

IT IS ORDERED

Date Entered on Docket: July 8, 2026



The Honorable Robert H Jacobvitz
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

In re:

AFC ACQUISITION CORPORATION,
a Delaware corporation,

Debtor.

Case No. 26-10283-j11

**INTERIM ORDER GRANTING DEBTOR'S AMENDED MOTION FOR AN
ORDER PURSUANT TO SECTIONS 105, 364 AND 507 OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 4001
AUTHORIZING THE DEBTOR TO OBTAIN POST-PETITION FINANCING**

THIS MATTER came before the Court on the amended motion of AFC Acquisition Corporation (the “Debtor”) pursuant to Sections 105, 364, and 507 of the Bankruptcy Code and Bankruptcy Rule 4001, for entry of an interim order authorizing the Debtor to obtain post-petition financing (the “Motion”), filed on June 24, 2026 (Docket No. 110). Debtor represents and the Court now FINDS:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this case and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. On March 4, 2026 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor is operating its businesses and managing its property as a debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this case, and no committees have been appointed or designated.

3. In addition to seeking authority, after notice and a hearing, to borrow up to \$600,000.00 from Kenton Van Harten as set forth in the Motion, Debtor seeks interim authority to borrow up to \$150,000.00 pending approval of the Motion. Debtor attached an executed DIP Credit Agreement (the “Agreement”) to the Motion, and represents that the terms of the Agreement include:

(a) **The DIP Loan Parties and Other General Terms.** Debtor seeks authority to borrow funds from Kenton Van Harten (“Van Harten”), its CEO, and the sole member of Debtor’s shareholder, American ABQ Holdings, LLC.

(b) **Interim DIP Facility.** Debtor seeks to borrow up to \$150,000.00 on an interim basis, pending approval of the Motion.

(c) **Use of Loan Proceeds.** Debtor will use the loan proceeds to purchase inventory, and for other uses as authorized by Van Harten. Use of the funds to purchase inventory will allow the Debtor to generate revenue to fund its ongoing operations.

(d) **Maturity Date or Termination Date.** As set forth in the Agreement, the Termination Date shall mean the earliest to occur of (i) the Maturity Date, or (ii) the Consummation Date as those terms are defined therein.

(e) **Security, Liens, and Priorities.** The DIP Facility shall be entitled to administrative priority pursuant to 11 U.S.C. § 364(b).

(f) **Interest Rates and Fees.** There are no fees associated with the DIP Facility. Funds borrowed under the Dip Facility shall accrue interest at the rate of 12% per annum until repaid.

(g) **Conditions Precedent.** The only condition precedent is Court approval.

4. The Debtor represents that the funding available under the DIP Facility will reasonably address its near-term financing requirements and constitutes the best financing option available to it given the circumstances of its business, capital structure, and Chapter 11 case.

5. The Debtor represents that it is concerned that at current levels of cash flow and expenditures, it will soon run out of sufficient available cash required to operate its business. It is therefore essential that the Debtor obtain post-petition financing to provide the necessary working capital and operate as a viable going concern for the duration of this case. Such financing will allow the Debtor to continue its ordinary course, day-to-day business operations, and satisfy the costs of administering its estate during the Chapter 11 process. Absent an immediate new source of cash and liquidity, not only would the Debtor's ability to maximize the value of its estate for the benefit of its creditors be jeopardized, but the Debtor may be forced to shut down its operations in the short term and thereby risks losing much, if not all, of its going concern value. Attached to the Motion is a declaration of Malcolm Woke setting out the needs for immediate DIP financing.

6. The terms of the DIP Facility are fair and reasonable given the Debtor's circumstances and reflect the exercise of sound business judgment, as is consistent with the Debtor's fiduciary duties.

7. The Court has reviewed the Unsworn Declaration of Malcolm Wolk in Support of Debtor's Amended Motion for An Order Pursuant to Sections 105, 364, and 507 of the Bankruptcy Code and Bankruptcy Rule 4001 Authorizing the Debtor to Obtain

Post-Petition Financing and finds that granting Debtor authority to borrow up to \$150,000.00 from Van Harten on an interim emergency basis without notice is appropriate under the circumstances to avoid immediate and irreparable harm to the Debtor and is in the best interests of creditors.

It is therefore ORDERED that the Debtor is authorized, pending a final hearing on the Motion, to borrow up to \$150,000.00 from Van Harten as an administrative expense claim pursuant to 11 U.S.C. § 364(b).

END OF ORDER

Note:

The Court modified this order by adding paragraph 7.

Respectfully submitted,

BANKRUPTCY NM, LLC

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Submitted electronically 7.6.2026
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