UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)

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In re: DAMIS Holdings LLC, *et al.*,[1] Debtors.	Chapter 11 Case No. 26-16439 (CMG) (Jointly Administered)

LIMITED OBJECTION OF NORTH AVENUE CAPITAL, LLC TO DAMIS DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION TO PUTATIVE SECURED PARTIES; (III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL HEARING; AND (V) GRANTING RELATED RELIEF

North Avenue Capital, LLC, a subsidiary of The Huntington National Bank ("**NAC**"), submits, through its counsel, Akerman LLP, its Limited Objection to the DAMIS Debtors' *Motion for Entry of Interim and Final Orders (i) Authorizing the Debtors to Use Cash Collateral; (ii) Granting Adequate Protection to Putative Secured Parties; (iii) Modifying the Automatic Stay; (iv) Scheduling a Final Hearing; and (v) Granting Related Relief* (the "**Motion**") [Doc. No. 152].

[1] A complete list of the DAMIS Debtors in these chapter 11 cases and each such Debtor's tax identification number may be obtained on the website of the DAMIS Debtors' proposed claims and noticing agent at https://restructuring.ra.kroll.com/DAMIS/. The location of DAMIS Holdings LLC's principal place of business and the DAMIS Debtors' service address in these chapter 11 cases is 50 Quality Street, #110357, Trumbull, CT 06611.

BACKGROUND

1. On June 4, 2026 (the "**Petition Date**"), DAMIS Holdings LLC ("**DAMIS Holdings**") and certain of its affiliates (collectively, the "**DAMIS Debtors**"), the debtors and debtors in possession in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"), filed petitions for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").

2. On June 12, 2026, the Chapter 11 Cases were jointly administered [Doc. No. 35].

3. On June 24, 2026, the DAMIS Debtors filed the Motion seeking interim and final orders, *inter alia*, authorizing the DAMIS Debtors to use Cash Collateral[2] for the purpose of funding their operations during the Chapter 11 Cases to preserve the value of their assets, all as provided in the Budget, attached to the Motion as Exhibit C.

4. On June 25, 2026, the DAMIS Debtors' filed the *Notice of Filing of Budget in Connection with the Cash Collateral Motion* [Doc. No. 180].

OBJECTION

5. As of the Petition Date, Debtor 1912 Memorial Drive Real Estate, LLC (the "**1912 Debtor**") owes a principal balance of $6,778,212.50 (the "**1912 Debt**") to NAC, as its senior secured mortgagee.

6. As of the Petition Date, Debtor 1401 US Highway 49B Real Estate, LLC (the "**1401 Debtor**") owes a principal balance of $8,636,251.91 (the "**1401 Debt**") to NAC, as its senior secured mortgagee.

7. The 1912 Debt is secured by the 1912 Debtor's real property located at 1912 Memorial Drive, Waycross, GA 31501. The 1912 Debtor executed certain loan documents in favor of NAC, including a Deed to Secure Debt, Security Agreement, and Assignment of Rents,

[2] Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Motion.

which were recorded on or about June 29, 2018, in the official records of Ware County, Georgia, at Book 75-H, Pages 88–118.

8. The 1401 Debt is secured by the 1401 Debtor's real property located at 1401 US Highway 49B, Paragould, AR 72450. The 1401 Debtor executed certain loan documents in favor of NAC, including a Mortgage with Security Agreement, Absolute Assignment of Rents, and UCC-1 Financing Statement, which were recorded on or about September 28, 2018, in the official records of Greene County, Arkansas, and assigned Instrument Numbers 201806803, 201806804, and 201807312.

9. The 1401 Debtor and 1912 Debtor have furnished insufficient notice and disclosure to NAC to warrant court authority to use NAC's cash collateral.

10. The Budget, which was filed less than 24 hours before the hearing, shows no payments to be provided to NAC as adequate protection of its security interest in the 1912 Debtor's collateral. The Budget as to the 1912 Debtor reflects only $9,800 income for the proposed two-week period, yet $28,000 in expenses, most of which are totally unexplained. For instance, the 1912 Debtor requests authority to spend $16,000 for “Other Operating Expenses” and $4,100 for “Management fees.” The proposed budget will take the 1912 Debtor's available cash from $21,800 down to $1,700 by the end of the two-week period. NAC requests that the Court deny these unexplained expenses at this time pending further explanation from the Debtor as to why these expenses may be necessary.

11. The Budget as to the 1401 Debtor provides for no monthly adequate protection payments to NAC. Additionally, the Budget confusingly provides only for monthly income without any corresponding expenses. The lack of any monthly expenses for a retail center warrants an explanation from the Debtors.

12. The contract rate for the 1401 Debt and the 1912 Debt is prime plus 2.0%, which at this time would equate to 8.75%. Beginning July 1, 2026, NAC requests a monthly adequate protection payment of interest only at the contractual rate, which equates to a monthly payment of $62,972.67 as to the 1401 Debtor and $49,424.47 as to the 1912 Debtor.

13. Furthermore, NAC objects to the terms contained in the form order attached to the Motion. The proposed terms are one-sided and do not protect NAC's rights. For example, the proposed order provides for no events of default or remedies therefore.

14. NAC also agrees with the objection raised by Woodforest National Bank (Doc. 187) that the proposed provisions pertaining to carveout and cessation of authority to use cash collateral are totally improper.

15. Furthermore, given the limited notice between receiving the Motion and the hearing, the burden should not be on NAC and other creditors to parse through each potentially prejudicial term contained in the DAMIS Debtors' proposed order.

16. NAC proposes to include standard language (much that is contractually required) in any interim order, including, but not limited to the following:

- Cash Collateral Authorization. Subject to the provisions of this Order, the Debtor is authorized to use the Cash Collateral to pay the current and necessary expenses set forth in the budget attached as Exhibit 1, and similar amounts from the Debtor's bankruptcy Petition Date through July 28 2026, effective as of the Petition Date.

- Replacement Liens. To satisfy the rights of NAC to adequate protection of its interest in the Debtor’s Cash Collateral, NAC is hereby granted, pursuant to Sections 361, 363, and 552(b) of the Bankruptcy Code, valid, attached, choate, enforceable, perfected post-petition security interests and liens in and against all post-petition assets of the Debtor. This Interim Order shall be deemed to constitute a security agreement under the applicable provisions of the Uniform Commercial Code (“UCC”) in effect, and the adequate protection liens granted by this Interim Order on post-petition collateral shall be valid, perfected, and enforceable security interests and liens on the property of the Debtor and the Debtor’s estate without further filing or recording of any document or instrument or any other action. Such adequate protection liens shall be enforceable against the Debtor and all other persons and parties, including without limitation any subsequent trustee (if appointed under

Chapter 7 or Chapter 11 of the Bankruptcy Code), by operation of law and immediately upon entry of this Interim Order. The adequate protection liens granted by this Interim Order on post-petition collateral shall not extend to the proceeds of any avoidance actions by the Debtor or the estate pursuant to sections 544, 547, 548, 549, or 550 of the Bankruptcy Code or any other claims under chapter 5 of the Bankruptcy Code.

- Administrative Claim. In addition, NAC shall hold an allowed administrative claim under Section 507(b) of the Bankruptcy Code with respect to the adequate protection obligations of the Debtor to the extent that the replacement liens and post-petition collateral do not adequately protect the diminution in value of NAC's interest in its prepetition collateral.

- Adequate Protection Payments. As additional adequate protection to NAC, NAC is entitled to adequate protection payments of $49,424.47 commencing July 1, 2026 and on the 1st of each month thereafter until further order of the Court, or confirmation of a plan of reorganization that provides otherwise, whichever occurs sooner.

