my information and belief.

First Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Aug 26, 2005

Signature:

