

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, <i>et al.</i> , ¹ Debtors.

Chapter 11

Case No. 26-16439 (CMG)

(Jointly Administered)

**NORTH AVENUE CAPITAL, LLC'S SUPPLEMENTAL OBJECTION
TO MOTION FOR AUTHORITY TO USE COLLATERAL
AS TO 1401 US HIGHWAY 49B REAL ESTATE LLC**

North Avenue Capital, LLC, a subsidiary of The Huntington National Bank ("NAC"), through its counsel, Akerman LLP, previously objected to the *Motion to Authorize Use of Cash Collateral* (the "**Motion**") (ECF No. 152) as it relates to 1401 US Highway 49B Real Estate LLC (the "**1401 Debtor**") (the "**Objection**") (ECF No. 669). In support of and supplemental to the Objection, NAC states as follows:

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.

A. Shared Services Are Excessive Given the Limited Operational Needs of the 1401 Debtor

1. At the hearing on August 12, 2026, the Court overruled the Objection on an interim basis.

2. The Debtors seek authority to use NAC's cash collateral for shared services in the total amount of \$338,300. At the August 12th hearing, the Court authorized the Debtors to use \$124,000 of NAC's cash collateral for shared services on an interim basis.

3. The remainder of the request, \$214,300, is subject to court approval at the hearing on September 9, 2026.

4. At the August 12th hearing, the Court asked Debtors' counsel whether the 1401 Property is the only Damis property with a single tenant under a triple-net lease. The Debtors represented that two other properties are similar. NAC has not been able to identify those properties and therefore cannot determine whether they are truly similarly situated, are being abandoned, or are ground-lease properties.

5. At the August 26th hearing, another creditor objected to the shared-services request because its collateral consisted of vacant land and questioned the value of shared services to that debtor. Debtors' counsel responded that those services ensured that items such as property taxes were paid. Vacant land generally requires limited oversight, and the 1401 Property presents similarly limited, if not more limited, operational demands. The 1401 Debtor's sole tenant pays all property-level expenses, including property taxes, and performs all maintenance under a triple-net lease. The proposed cash collateral budgets reflect that limited need for property-level administration: the only expenses in the proposed budgets for the 1401 Debtor are shared services to pay the Debtors' professional fees. Accordingly, NAC submits that any shared-services allocation to triple-net leased properties such as the 1401 Property should be materially lower than

allocations to properties that require the Debtors to monitor operations, expenses, maintenance, taxes, or other property-level obligations.

B. The 1401 Debtor Is Not Making Payments Required by 11 U.S.C. § 362(d)(3)(B)(ii)

6. As a single asset real estate debtor, the 1401 Debtor is required to pay "interest at the then applicable nondefault contract rate of interest on the value of the creditor's interest in the real estate."

7. Interest is accruing at approximately \$2,100 per day, or between approximately \$63,000 and \$65,100 per month depending on the month.

8. NAC's motion to determine that the 1401 Debtor is subject to § 362(d)(3) is set for October 1, 2026.

9. The latest budget provided by the Damis Debtors proposes \$0 in future payments to NAC, even though interest continues to accrue at approximately \$2,100 per day and NAC has received only one payment of \$64,800 since the Petition Date.

C. The 1401 Debtor Has Defaulted Under the Interim Cash Collateral Order [ECF No. 844]

10. Although the Interim Cash Collateral Order entered on August 21, 2026 required a \$64,800 payment to NAC, the Damis Debtors have not made that payment. In light of that nonpayment, continuing interest accrual, and the proposed ongoing use of NAC's cash collateral without future payments, NAC submits that any further use should be conditioned on adequate protection, including interest-only payments at the non-default contract rate.

11. Admittedly, this default is due in part to the agreed procedure for making payments. Nevertheless, the payment has not been made.

D. The Revised Request Exceeds the Original Request

12. The original request was for \$338,300.

13. The Court authorized \$124,000 on an interim basis.

14. The revised request through year-end seeks an additional \$230,000. Together with the interim amount of \$124,000, that request would total \$354,000 and exceed the original request of \$338,300. NAC objects to the extent the requested amount exceeds the original request.

CONCLUSION

For the foregoing reasons, and as set forth in greater detail in NAC's previously filed Objection, the Court should deny the shared-services relief requested by the Damis Debtors as applied to the 1401 Property. The proposed allocation is not fair or equitable to NAC because it is not sufficiently tied to the services actually required for a single-tenant, triple-net leased property whose tenant pays property-level expenses and performs all maintenance. Alternatively, if the Court permits any further use of NAC's cash collateral, such use should be conditioned on adequate protection, including current periodic interest payments, replacement liens, and a materially reduced cap tied to services actually necessary for the 1401 Property.

WHEREFORE, NAC respectfully requests that this Court enter an order:

- (a) Denying the Motion as it relates to the 1401 Property;
- (b) Alternatively, conditioning any use of NAC's cash collateral on adequate protection, including current periodic interest payments, replacement liens, and a cap on the shared-services allocation tied to the professional services actually required for the 1401 Property;
- (c) Directing the Debtors to adopt an allocation methodology that bears a rational relationship to the professional services actually required by each property; and
- (d) Granting such other and further relief as the Court deems just and proper.

NAC reserves the right to further supplement its Objection, raise additional arguments, and seek additional relief as further information becomes available or as circumstances warrant.

Dated: September 8, 2026
New York, New York

AKERMAN LLP

By: /s/ Mark S. Lichtenstein

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subsidiary of The Huntington National Bank*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this September 8, 2026, a true and correct copy of the foregoing was served electronically via the Court's CM/ECF system on all parties registered to receive electronic noticing in these cases.

/s/ Mark S. Lichtenstein
Mark S. Lichtenstein