- Information to NAC. On or before July 7, 2026, the Debtor shall provide the following to counsel for NAC by email to david.otero@akerman.com, mark.lichtenstein@akerman.com, and taylor.king@akerman.com with respect to the preceding month:

    a. Copies of current lease agreements between Debtor and tenants;

    b. Tenant register from January 2025 to the Petition Date reflecting monthly rent (and to the extent applicable, CAM, insurance, and property taxes) paid by each tenant;

    c. A current rent roll including tenant name, address, lease term end date, monthly rent, months delinquent;

    d. Proof of insurance; and

    e. A statement as to whether or not the Debtor is in compliance with the Budget.

    f. The foregoing reporting requirements shall be in addition to the monthly operating reports required by the Office of the United States Trustee.

- Inspection of Collateral. As additional adequate protection of NAC's interest in the Post-Petition Collateral, NAC shall be allowed to inspect the collateral in which NAC holds a security interest under the loan documents between the Debtor and NAC (the "Loan Documents") after forty-eight (48) hours' notice to counsel for the Debtor by email to michael.pompeo@faegredrinker.com and such inspection shall occur during the Debtor's normal operating business hours, during which the Debtor shall cooperate in providing access to the collateral.

- Insurance Coverage. The Debtor shall maintain insurance coverage for all of NAC's collateral in accordance with the obligations under the Loan Documents.

- Taxes. The Debtor shall timely pay all taxes due and owing for all of NAC's collateral in accordance with the obligations under the Loan Documents.

- Default. It shall be an event of default if the Debtor fails to make the Adequate Protection Payments in a timely fashion or the Debtor exceeds the budget attached as Exhibit 1 to the Motion by more than ten (10) percent. In the event of a default, NAC shall provide the Debtor with notice of default by email to Debtor's attorney. If the Debtor fails to cure such default within fifteen (15) days of the email notice, then NAC shall be entitled to relief from the automatic stay without further notice or hearing upon filing an affidavit attesting to the default.

- Debtor's Obligations. The Debtor shall timely perform all obligations of a debtor-in-possession required by the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and the orders of the Court.

- Without Prejudice. This order is without prejudice to (i) any subsequent request by a party in interest for modified or additional adequate protection, or restrictions on use of Cash Collateral or (ii) any other right or remedy which may be available to the Debtor or NAC.

- Enforcement. The Court shall retain jurisdiction to enforce the terms of this Order. The adequate protection liens granted herein shall be enforceable against the Debtor and all other persons and parties, including without limitation any subsequent Trustee (if appointed under Chapter 7 or Chapter 11 of the Bankruptcy Code), by operation of law and immediately upon entry of this Interim Order. The validity and enforceability of all liens and priorities authorized or created in this Interim Order shall survive the conversion of this case to a proceeding under Chapter 7 of the Bankruptcy Code or the dismissal of this proceeding.

17. While the DAMIS Debtors may seek to reduce their administrative burden by creating a "one size fits all" order, these cases individually are single asset real estate cases with different lenders and different collateral and separately crafted orders are warranted. NAC is not opposed to the DAMIS Debtors' using cash collateral for a two-week period for truly necessary expenses, the nature of which are properly disclosed. The use of cash collateral in this manner will protect the DAMIS Debtors' operations and NAC's collateral. However, the Budget in its current form does not properly identify or sufficiently explain the need for the expenses sought to be paid.

18. If the Court decides to grant cash collateral authority, that authority should:

- Be limited to expenses that are critically and immediately necessary to maintain the 1401 Debtor and 1912 Debtor's real property, such as insurance and non-extraordinary maintenance;
- exclude language in the proposed order attached to the Motion; and
- include the terms and conditions requested by NAC above.

19. Alternatively, the Court could continue the hearing briefly for whatever length of time the DAMIS Debtors require to provide NAC with an explanation of expenses sought to be paid in the short-term.

RESERVATION OF RIGHTS

20. NAC reserves its right to amend and/or supplement this objection to assert any further and additional objections to the DAMIS Debtors' proposed use of cash collateral.

Dated: New York, New York
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AKERMAN LLP

By: /s/ Mark S. Lichtenstein

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